COURT FILE NO.	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	**TRANSCRIPTS OF QUESTIONING HELD DECEMBER 4, 2018, DECEMBER 5, 2018 and DECEMBER 6, 2018**

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Questioning of **PAUL WILLIAM MCCRACKEN** pursuant to Rule 6.8 of Alberta Rules of Court, taken at the offices of Bryan & Company LLP, Barristers & Solicitors, 2600, 10180 - 101 Street, Edmonton, Alberta, at 2:00 p.m., on the 4th and 5th day of December, 2018

See next page for appearances.

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Court Reporter

(PROCEEDINGS COMMENCED AT 2:25 P.M., DECEMBER 4, 2018)

PAUL WILLIAM MCCRACKEN, AFFIRMED, QUESTIONED BY MR. CHIMUK:

MR. CHIMUK: Before I begin, I would just like to thank all counsel present for allowing me the indulgence of going first. I promise that I will be less than five minutes, but don't time me.

MR. DELBLANC: We had a discussion off the record, Mr. Chimuk, and Mr. McCracken is here as a witness today. And I just want it to be known by all that I am invoking on behalf of Mr. McCracken both the provincial *Evidence Act* of Alberta and the *Canada Evidence Act* with regard to incriminating questions. And rather than object and go on the record for every question, I just let it be known to everyone here that we are invoking those protections, and to the extent that people think the law is not as clear as it should be or what they might be able to do with it, that is open to them. But just let it be known that is what we are doing. And I do not intend to object on every question and invoke the protection, so it is understood that it is going to be a blanket. Agreed?

MR. CHIMUK: That's understood.

MR. DELBLANC: Okay. Thank you.

Q MR. CHIMUK: Good morning, sir. My name is Scott Chimuk, and I am counsel for Great White Sand Tiger Lodging Ltd. And if I refer to them as Sand Tiger, you will understand that is the party that I am

referring to, correct?
A I do, yeah.
Q Sir, please state your name for the record.
A Paul McCracken.
Q Sir, I understand that you took an oath today?
A I did.
Q And that means you are going to tell the truth, correct?
A I will.
Q Sir, and you understand that you are here today to be examined with respect of Court of Queen's Bench Action Number 1703 12327?
MR. DELBLANC: If you say so. It says right here. That's agreed, counsel.
Q MR. CHIMUK: Sir, and I understand that you are the CEO of Canada North Group Holdings, correct?
A Past.
Q Was?
A Was, yes.
Q Fair enough. And if I refer to that entity as Canada North, you will understand who I am referring to, correct?
A Yes.
Q Sir, you understand that Sand Tiger supplied temporary accommodations -- or supplies temporary accommodations for workers at the oil sands, correct?
A Yes.

Q And, sir, if I take you to paragraph 4 of the Affidavit which you have in front of you, which is the October 4th, 2018, Affidavit of Wayne Sluice, there are a number of dorms that are listed there. Do you see that?
A I do.
Q And you understand that Sand Tiger owns those dorms, correct?
A That's correct.
Q And, sir, you would agree with me that on July 8th, 2013, Sand Tiger and Canada North signed a lease agreement with respect to the lease of four dorms, correct?
A Yes, we did sign. I don't remember the date, but.
Q Fair enough, sir. And, sir, you understood at all times that Great White Sand Tiger owned those dorms and was simply leasing those dorms to Canada North, correct?
A Correct.
Q And these dorms are temporary housing, correct?
A Correct.
Q And, sir, I understand that Canada North defaulted with respect to that lease agreement resulting in Canada North agreeing to a consent judgment in Sand Tiger's favor, correct?
A Correct.
Q And, sir, I understand that at the time that the dorms

were delivered to Sand Tiger that there were 38 TVs, 5 washing machines, and 6 dryers that were contained within those dorms, correct?
A Delivered to Sand Tiger or to Canada North?
Q To Canada North.
A I didn't check myself, but if that's what you have, I'm sure it is.
Q And then in addition to that, there was also bedding, mattresses, and bedroom furniture contained in the dorms, correct?
A I can't honestly say if there was bedding in it. Normally when you rent us materials or when we rent dorms, we get them with beds and TVs, and we put the bedding in.
Q Fair enough. And you understood at all times that the TVs, the washing machines, the dryers were owned and were the property of Sand Tiger, correct?
A Correct.
MR. CHIMUK: Thank you, sir. Those are my questions.
MR. DELBLANC: Thank you.
(DISCUSSION OFF THE RECORD)
<u>MR. MCALLISTER QUESTIONS THE WITNESS</u>
Q MR. MCALLISTER: All right. Sir, you acknowledge you are still under oath?
A Yes.
Q Okay. My name is Darcy McAllister. I am one of the

counsel for 726 Remote Accommodations, Ltd., 726 Modular Finance Ltd., and Reliant Asset Management, LLC. So I just named three different companies, but if I just refer to those as the 726 group, will you know what I am referring to?
A Yes.
Q So, sir, I am going to be referring to a few different camps or lodges, so if I just refer to Bonnyville, you will understand I am referring to the Bonnyville Lodge in which some of the Canada North companies and some of the 726 group engaged in business?
A You bet, yes.
Q Okay. And the same thing for Peace River?
A Yes.
Q Wandering River?
A Yes.
Q And if I refer to Kilometer 147 or Monias, you will know what I am talking about?
A Yes.
Q Okay. Now, I appreciate that there has been some name changes for some of the Canada North parties, but if I just refer to Canada North Camps, you will know who I am talking about, or Canada North Group?
A Yes.
Q All right. Sir, I have handed your counsel a piece of paper -- or a list of equipment. Now, this list, prior to being highlighted, came from an Affidavit which you

swore to a Confidential Supplement to your Affidavit, February 18th, 2018. Now, do you recognize this document?

A Yes.

Q Okay. And do you acknowledge or recall that you attached that as an exhibit to your Confidential Supplement to your Affidavit back in February 2018?

A Yes, it was.

Q All right. So I just want to discuss the status of ownership of various pieces of equipment prior to any leases being entered into. Do you appreciate where I am coming from on that?

A You bet, yes.

Q Okay. Because obviously there was Peace River, Wandering River, and Kilometer 147 or Monias. Those involved some leases, and my friend, Ms. Nicholson, will get into those. But I just want to talk about beforehand. But first, I want to talk about Bonnyville. Okay. So, sir, you will see on this list here I have highlighted a number of pieces of equipment. And so it was your evidence in the Confidential Supplement that these items were owned by Canada North?

MR. DELBLANC: I don't think it says that.

MR. MCALLISTER: I believe that it does.

MR. DELBLANC: Well --

MR. MCALLISTER: But let me just ask it a

different way.
MR. DELBLANC: Yes, good idea.
Q MR. MCALLISTER: Okay. See where it says -- there is a list of equipment for Bonnyville, and then there is a list of equipment which is highlighted. Are you able to tell me to whom that equipment belongs?
A Well, I -- this is -- in looking through the -- through the list here -- I haven't got my glasses to --
Q They are on your head, sir.
A Those are my distance glasses, sorry.
Q Sorry.
A But I'm not quite sure where to talk about how we came about making this list, but we were breaking off -- if I may?
Q Well, really, I just want to be very --
MR. DELBLANC: Just answer the question.
Q MR. MCALLISTER: -- very direct.
A Okay.
Q Okay. Now, is it your evidence that -- for example, let's just look at number 1 -- that Canada North Camps or one of the Canada North companies owns well site exec double ender RMP with 116 as the serial number?
A That's the first one on the list? I'm sorry, I can't read this without my other glasses, but.
MR. DELBLANC: Okay. He is asking you, there is -- first highlighted one, it says exactly as I am going to say it, well site executive double ender RMP

116. And his question to you was -?
Q MR. MCALLISTER: Who is the owner of that piece of equipment?
A I believe that -- I believe all the well sites at Bonnyville, Barry bought.
Q Okay. And so when you were saying Barry, you are referring to 726 group?
A I call it RAM. We tried to identify in the list here RAM Modular, but RAM Modular property.
Q Well, perhaps we can do it this way: I have here the Affidavit of Barry Roman, which was sworn October 2nd, 2018. And attached at Exhibit B in part is a bill of sale for a bunch of equipment from Canada North Camps Inc. to 726 Remote Accommodations, Ltd.
MR. DELBLANC: Is this the schedule?
MR. MCALLISTER: That is an invoice. So I just want to deal with the bill of sale.
A My signature there, yes.
Q MR. MCALLISTER: Okay. On the second page?
A Yeah.
Q Now, can you go to the third page where the equipment schedule is, sir -- or starting at the third page.
MR. DELBLANC: Schedule A, counsel?
MR. MCALLISTER: Yes.
MR. DELBLANC: We have it.
A Yeah.
Q MR. MCALLISTER: Okay. So I just want to -- for

the sake of completeness, can you acknowledge that the equipment listed at schedule A to that bill of sale, that was conveyed to 726 group?

A Yes.

Q Thank you.

A Back to your question, if I may, just on that first unit. Anything that we put RMP on on the serial number refers to RAM Modular.

Q Okay. So just looking at this equipment schedule here, indeed, everything that has been highlighted has RMP next to it?

A Yeah.

Q And you are saying that that was what was used to connote --

A Yeah.

Q -- that it belonged to 726 group?

A That's right. Yeah.

Q Thank you. The other thing that I wanted to clear up had to do with the six Jack-and-Jill dorms which were included on that bill of sale.

MR. DELBLANC: Is it on that schedule A?

MR. MCALLISTER: It is, yes. It is on the schedule A, yes. So I will pass that back to the witness there.

MR. DELBLANC: Sure. You have a list of serial numbers, counsel?

MR. MCALLISTER: Yes.

MR. DELBLANC: I see. Six Jack-and-Jill dorms.
MR. MCALLISTER: So it should be six sets of eight.
MR. DELBLANC: I see. I have it now. Thank you.
A Yes.
Q MR. MCALLISTER: Okay. So my understanding with respect to these Jack-and-Jill dorms is that they were located at Canada North Camps' farm property?
A Some there and some in the yard at Acheson.
Q At Acheson? Were they eventually moved, all of them, to the --
A Well, I think the --
MR. DELBLANC: Let him finish his question.
A Sorry.
Q MR. MCALLISTER: Yes, just for the sake of a clean record, if you could just wait for me to finish asking a question --
A Sorry.
Q It's okay. Everybody does it. But just like -- were all of the Jack-and-Jill dorms eventually moved to the farm property?
A Yes, there was some started out in Acheson and a couple at the farm, but they -- the monitor had us move everything out to the farm.
Q Okay. So attached to the Affidavit of Barry Roman

sworn on November 27th, 2018, at Exhibit E is an aerial photograph of what I believe to be the farm property.
A Looks like it, yeah.
Q And you will notice that there is a bit of highlighting -- sorry, writing on the photograph itself?
A Yeah.
Q And you will notice how the rows of these trailers have also been numbered?
A Yeah.
MR. DELBLANC: Okay.
Q MR. MCALLISTER: Okay. So from your understanding, from your recollection, is that accurate in terms of which of those trailers belonged to 726 group?
A Well, I can't specifically say which row and -- they were in, but I know everything got moved to the farms, so it should be in those rows.
Q So suffice to say that those trailers were never transferred to Bonnyville?
A No -- well, they were moved from Suncor, I guess it would be from Fort Hills, straight to Edmonton.
Q Okay. So --
A We didn't have room at Bonnyville to store them at the time, so.
Q Did a number of these units lack serial numbers, or had they lost serial numbers at some point?

A I couldn't say for sure how many, but there were some that were without decals. But not a hundred percent sure how many.
Q Okay. Have you reviewed this November 27th Affidavit of Barry Roman?
A I've had a look, yes.
Q So did you see the evidence from Mr. Roman with respect to the serial numbers having been absent?
A I've read what he's stated, yes.
Q Okay. And based on what you read -- and I am happy to let you read it again -- is there anything which you viewed as being incorrect?
MR. DELBLANC: Don't answer that question. If you have a question for him, ask the question. You have got a long Affidavit. I am not trying to be difficult, but it is just not fair to the witness.
MR. MCALLISTER: Well, essentially what I am trying to ask -- I mean, we have got a bunch of equipment without serial numbers, and we have got a bunch of equipment which 726 is saying it owns and this is why. And I am trying to ask the witness whether or not he disagrees with respect to any particular unit or point and saying, no, no, that's CNC's.
MR. DELBLANC: That's fair, counsel. But then ask that question.
MR. MCALLISTER: I think I just did.
MR. DELBLANC: Well, ask it of him, not me. I

just don't think it is fair to ask him to go through an Affidavit and say, I like this, I don't like this, or I like all of it and you have got a typo here.
Q MR. MCALLISTER: Right. So did you see any evidence that 726 -- I mean, because 726 removed those dorms. Did you see any evidence that these Jack-and-Jill dorms are the dorms that were removed by 726 from the farm or were -- those dorms were not belonging to 726?
A No evidence, no.
Q Okay. So based on what you know, based on your knowledge, 726 has their Jack-and-Jill dorms --
A As far as I know, yes.
Q -- yes, that were conveyed to them in this deal with respect to the Bonnyville camp?
A As far as I know.
Q Thank you. Secondly, I just wanted to talk about some ancillary equipment also in relation to Bonnyville. So it is the contention of Mr. Roman that 726 owned walkways, electrical panels, wastewater systems, potable water systems, lift stations, and car plugs at the Bonnyville camp?
A Yes, I think pretty much everything you have described is there. The only thing would be the sewage treatment, because we were hooked into city sewer there. So I know there's lift stations. I know there's walks. And, you know, we can't -- I can't say

it's still there today, because we stopped looking after it a while back. But everything that you've described in there is part of that camp.
Q And that belongs to 726?
A It did, yeah.
Q Okay. Thank you.
A Except for the sewage treatment. I don't think there was a sewage treatment there.
Q Right. Second, I want to talk about Monias. And I take it that your guideline, with respect to this list here, that RMP being next to a particular item connotes that that is a 726 asset?
A Yeah, we have -- one of our guys in the office keeps track of all the equipment, where it gets moved to. And that's Pete Robb and Susan did -- marked everything that was at Monias that was Barry's -- RAM's, sorry.
Q When you were reading Barry's Affidavit from November 27th, there was some discussion about the equipment swap. Did you come across that?
A I can't recall it.
Q Okay. So on your equipment schedule, you have marked items 51 through 56 as belonging to RAM.
A Is that a rec? Rec, yeah --
Q Rec six unit.
A Yeah. See, we had two recs; one was Canada North's and one was RAM's. And I'm not sure which one got moved to Wandering River and which one stayed at Monias, but we

had two there and one got moved. And that -- is that the swap that you're referring to?
Q In part, yes. So I just want to refer you to Exhibit B to the Affidavit of Barry Roman sworn November 27th. And what that is is an email from Mike McInnis.
A Mike. Yeah. Okay.
Q And is that the -- what you were referring to?
A Yeah, I think that's it. Yeah, Mike would have -- Mike worked for us, and that would have been what he had sent over.
Q Okay. And I don't want to have to unnecessarily take you through some purchase documents, but suffice to say that the invoice that was generated for the purchase of that equipment did not have those serial numbers?
A I can't answer that.
Q All right. I am showing you a portion of Exhibit R to the Affidavit of Barry Roman sworn October 2nd, 2018.
A Yeah. Yeah, and I'm not sure why it doesn't have serial numbers --
MR. BIEGANEK: Can you be more specific, please, and describe the document you are referring to, counsel?
MR. MCALLISTER: Yes, it is the --
MR. DELBLANC: 30 pages in.
MR. MCALLISTER: Page 1 of 4 of the --
MR. BIEGANEK: Well, there is several that look like that. Okay. Off the record.

(DISCUSSION OFF THE RECORD)
Q MR. MCALLISTER: Okay. So you have before you that purchase order from Canada North?
A Yeah.
Q And that includes a six-unit rec piece of equipment?
A Yes.
Q And there are a number of serial numbers which are mentioned next to that?
A Yeah.
Q And if memory serves, they have -- I think it's FX?
MR. DELBLANC: Yes, they have it.
Q MR. MCALLISTER: Okay. And are those, to your understanding, the ones that ended up getting sent over to Wandering River?
A I can't say the exact -- I know -- I don't know the exact serial numbers of -- that got sent over, but there was also some of those units got put onto the kitchen. I think that's where they went.
Q Right. Well, I want to talk about those in a moment. I just want to try and confirm whether or not those FX units were swapped out. Those are the ones that Canada North kept, and then Canada North ended up shipping these 2014, 01007 SL -- I think it starts at 5.
MR. DELBLANC: Okay. You are going to have to -- I didn't follow that.
MR. MCALLISTER: Okay. Well, if you -- if I can refer you to what we were -- this equipment list here.

MR. DELBLANC: Oh, that one. We jumped back to that one. I see, sorry.
Q MR. MCALLISTER: So at the top of the Monias list, so at the bottom of the first page, there is the beginning of a six unit rec.
MR. DELBLANC: Yes, sir.
Q MR. MCALLISTER: And that starts at 2014, 01005 SL.
MR. DELBLANC: Yes.
Q MR. MCALLISTER: Okay. And that goes all the way to 2014, 1010 SL.
MR. DELBLANC: That is correct.
A Yeah.
Q MR. MCALLISTER: Okay. So it is the evidence of 726 that there was a swap that took place and that those -- these ones that I just described on this equipment list here were the ones that were shipped to Monias or sold to 726 by Canada North?
A Yes.
Q And you had also mentioned kitchen equipment as well. And is that, to your recollection --
A That is, yes.
Q -- the two units mentioned directly below those?
A Yes.
Q Okay. And I just want to talk about the ancillary equipment for Kilometer 147. Now, it was the evidence of Barry Roman that, with respect to the ancillary

equipment at Monias, that the ancillary equipment was shared jointly by 726 and Canada North Camps.
A Yeah, the -- there was a lot of small wares that were shared.
Q So I just want to -- so here we have a 6,000-gallon storage unit -- or water storage unit. Is that one of the ones that was -- part of the ancillary equipment that was shared?
A I can't say for sure. I'm thinking it was, but we had several of those there, too, right, so it's -.
Q Okay. And of the ancillary equipment which was shared between 726 group and Canada North Camps, were those marked in any special way on this document?
A Not that -- we did this -- Pete Robb did this late one night. We were trying to get it back to the monitor, so we may have missed something. But I know that there was stuff that we shared jointly, so.
Q So I just want to run through this list and see if you --
A Sure. Go ahead.
Q -- agree or disagree. In addition to -- you're right, because there is other water storage tanks. There is waste storage tanks?
A Yeah.
Q Was that ancillary equipment shared between you and 726?
A Yeah, most of it was, you know, shared. I mean, we did

a job for a pipeline company and then we put this camp back in afterwards, and there was spillover from both jobs, so.
Q I see. Let's just run through quickly. Steps, landings, and walkways?
A Yeah, that would have been shared for sure.
Q Okay. Car plugs?
A Yep.
Q Yes?
A Yes. Yes.
Q Okay. Potable water treatment plant?
A Yes.
Q And 21 lift stations?
A Yes.
Q Okay. If I can get your counsel -- or impose upon your counsel to just go to the next page, the third page. And this is in respect of Wandering River.
MR. DELBLANC: We have it.
Q MR. MCALLISTER: Okay. And do you see that there are those three ATCO units, which are highlighted?
A Yeah.
Q So is it your contention that Canada North Camps own these?
A I have to go back and check what we did own there, because Barry had the kitchens and the dorms. We bought our jacks. I'm not sure what else we bought.

I'd have to check on those ones. But if we haven't identified it, then I -- you know, I think we do -- Canada North did own it, but, you know, we might have missed it.

Q Sure. So if I can get you to -- I am just going to put before you an ATCO sales quotation and contract which appears at Exhibit G to the Affidavit of Barry Roman sworn October 2nd, 2018.

MR. DELBLANC: This one?

MR. MCALLISTER: That is it.

MR. DELBLANC: It is seven pages in.

Q MR. MCALLISTER: Okay. And do you see that there are -- I believe it is the three units that are listed at the bottom of that list.

MR. DELBLANC: I am looking at a kitchen, a laundry, and a --

A Yeah, and the laundry there is for sure. I don't know what that is.

MR. DELBLANC: I don't know either.

Q MR. MCALLISTER: I believe those are offices.

A I thought we rented the office. I'm -.

Q So does that refresh your memory as to who owned --

A Well, the laundry it does, but not the offices. I'm not sure about those.

Q Okay. And do you want to just have a look at the serial numbers as between these two lists?

A Yeah, we're just looking at it. Yeah, it's all the

same. Yeah. Yeah.
MR. DELBLANC: He has had a chance to look at these, counsel. Do you have a question for him?
Q MR. MCALLISTER: Yes. Again, does that refresh your memory as --
A It concurs.
Q Okay. So just to confirm, it is your evidence that these three ATCO units belonged to 726?
A According to this, yeah.
MR. DELBLANC: When he says according to this, he is referring to your Exhibit G.
Q MR. MCALLISTER: Do you have any evidence to the contrary?
A No.
Q Okay. Lastly, I just want to -- with respect to the camps, I want to talk about Peace River for a moment. So is it your recollection that 726 applied a bunch of ancillary equipment for the Peace River camp?
A Yes.
Q So I just want to run through some equipment here and confirm whether it is your recollection whether 726 applied that equipment. Wastewater systems?
A Yeah.
Q Potable water systems, including all tanks?
A There was some water storage tanks, I think, belonged to Canada North, but Barry also owned some. And I can't remember how many were up there, but we had

bought -- we had bought ten frac tanks and we were using those for both sewage and fresh water, so.
Q Hopefully not at the same time.
A No. No. Yeah.
Q Fire alarm systems?
A Yes, that's all 726.
Q Lift stations?
A Yeah.
Q Pumps and control systems?
A Yeah.
Q And access mats?
A Yeah. Well, there weren't many access mats at Peace River, because it was all in piles. We had a 49-man dorm that we owned that we put in there for the -- when we were building the camp that we stayed in, but the rest of it was pretty much all RAM's, 726.
Q Sure. All right. I just want to shift focus now to small wares and just as an extension of what Mr. Chimuk was just talking to you about moments ago.
A Yeah.
Q So in terms of, you know, these -- we have looked at, for example, these invoices here with respect to these kitchen equipment. And these kitchen equipment, it is my understanding, and according to the Affidavit of Barry Roman, that these come fully outfitted; is --
A That's correct, yeah.
Q And that includes, for example, for kitchen units, they

would have fryers, cooking ranges --
A Yeah.
Q -- fridges?
A Absolutely.
Q -- serving lines? So for bedroom dorms, they would come, say, with a bed, a desk, a television, and a chair?
A Yeah.
Q And so they wouldn't be demarcated -- these, you know, smaller items wouldn't be demarcated on any of these invoices; it was just one unit that contained those items?
A Yeah, it was all part of the -- part of the build.
Q Right. So just to look at diners, for example, those would have tables and chairs?
A Peace River did. That's what you're referring to, Peace River?
Q I believe I am referring to Kilometer 147, but --
MR. DELBLANC: No, it's Peace River.
Q MR. MCALLISTER: Peace River. And what about, like, recreation units; they would come equipped with exercise equipment or pool tables or Foosball tables?
A Yeah, we were only open for a very short time at Peace River, but whatever was in there was Barry's. Canada North, we didn't have the money to put all that stuff in. Barry put up the money to not only build the camp and put it in but to equip it, so. And we were the

operators.
Q You are referring to Peace River?
A Yeah.
MR. MCALLISTER: All right. Let me just take two minutes.
(DISCUSSION OFF THE RECORD)
MR. MCALLISTER: I would like to take the list to which we have been referring, and I believe that we are going to mark it as Exhibit D-1 Confidential.
<u>EXHIBIT D-1 CONFIDENTIAL</u>: HIGHLIGHTED THREE-PAGE PORTION OF EXHIBIT B TO THE CONFIDENTIAL SUPPLEMENT TO FIRST AFFIDAVIT OF PAUL MCCRACKEN SWORN FEBRUARY 23, 2018
(DISCUSSION OFF THE RECORD)
MR. MCALLISTER: Just for the record, I was the one who actually highlighted this exhibit here.
Okay. Well, thank you for answering all my questions.
A You're welcome.
(DISCUSSION OFF THE RECORD)
<u>MS. NICHOLSON QUESTIONS THE WITNESS</u>
Q MS. NICHOLSON: You are Paul McCracken?
A I am.
Q Thank you for coming today.
A Yeah.
Q You acknowledge that you are still under oath?
A I am.

Q Thank you. You understand that these proceedings are *Companies' Creditors Arrangement Act* insolvency proceedings respecting certain entities, including Canada North Camps Inc., now 1851239 Alberta Ltd.?
A I do.
Q If I call that entity CNC, will that work for you?
A That's good.
Q Okay. Good. You understand that in these CCAA proceedings I act for the 726 group --
A I do.
Q -- along with Mr. McAllister as we defined that term earlier today by Mr. McAllister?
A Yes.
Q Thank you. It is my understanding that you have sworn four Affidavits in connection with these proceedings. The first Affidavit you swore February 23rd, 2018, and a Confidential Supplement to that Affidavit you swore on February 23rd, 2018. Is that your understanding?
A That is.
Q And then on March 13th, you swore your second Affidavit together with a Confidential Supplement to that on that same date; is that correct?
A Yes.
Q Okay. Thank you. What was the business of CNC?
A Camps and catering.
Q What do you mean by camps?
A Supplied and catered camps for oil and gas and various

other industries.

Q Okay. I am showing you a document which was -- which I believe was attached as Exhibit A to the Affidavit of Shayne McCracken sworn June 28th, 2017. It is entitled, Existing Structure, McCracken Group. Can you identify that?

MR. DELBLANC: Just wait a couple seconds. We have got a larger copy coming that he can look at.

MS. NICHOLSON: Sure.

MR. DELBLANC: We can try, but he couldn't see the first one, so --

A It looks like our org chart, so.

Q MS. NICHOLSON: All right. Well, let's --

MR. DELBLANC: The writing is very small.

MS. NICHOLSON: It is very small, and I had trouble myself.

MR. DELBLANC: We have an enlarged copy just down the hallway.

Q MS. NICHOLSON: Okay. Terrific. Let's keep on going while we wait for that. Mr. McCracken, I am showing you a document which is entitled, Historical Corporation, Corporate Registration System, and I -- it is a corporate search of Canada North Group LP Holdings Ltd. dated March the 29th, 2017. I would ask if you could confirm that that is, indeed, your understanding of what the document is? And I have an extra copy as well for others.

MR. DELBLANC: I'm sorry, counsel, you had a --
MS. NICHOLSON: My question?
MR. DELBLANC: Yes.
Q MS. NICHOLSON: Yes. My question is --
MR. DELBLANC: Is this a corporate search?
Q MS. NICHOLSON: -- is this a corporate search --
MR. DELBLANC: Yes, it is.
Q MS. NICHOLSON: -- of Canada North Group LP Holdings Ltd.? And the answer is yes, I believe, to his --
MR. DELBLANC: That is what the document appears to state, yes.
Q MS. NICHOLSON: Thank you. And is it your information, Mr. McCracken, that the information contained therein is accurate?
MR. DELBLANC: What information do you want to ask him about?
Q MS. NICHOLSON: That is, were you a director --
A Yes.
Q -- as at the historical date, which is March the 29th, 2017?
A Yeah.
Q March 29th, 2017. Yes?
A Yes.
Q And Shayne McCracken was also a director --

A Yes.
Q -- at that time? Okay. Is Shayne McCracken related to you?
A My wife.
Q Okay. Thank you.
MS. NICHOLSON: Can we mark that as the first exhibit?
MR. DELBLANC: If you wish.
MS. NICHOLSON: Thank you very much. So this will be Exhibit D-2.

EXHIBIT D-2: GOVERNMENT OF ALBERTA, HISTORICAL CORPORATION/NON-PROFIT SEARCH FOR CANADA NORTH GROUP LP HOLDINGS LTD.

(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, I have handed over to your side of the table near you a document entitled, Corporate Registration System, Historical Corporate Search, for the legal entity Canada North Camps Inc. Do you see that?
A M-hm, yes.
Q That is the entity we have been calling CNC, correct?
A Yes.
Q Okay. And it is dated March the 3rd -- March the 29th, 2017, at the top. Do you see that?
A I do.
Q And is the information contained here about Shayne McCracken and yourself accurate insofar as you are

stated to be directors of that company as at that date?
A Appears to be, yes.
Q Thank you. And the voting shareholders of that company as at that date were Canada North Group Inc.?
A Yes.
Q Is that your understanding? Thank you.
MS. NICHOLSON: Can we mark that as Exhibit D-3, please.

<u>EXHIBIT D-3</u>: GOVERNMENT OF ALBERTA, HISTORICAL CORPORATION/NON-PROFIT SEARCH FOR CANADA NORTH CAMPS INC.

(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, I am showing you now another Corporate Registry System historical corporation search in respect of Canada North Group Inc. Do you see that?
A Yes.
Q And it is also dated March 29th, 2017, at the top, the historical date. Do you see that?
A Yes.
Q Is the information contained therein stating that you and Shayne McCracken are directors of that company as at that date correct?
A Correct.
Q And is it the case that you are 100 percent shareholder as at that date of --
A Correct.

Q -- Canada North Group Inc.?
A Correct.
MS. NICHOLSON: Thank you. If we could mark that as Exhibit D-4, please.

<u>EXHIBIT D-4</u>: GOVERNMENT OF ALBERTA, HISTORICAL CORPORATION/NON-PROFIT SEARCH FOR CANADA NORTH GROUP INC.

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, I am showing you a chart, an organizational chart. It is stated at the top saying, Existing Structure, McCracken Group. Do you see that?
A I do.
Q And it is my understanding that this has come to us through -- well, most directly, through the monitor, but that this was attached to -- as Exhibit A to the Affidavit of Shayne McCracken sworn 28th of June, 2017. Does this chart look familiar to you?
A Yeah, it looks like something Dentons has created.
Q Okay. And who was -- I know Dentons is a law firm. Do you know what -- in what --
A Heather Barnhouse is our lawyer. And I'm not sure if Carman McNary or Heather would have created this, but I'm pretty sure it came out of their office.
Q And when you say she was your lawyer, do you mean that she was the Canada North Group overall's counsel?
A Yes.

Q Okay. And there is a notation down on the left-hand side, effective as of September 30th, 2016. Do you see that?
A M-hm.
MR. DELBLANC: You have to say yes or no.
A Yes.
Q MS. NICHOLSON: And is it your -- and then Ms. Shayne McCracken swore her Affidavit on July 28th, 2017, stating that this document was a representation of the corporate organization as at that date. Does that -- do you have any contrary information, Mr. McCracken?
A I do not.
Q Okay. So to the best of your knowledge, this is an accurate depiction of the --
A To the best of my knowledge.
Q -- corporate structure? Okay. And has it changed since the filing of these insolvency proceedings, to your knowledge?
A Well, I'm no longer a director if that's what you mean.
Q Thank you. And apart from that, there was a name change as well, correct, in respect of CNC?
A I can't recall the rationale, but there was. But if I -- I can't answer that. I'd have to get Shayne to answer that.
MR. BIEGANEK: Can we go off the record for a moment, counsel?

MS. NICHOLSON: Okay. Yes.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: So, Mr. McCracken, we have had the benefit of an off-the-record discussion from the monitor -- or the monitor's counsel has advised that, to his knowledge, since the filing of the insolvency proceedings that CNC's changed its name, and Campcorp and D.J. Catering no longer exist?
MR. BIEGANEK: No, they exist; they just are not --
Q MS. NICHOLSON: They exist; they are no longer part of this corporate structure. Is that your information as well?
A Yes --
Q Does that refresh your memory?
A Yes, and there's a -- there was a change back to a numbered company of one of the -- one of the entities, but I can't remember which entity.
Q Earlier we spoke about a definition for Canada North Camps Inc., and I quoted that company as also now being 1851239 Alberta Ltd. And I believe you agreed with me that those two -- that we would call those two entities CNC. Does that refresh your memory?
A Fair enough, yes.
Q Does that refresh your memory that the CNC did change its name to that numbered company?
A Yes, it went back to the original number.

Q Okay. Thank you.
MS. NICHOLSON: So may we mark this as the Exhibit D-5, please.

<u>EXHIBIT D-5</u>: CORPORATE ORGANIZATION CHART OF THE MCCRACKEN GROUP

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, I am showing you another document which is entitled, Existing Structure, McCracken Group, which I have found a copy of attached to Shayne McCracken's Affidavit sworn June 28, 2017, as Exhibit B. And the Affidavit states that this particular chart is the organization chart for 816 and 137. Those are short forms for two of the corporations which are the subject of the CCAA insolvency proceedings. Is that your information?
A That's correct.
Q Okay. Thank you. And to the best of your knowledge, does this chart -- at the time this Affidavit was sworn on June 28, 2017, by Shayne McCracken, did this accurately reflect the corporate structure --
A Yeah, I think it's --
Q -- at that time?
A Looks good.
MR. DELBLANC: Well, it is not quite right, counsel, because the Affidavit is sworn long after the effective date of this, right, so.
MS. NICHOLSON: Right. And I am asking if, as

at the date the Affidavit was sworn on June 28th, this was accurate.

MR. DELBLANC: Okay. So you are saying from August 11th, 2016, when this document purports to have been effective of, what you are asking is, did it remain that way up until the time of the swearing of the Affidavit?

Q MS. NICHOLSON: Yes. To the best of your knowledge.

MR. DELBLANC: Or do you know?

A I think it's pretty accurate, yes.

MS. NICHOLSON: Okay. Thank you. We could mark that as Exhibit D-6. Thank you.

EXHIBIT D-6: ORGANIZATIONAL CHART FOR 816 AND 137

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, on April 20, 2018, you resigned as a director of CNC by way of Justice Neilsen's court order. Is that your information?

A That's correct.

Q Okay. And before that, you remained a director of that corporation?

A That's correct.

Q Do you currently remain a shareholder of CNC?

A CNC, as far as I'm aware, is with the monitor. But I'm not a shareholder as far as I know.

Q Okay. We saw corporate search of Canada North Group LP

Holdings Ltd. earlier, do you recall?
A I did.
Q If I call that entity CNG holdings, you will understand what I mean?
A Okay. Yes.
Q And CNG holdings is also an applicant in the insolvency proceedings, correct?
A Yes.
Q Okay. Were you an officer of CNG holdings on March the 29th, 2017?
A '17?
Q Yes.
A Yes, I believe I was.
Q Do you know what your position was, what office or title you held?
A I believe I was president.
Q Okay. I have the same question for CNC.
A Same answer.
Q Thank you. I am showing you the Wandering River Lodge LP agreement, Mr. McCracken. Yes, this is -- thank you -- Exhibit E of Mr. Roman's Affidavit sworn October 7 -- 2nd, sorry, October 2nd, 2018. Do you see that, sir?
A Yes, I've got it.
Q Okay. This agreement is dated December 29, 2014?
A Concur.
Q Thank you. And the parties to this agreement are

Wandering River Lodge GP Ltd.?
A Yeah.
Q If I call that Wandering GP, you will understand?
A Yes.
Q CNG holdings?
A Yes.
Q Wandering River Properties Ltd.?
A Yes.
Q Chief Morris Monias?
A Yes.
Q And 726 Remote Accommodations, Ltd.?
A Yes.
Q If I refer to them in shorthand as 726, you will understand?
A Yes.
Q Thank you. If you turn to page 26 of this document, this is the signature page. Is that your signature under Wandering River Lodge GP Ltd. as the general partner?
A It is.
Q Is that also your signature under Canada North Group LP Holdings Ltd. as a limited partner?
A It is.
Q When you signed on behalf of CNG holdings as limited partner, in what capacity did you do so?
A As far as in terms of CNC holdings? I was president.
Q This was CNG. We have called that CNG holdings.

A President as --
Q As the president of CNG holdings? Okay. And is the same true of Wandering River Lodge GP Ltd.?
A Yes, although I can't recall what positions we all took in it. I honestly can't remember that, whether I was the president or the secretary or what I was.
Q So with respect to Wandering GP, you are not sure if you were the president --
A No, I'm not.
Q -- or the secretary?
A I'm not sure.
MR. DELBLANC: Just let her finish.
Q MS. NICHOLSON: True. But you were an officer, and you signed in a capacity as an -- an officer capacity, correct?
A That is correct.
Q Okay. You read this agreement before you signed it?
A As far as I remember, yes.
Q So you had a familiarity with the contents of this limited partnership agreement, then?
A Yes.
Q Thank you. And this limited partnership agreement was in respect of Wandering River Lodge LP?
A Yes.
Q Okay. And if I refer to Wandering River Lodge LP as Wandering LP, you will be okay with that?
A Yes.

Q And if I refer to this entire document as the Wandering LPA, that works for you?
A Yes.
Q Thank you. The limited partners of Wandering LP are 726, correct?
A Yes.
Q CNG holdings?
A Yes.
Q Wandering River Properties Ltd.?
A Yes.
Q And Monias, correct?
A Yes.
Q Okay. The general partner of Wandering LP is Wandering River Lodge GP Ltd., correct?
A Yes.
Q And if I call that Wandering GP, you will understand?
A Yes.
Q Okay. If you turn to Article 17 of this document, 17.2, on page 15. This section 17.2 of the Wandering LPA particularly pertains to borrowing and granting security on behalf of Wandering LPA (sic). Do you see that?
A M-hm, yes.
Q To your knowledge, Mr. McCracken, other than this section in the Wandering LPA dealing with how the Wandering GP could borrow from and grant security to others on behalf of the Wandering LP, are you aware of

any other provisions in this agreement that deal with borrowing or granting security?
A I haven't read the document for a long time, so.
Q Okay. Why don't we do it this way: If it comes to your -- if any other provision dealing with borrowing or granting security comes to your attention, you will advise?
A Yes.
MS. NICHOLSON: Is that agreeable?
MR. DELBLANC: Yes, that is, if anything should come to our attention with regard to something similar to Article 17.2, we will inform you of such.
MS. NICHOLSON: Okay. Otherwise, we will proceed on the basis that this is the only provision if that is --
MR. DELBLANC: I would think that is fair.
MS. NICHOLSON: Okay. Thank you very much.

UNDERTAKING NO. 1

IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 17.2 OF WANDERING LPA IN RELATION TO BORROWING OR GRANTING SECURITY, ADVISE AS TO SUCH PROVISION

Q MS. NICHOLSON: Section 17.2 --
MR. BIEGANEK: Well, I am not bound by --
MR. DELBLANC: You aren't bound by anything. All I said, it was fair; I didn't say it was right.
Q MS. NICHOLSON: Mr. McCracken, section 17.2 of

the Wandering LPA references a capitalized term there called, Extraordinary Resolution. Do you see that?
MR. DELBLANC: Which one are you looking at, sorry?
MS. NICHOLSON: 17.2 relating to extraordinary resolution.
MR. DELBLANC: Yes.
Q MS. NICHOLSON: I just wanted to see -- draw his attention to that and then take him to the definitions -- have you had an opportunity to read 17.2?
A No, I haven't seen this document for a long time --
Q Okay. Fair enough.
A -- you know, so I -- anyway.
MR. DELBLANC: And it says here -- you are not going to give legal opinion on it.
MS. NICHOLSON: No problem.
MR. DELBLANC: It says what it says.
MS. NICHOLSON: Exactly.
A It says what it says, yeah.
Q MS. NICHOLSON: Exactly. So could you just look at 17.2 just to refamiliarize yourself with that provision? Thank you.
A Okay.
Q Sir, now if you turn to page 2 of that document, Article 3.1 sub (h) has a definition of the extraordinary resolution. Do you see that? And it --

A Yes.
Q -- states that it means a resolution unanimously passed at a meeting of the limited partners called for the purposes of considering such resolution. And it goes on to say:

> Each limited partner having one vote for each unit held or, alternatively, a resolution unanimously signed by the limited partners entitled to vote on such a resolution at a meeting.

Understood?
A Understood.
Q And do you confirm that the Wandering LPA -- or sorry, at the time you signed the Wandering LPA, you understood that an extraordinary resolution meant agreement by 100 percent of the limited partners by way of a resolution of those limited partners?
A I had read and signed the document, yes.
Q Okay. So you understood with reference to paragraph -- or Article 17.2 that the Wandering GP required an extraordinary resolution to borrow and grant security over the assets of Wandering LP?
MR. DELBLANC: Article 17.2 states what it states, and it can be interpreted by others. He has signed the document, he is aware of what it's -- in it. And if you think he should have done something, then you can ask him if he did it or not, and the legal

impact of that will follow from that. But that is as far as that can go.
Q MS. NICHOLSON: Mr. McCracken, was a meeting -- okay. That's fine. To the best of your knowledge, Mr. McCracken, were any other limited partnership agreements or amendments made to the Wandering LPA?
A Not to my knowledge.
MS. NICHOLSON: Thank you. I will hand to you another document now, the unanimous shareholders' agreement. And this document is marked as Exhibit H -- so just off the record for a second.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: I am showing you the unanimous shareholders' agreement. I am showing you that. So, Mr. McCracken, I am showing you a document entitled, Unanimous Shareholders' Agreement, dated December 29, 2014. Do you see that?
A I do.
Q This document is marked as Exhibit H to the Affidavit of Barry Roman sworn on October 2, 2018, for ease of reference.
MR. DELBLANC: Could you tell me the date again, please?
MS. NICHOLSON: October 2, 2018.
MR. DELBLANC: Thank you. Go ahead.
Q MS. NICHOLSON: Thank you. This is a unanimous shareholders' agreement respecting the Wandering GP.

Do you see that?
A Yes.
Q Okay. It has the same date as the Wandering LPA that we previously looked at, December 29th, 2014. Do you see that?
A Yes.
Q Thank you. The parties to this agreement are 726?
A Yes.
Q CNC?
A Yes.
Q Wandering River Properties Ltd.?
A Yes.
Q Chief Morris Monias, which I will herein after refer to as Monias if that is acceptable to you?
A Yes.
Q Thank you. And the Wandering GP --
A Yes.
Q -- correct? Now, if I can take you to the execution page of this document, which is on page 23, is that your signature at the top under the name Canada North Camps Inc.?
A That's my signature.
Q Okay. And did you execute this document as the president of CNC?
A I did.
Q Thank you. On to the last -- page 24, there is also a signature there under the Wandering GP. Do you see

that?
MR. DELBLANC: Just a second.
MS. NICHOLSON: Page 24. Keep going.
MR. DELBLANC: I have got about three page 23s, that's the problem. We have it, page 24.
A Yes.
Q MS. NICHOLSON: Is it? Yes. Thank you, sir. Is that your signature --
A That is.
Q -- Mr. McCracken? Thank you. And in what capacity did you execute that document?
A A director and an officer of the -- of the LP.
Q Wandering GP?
A Yeah.
Q Thank you. And the same goes as director and officer -- we already talked about officer, but the same goes for director in connection with the Wandering LP, correct --
A Yes.
Q -- the LPA, the Wandering River --
A That's --
Q -- partnership agreement? Yes.
A Correct.
Q Thank you. Did you have a read of the unanimous shareholders' agreement in respect of Wandering GP before you signed it?
A Yes, I did.

Q Okay. And if we refer to the unanimous shareholders' agreement as the Wandering USA, you will understand what I mean?
A Yes.
Q If you turn to Article 4 of that, there is a heading that says, Restrictions on Directors' Authority. Do you see that?
A I do.
Q Would you take a look at 4.1 sub (f) and (j)?
A Okay.
Q Okay. And up at the top, there is a definition of unanimous resolution. Do you see that?
A Yes.
Q And at Article 1.1 DD, which is on page 4, there is a capitalized defined term, Unanimous Resolution, stating that it means a resolution passed by a majority of not less than 100 percent of the votes cast by the shareholders or, where appropriate, directors who are entitled to vote in respect of that resolution. Do you see that?
A I do.
Q Okay. So when you signed this document, you understood that in order to borrow money on the credit of the corporation, in this case, the Wandering -- or pardon me, the GP, that you would need a shareholders -- unanimous resolution of the shareholders or directors as defined in this document, correct?

A Yes.
Q To the best of your knowledge, Mr. McCracken, there are no other unanimous shareholders' agreements that amend or replace the Wandering USA, correct?
A As far as I know.
Q Okay. I am showing you a document entitled, Wandering River GP Ltd., Resolutions in Writing of the Directors of the Corporation as of September 30, 2014.
MR. DELBLANC: Could you tell me again where that comes from, please?
MS. NICHOLSON: Just one moment.
MR. MCALLISTER: That came from the monitor.
MR. DELBLANC: Oh, but is it attached to anything?
MS. NICHOLSON: Sorry, may I -- sorry, off the record.
(DISCUSSION OFF THE RECORD)
MR. DELBLANC: Have you seen this before?
MR. BIEGANEK: That is the borrowing resolution?
MS. NICHOLSON: Yes.
A It's been a while.
MR. DELBLANC: Okay. Yes, we have sort of read through it. Yes.
Q MS. NICHOLSON: Thank you very much. If you could turn to page 2 of that, Mr. McCracken. Is that your signature on that document where -- underneath the

line that says, signed by the directors of the corporation?
A Appears to be, yes.
Q Okay. Thank you. If I call this document the Wandering resolution, was that agreeable to you?
A Yes.
MS. NICHOLSON: Can you mark that as the next exhibit, please, which will be Exhibit D-7.
MR. BIEGANEK: Can we be more specific about it, about exactly what the resolution is?
MS. NICHOLSON: We can say --
MR. BIEGANEK: An attached --
MS. NICHOLSON: How about the title was, Resolutions in Writings of the Directors of the Corporation as of September 30th, 2014? That was the title.
MR. BIEGANEK: Pertaining to -?
MS. NICHOLSON: Well, pertaining to inter alia Bylaw Number 1 and Bylaw Number 2.
MR. BIEGANEK: Okay. That's good. I just wanted to make sure we had it -- yes. So it is approving those two bylaws?
MS. NICHOLSON: Yes.
MR. DELBLANC: Yes. Okay. So this is now going to be an exhibit?
MS. NICHOLSON: Yes, thank you. D-7.
EXHIBIT D-7: WANDERING RIVER GP LTD.

("CORPORATION") RESOLUTIONS IN WRITING OF THE DIRECTORS OF THE CORPORATION AS OF SEPTEMBER 30, 2014, RESPECTING INTER ALIA BYLAW NO. 1 AND BYLAW NO. 2

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, if I turn you to paragraph 4 of Exhibit D-7, it notes that you are vice president of the corporation, which is Wandering GP, correct?

A Yeah.

Q Do you see that? You had earlier said that you thought you were president or secretary, but you knew you were an officer, and you weren't sure. And does this help to refresh your memory as to what the exact --

A Makes it --

Q -- position would be?

A -- pretty clear, yes.

Q Okay. Thank you. So you are a -- we have clarified that you are a director and you were vice president of the GP?

A Sounds good.

Q Thank you. Did you ever cease being vice president of Wandering GP?

A You'd have to search the records. I can't recall.

Q Who has the records of Wandering GP?

A The monitor.

Q When did you deliver those?

A Sometime in the last -- probably prior to 1st of April of '18.
Q And in what -- why did you do that?
A Well, because of the CCAA process that we were in and all the partnerships were affected by it, so.
MS. NICHOLSON: Just off the record for a second.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: So, Mr. McCracken -- if we go back on the record -- you told me that you thought that the records of the Wandering GP and the LP's -- or we said the Wandering GP, and then we, off the record, spoke about the LP records. You thought they were in the hands of the monitor, correct?
A Yes. When -- once the monitor had looked at the assets or tried to determine what assets were in the -- all the various partnerships, that's when he took control -- is what -- how I looked at it -- of the partnerships, including communication with our various partners. And in most of the -- most of the partnerships, LPs, GPs, there were no assets. They were operating entities, including with Barry.
Q Okay. And you are now speaking about the lease situations?
A M-hm.
MR. DELBLANC: We need a yes or no.
A Yes.

Q MS. NICHOLSON: Thank you. And we will come back to the leases in particular. But from your perspective, you don't have possession of the Wandering GP or any of the GP minute books; is that true?
A If we did, it would be with Heather, with Dentons. But not in our offices as far as I know. Everything rests with legal counsel.
Q Okay. And the same goes for the limited partnerships --
A As far as I know.
Q -- the books and records in relation to that as well as -- well, the minute books?
A We would have financial records, because, of course, they were all part of our financial statements of the group.
Q The consolidated financials?
A Yes. So everything was available at Pennock Acheson. Bruce Pennock did all of our books. And everything that we have would either be with Dentons or with Bruce in terms of legal and financial. There may be -- I know there is no minute books at our offices. I don't think they're stored, Darren, out in the Sea-Can. I think they're -- I think they're probably at Dentons.
Q Okay. If I could do this: If I could ask for an undertaking to, if I make a future request for records, that you will do your best to locate them?
A Yeah, absolutely. Yeah.

MR. DELBLANC: Just if you make that request, you will have to be specific of what you are requesting, and we will gauge it at that time. How is that?
MS. NICHOLSON: That's fair. I just kind of want to leave the door open and --
MR. DELBLANC: I understand.
MS. NICHOLSON: -- opportunity to come back. I am not saying I need anything now, but just in case.
MR. DELBLANC: Yes.
MS. NICHOLSON: And we have also had the benefit of the off-the-record discussion with Mr. Bieganek, who has also, I think, made it clear that he -- if, to the extent he has them, he would consider providing them to us if we made an inquiry.
MR. BIEGANEK: You make a request of the monitor, we will -- and if we have it, sure.
MS. NICHOLSON: Thank you very much.

UNDERTAKING NO. 2

RECEIVE INQUIRIES BY MS. NICHOLSON OF REQUEST FOR RECORDS AND CONSIDER PRODUCING A COPY OF SUCH RECORDS IN RELATION TO WANDERING LP AND WANDERING GP

Q MS. NICHOLSON: This inquiry started in terms of whether you recalled ceasing to be a director of the Wandering GP, and --
MR. DELBLANC: His answer was he would have to

check the records --
MS. NICHOLSON: Right.
MR. DELBLANC: -- which has got us here.
MS. NICHOLSON: Okay. Thank you. And we may well seek to do that.
MR. DELBLANC: If that is important to you, we can discuss it at that time.
MS. NICHOLSON: Thank you very much.
Q MS. NICHOLSON: Now, with respect to the Bylaw Number -- or I want to show you Bylaw Number 2 itself. This is a copy of Bylaw Number 2. This, at least, is stated to be Bylaw Number 2. I believe it is referenced and referred to in the resolution, which we had marked as Exhibit D-7. Is it your understanding, Mr. McCracken, this is, indeed, the Bylaw Number 2 that is referenced in the resolution referred to as Exhibit D-7 earlier in these proceedings?
A I believe so.
Q Thank you. If I call that the Wandering bylaw, you will understand?
MR. DELBLANC: Bylaw Number 2.
Q MS. NICHOLSON: Sure. We can call it Wandering Bylaw Number 2. Does that work for you?
A Yes.
MS. NICHOLSON: Okay. I would like to mark that as Exhibit D-8, please.
MR. MCALLISTER: I don't think you need to do

that. Just go off the record.
(DISCUSSION OFF THE RECORD)
MS. NICHOLSON: Let's mark this as Exhibit D-8. And we have also had the benefit of an off-the-record discussion that indicated this was also marked as Exhibit K to the Affidavit of Barry Roman sworn November 27th, 2018.
<u>EXHIBIT D-8</u>: BYLAW NO. 2
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: We are back on. Mr. McCracken, I am showing you a document entitled, General Security Agreement. It says, made as of March 29, 2017. Do you see that?
A Yes.
Q And it notes that Wandering LP is the debtor as is Wandering GP. Do you see that?
A I do.
Q Actually, I should clarify that Wandering LP is the debtor by its general partner Wandering GP. Do you see that?
A I do.
Q Okay. And CNC is the secured party?
A I see that.
Q If you turn to page 7.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: Is that your signature --
A That is.

Q -- Mr. McCracken, under, Wandering LP by its general partner Wandering GP?
A Yes.
Q Okay. And in what capacity did you sign as Wandering GP?
A I'm assuming as vice president.
Q You read this agreement prior to executing it?
A Very quickly. It was presented in a hurry and -- but yes, I did, but very briefly.
MS. NICHOLSON: Okay. This, by the way, is marked as Exhibit I to the Affidavit of Mr. Roman sworn on October 2, 2018, but -- so we --
MR. DELBLANC: That's fine. We can leave it.
MS. NICHOLSON: So we will leave it.
MR. DELBLANC: Yes.
MS. NICHOLSON: We won't mark it now.
MR. DELBLANC: No.
Q MS. NICHOLSON: You were saying, Mr. McCracken, that you were -- it was presented to you, this document, in a hurry and you read it quickly. What were the circumstances under which this document was presented to you?
A This was the March 29th, '18 -- or '17?
MR. DELBLANC: Yes, '17.
A We'd signed a forbearance agreement with Canadian Western Bank previous to that. Not sure of the exact date. But this was part of our meetings with the bank

to take -- to have me sign this security agreement. The intention was it was to cover just receivables.
Q MS. NICHOLSON: So thank you for that. May I state back to you and make sure I understand? The intention of what is stated to be the general security agreement, at least from your perspective on behalf of the LP, was to cover and address and secure only --
A Receivables. And that's because there were no assets in the limited partnership or the general partnership. Those are owned outside of the LP and the GP. And we had to have an operating line, and we had not been asked to do a GSA prior to that date. And we'd been doing it for a while with an operating line that we had negotiated '15, '16, somewhere in then, for the partnerships.
And that operating line -- those operating lines were based on contracts that we'd have with pipeline companies or whoever was going to be our major client. But we had to have a separate operating line for the partnerships. This GSA was -- as I said, it came after we signed the forbearance letter for the bank. But the intention -- and the bank knew very well that we had no assets in the companies. The only thing we could secure it with was receivables.
Q And when you say you had no assets, that is because the 726 group owned --
A That's right.

Q -- all of the equipment that was in the possession, potentially, of --
A There was a combination of Canada North and RAM equipment at all the sites. Peace River was -- the majority was RAM. So there were no assets in --
Q The LPs?
A -- the LP. That's why we signed it.
Q Okay. And you have spoken about a forbearance agreement. Is that the agreement made effective March 10, 2017, that I will show you a copy of and you can identify that hopefully?
A Yeah, I'm familiar with it. I don't think you need to reshow it to me.
MR. DELBLANC: Let's show it anyways.
Q MS. NICHOLSON: Yes. This is --
MR. DELBLANC: Just so we're clear. We looked at it just moments ago, but.
Q MS. NICHOLSON: This is the -- I can say that this is Exhibit C to the Affidavit of Shayne McCracken sworn June 28, 2017.
MR. DELBLANC: Thank you.
MS. NICHOLSON: Yes, thank you.
MR. DELBLANC: Yes.
A That's the one.
Q MS. NICHOLSON: Okay. And the parties to that, sir, are the Canadian Western Bank, correct?
A Correct.

Q CNC?
A Correct.
Q Campcorp USA Inc.?
A Correct.
Q Campcorp Structures Ltd.?
A Correct.
Q D.J. Catering Ltd.?
A Correct.
Q And then the balance of the sixth part, there are a number of guarantors listed. Do you see that?
A I remember that, yes.
Q Okay. And that included the Peace River Lodge LP as --
A Yes.
Q -- far as LPs go? It included the Bonnyville Lodge LP?
A Yes.
Q It included the Kilometer 147 LP?
A Yes.
Q It included Canada -- or pardon me, the CNG holdings?
A Correct.
Q And as far as general partners, it included Bonnyville Lodge GP Ltd.?
A Yes.
Q Kilometer 147 GP Ltd.?
A Correct.
Q And yourself and your wife, Ms. Shayne McCracken, as well?
A Yes.

Q Okay. And that was dated, we already said, March the 10th, 2017?
A Correct.
Q Is this the document whereby you provided for the first time guarantees to the bank, that is, the bank being Canadian Western Bank?
A Not the first time for company guarantees for Canada North.
Q Yes, I was --
A But for --
Q -- talking personal --
A -- personal property, yeah. They wanted my house, my farm, my other properties that were listed in that document.
Q Okay. Did Canadian Western Bank ask that the LPs give security directly to Canadian Western Bank?
A Not with the forbearance agreement. We got the forbearance agreement on a Friday afternoon at 4 o'clock and had to have it signed by noon on Monday morning, so there wasn't really much time to do anything with anything on it. The GSA that you presented earlier here, we'd have to go back and check with Heather Barnhouse, but to my recollection, they had asked her -- Barry Roman and for Chief Monias to sign that as well, and we said, can't do that.
Q And why did you respond that you couldn't do that?
A Well, we -- again, this -- it was made very, very clear

that there were no assets in any of the partnerships.
Q When you say it was made very, very clear, you are --
A To the bank. To the bank --
Q Yes, clear to the bank --
A -- it was made very clear --
Q Okay. Can I stop you there for a second? Were you the person dealing directly with the bank, Canadian Western Bank?
A It was by committee, my wife, Shayne; Bruce Pennock, my accountant.
Q And you as well?
A And myself. But Canadian Western was aware of the partnership agreements well before March 29th of 2017. I had a former CWB employee, Mike McInnis, work with us for an extended period of time. Mike was our acting CFO. And Mike was in constant communication with CWB and our loans officer at the time.
Q And who was that?
A Peter Yeung.
Q Of CWB?
A Y-E-U-N-G. And Peter was very aware of our partnerships and what was in them and what wasn't in them and what was going to go in them and what wasn't going to go in them. And it was very apparent -- I mean, CWB knew that we hadn't -- didn't have $60 million to put into equipment. That came from Barry.
Q And when you say --

A And all --
Q -- Barry, that is the 726 group?
A Come from RAM, you know. That was --
Q 726 group, right?
A 726. All this equipment that we're talking about here, Barry bought it and put it into the partnership use -- to let the partnerships use. But it was never put into the partnerships. And that's why we had such heartburn signing that GSA and went back and forth that, you know, it was -- it was for receivables and that. But we had to have money to operate with, so we kind of -- kind of a -- over the barrel in terms of having to have an operating line. So that's why we signed it.
Q Okay. And when you signed the GSA that we have looked at, did you talk to the 726 group or Barry, Barry Roman?
A Not at the time. I mean, things were happening so fast with our -- you know, the downward spiral of our company that we were just trying to figure out how to deal with the -- we had a restructuring officer that had been recommended to us that we'd hired, and in the next three months, that's all we did was basically morning till dusk work with our restructuring guy. So, you know, Barry and I had very limited conversations. I made Barry aware of what we were -- what we were doing, what was going on with us. But, you know, it was --

Q But not particularly the signing --
A We didn't sit down and do up a resolution to affirm or reject any of this stuff. We were just doing stuff as we were going along to try and survive.
Q Okay. And when you said that there was negotiations around the general security agreement that -- that the LPs were giving to CNC, correct?
A The original documents, I believe -- you know, my memory is a bit hazy on how it came -- but I think came through Heather Barnhouse. I think that's how the original documents -- and Shayne, my wife, identified it to Heather right away that, you know, Barry and Chief Monias are never going to sign this GSA. We can't do it for -- there was no assets there anyway. Why are we doing this? So the negotiation of the GSA was intended strictly for the receivables.
Q And that negotiation, are you -- did that take place on your behalf by Dentons and the bank; is that your information?
A Well, we had several meetings at the bank, but I can't recall where we signed the documents. It could have been at Heather's office.
Q Okay. And who were -- were you attending those meetings?
A Oh yes. Yeah.
Q And who was the bank representative attending the meetings in connection with the signing of the CNC --

A Well --
Q -- GSAs?
A At the time all this happened, George Bawden was our branch manager and Andy McPherson was our loans officer along with Chris -- I can't recall Chris' last name -- and another -- we had basically four people that we met with all the time. Justin -- I can't recall the -- our fourth. I just -- you know, I -- Andy and George were the two main people that we dealt with.
Q Okay. And when you had those discussions with the Canadian Western Bank folks about the general security agreement, was it your proposal to just grant an assignment of receivables at one point?
A We were very clear that that's all we could assign.
Q And so --
A There were no assets in any of the companies, and that's what we -- we had been saying that for, you know, probably two years that -- and the bank had our financial statements. They had Bruce Pennock's audited and consolidated financials, so, you know, I think any questions that were brought up about the partnerships would have been answered by Bruce in the summaries that he did.

And I think everybody had access to the -- by everybody, I mean the partners and the bank. We all had access to the financial statements. That was part of our regular reporting.

Q Okay. And so the -- even though you made it clear that you had only -- the only assets of the LPs, the limited partnerships, were those receivables, even though you made that clear, you nonetheless granted this general security agreement in favor of CNC from the limited partnerships, correct?
A Correct.
Q Did the limited partnerships have receivables?
A The last -- the -- three of the partnerships were not working. We had security at Peace River, Bonnyville, and Monias. We had a little bit of work over the winter of '16, '17 at Monias, but it was very limited. But we had a fairly major pipeline job at Wandering River with TransCanada PipeLines, so that partnership had receivables.
And again, I'm probably not the very best one to talk about the accounting side of it. My wife, Shayne, and Brian Stasynec and Bruce Pennock -- far better at explaining the flow of cash. I was probably more so the guy that went out and found the work and tried to fill the hoppers with work, but I didn't do the daily cash.
Q Okay. And just to be clear, when you were having those meetings with the bank and -- you personally told the -- one of George and/or Andy of the Canadian Western Bank that the only assets that the limited partnerships had were the receivables?

A That's correct.
Q And you told them that prior to signing the general security agreement in favor of CNC by the limited partnerships?
A We had, yes, because documents that we had sent -- I'm, again, assuming they were Heather who had them originally -- had Chief Monias and Barry on the documents to sign.
Q And when you say on the documents to sign, as guarantors?
A GSA.
MR. DELBLANC: He is saying the original documents came over with everybody's name on it and then got sent back and came back with just their names on it.
Q MS. NICHOLSON: When you say everybody's names, do you mean --
A Just the three I just said.
Q Yes, those names, but on behalf of and to sign on behalf of the --
A The partnerships.
Q -- limited partnerships?
A That's correct.
Q And your response to the bank was, no, they would not grant such a thing?
A That's correct.
Q And they, in fact, had not authorized the LP to -- and

the GP to sign on behalf of the LP to enter into those --

MR. DELBLANC: We will let that happen later. You have got a -- you are jumping ahead. Good try.

Q MS. NICHOLSON: Okay. I am going. If I can turn you to the master equipment lease between Wandering River LP and the 726 group. This is marked as Exhibit F to the Affidavit of Barry Roman sworn October 2, 2018.

MR. DELBLANC: I'm sorry, counsel, can you repeat that?

MS. NICHOLSON: Yes, it is marked -- that document I have handed you is currently marked as Exhibit F to the Affidavit of Barry Roman sworn October 2, 2018.

MR. DELBLANC: F as in Frank?

MS. NICHOLSON: Yes.

Q MS. NICHOLSON: You are familiar with this document, Mr. McCracken?

A Yes.

Q Okay. This is an agreement between 726 and Wandering River LP?

A Yes.

Q CNC is not a party to this lease?

A No.

Q It is effective December the 29th, 2014?

A Correct.

Q And you executed this document on behalf of Wandering LP?
A Yes.
Q And your signature is showing on page -- the second page of that document?
A Yes.
Q And you did so in your capacity as -- what capacity did you sign that in?
A Vice president.
Q Thank you.
A Oh, and the president now.
MR. DELBLANC: It says president on the document.
Q MS. NICHOLSON: It's okay.
A We got them all --
Q So you are a director and you signed as president --
A See, I was doing such a good job that --
Q Yes, you took on to another role, right. So in this particular case, you signed as president, correct, and --
MR. DELBLANC: That is what it says here, counsel.
Q MS. NICHOLSON: Yes, what it says. Yes. In any event, you are an officer?
A Yes.
Q And you are a director?
A Yes.

MR. DELBLANC: And president.
Q MS. NICHOLSON: Or vice president. All right. I now want to show you equipment schedule number 1, which is attached -- actually, it is a separate document that I will hand you now. This says, Wandering River Lodge Equipment. This document is marked as -- it is a portion of Exhibit G to the Affidavit of Barry Roman sworn October 2, 2018.
MR. BIEGANEK: Do you have an additional copy of that, or can you refer to the specific page that you are referring to? Because there is -- it has been -- I will call it haystacked to this exhibit --
MS. NICHOLSON: Yes.
MR. BIEGANEK: -- among others, so.
MS. NICHOLSON: Or we can mark it. I don't know what page -- should we just mark it? Sorry, off the record.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: So we will mark this -- sorry, are you familiar with this schedule, Mr. McCracken?
MR. DELBLANC: Yes, he is.
A Yes.
Q MS. NICHOLSON: All right. And it says, Wandering River Lodge Equipment. It is two pages with a listing -- or three pages with a listing. Then it goes on to state at the top, Equipment Schedule Number 001. Do you see that?

A Yes.
MS. NICHOLSON: Okay. Let's mark this as -- and this is in connection with the Wandering River Lodge properties?
MR. BIEGANEK: Hold on.
A Yes.
MR. BIEGANEK: Can I see what you are referring to, please?
MS. NICHOLSON: Oh, yes, sir. Let's go off the record for a second.
MR. DELBLANC: No, you can carry on.
MS. NICHOLSON: Okay. I will wait, but the goal is to mark this as an exhibit once Mr. Bieganek is okay with it.
MR. DELBLANC: Five pages.
MR. BIEGANEK: Right. But I am not prepared to accede to the fact that the first two are -- or form part of the agreement, because that looks like it is prepared by legal counsel.
MR. MCALLISTER: That's correct.
MR. BIEGANEK: That is not a document that formed part of the contract, right. Because it refers to PPR numbers. There is a table of concordance that hasn't been included in the evidence. So I am not prepared to accede that those first two pages properly -- they are in his -- Mr. Roman's Affidavit, and he will be questioned on that. But they won't,

from what I can tell, form part of equipment schedule number 1.

MS. NICHOLSON: Okay. Thank you for that comment, Mr. Bieganek. I will ask the witness now perhaps a slightly different question, then.

MR. DELBLANC: Do you want to do the last three pages, counsel?

MS. NICHOLSON: Yes, let's. So, Mr. Bieganek, do you have any objections to marking the last three pages of -- is it three or two -- it is the last two pages.

MR. BIEGANEK: So they have got -- we have got equipment schedule --

MR. DELBLANC: You are right.

MR. BIEGANEK: -- number 1. That is the --

MR. DELBLANC: No, it is three --

MR. BIEGANEK: -- document signed by both Mr. McCracken for the LP and Mr. Roman for 726 Remote. We have got a document entitled, Schedule B to Equipment Schedule. I assume that is saying 001, Wandering River Lodge limited partnership. And then there is a schedule -- another document called, Schedule A, that says, Equipment Description and Lease Rate. Are those the three pages you are talking about?

MS. NICHOLSON: Yes, thank you. May we mark this as the next exhibit, which will be D-9, please?

MR. DELBLANC: And for the record, they are a three-page excerpt from the Exhibit G of the Barry Roman Affidavit, October 2, 2018.

MS. NICHOLSON: Yes, but we will mark this specifically.

MR. DELBLANC: I understand. But that is where they come from.

MS. NICHOLSON: Yes, sir. And I am going to, Mr. Bieganek, start with equipment schedule number 1 and have schedule A to that and schedule B; is that agreeable?

MR. BIEGANEK: Well, we will have -- I mean, you are -- yes, that's fine.

MS. NICHOLSON: Okay. Thank you.

EXHIBIT D-9: EQUIPMENT SCHEDULE NUMBER 001 RESPECTING WANDERING RIVER

Q MS. NICHOLSON: Mr. McCracken, if I call the lease which was the master equipment lease agreement between 726 and Wandering River Lodge LP the Wandering lease, you will understand?

A Yes.

Q Okay. So with respect to the Wandering lease and equipment schedule number 001, which we are currently looking at and which is marked as Exhibit D-9, is it -- these are the pieces of equipment that are the subject matter of the Wandering lease, correct?

A They are.

Q And in addition to what is listed here, you heard

Mr. McAllister talk earlier today about the small wares?
A I did.
Q And those are also the subject matter of the Wandering lease agreement?
A Correct.
Q And the items outlined in Exhibit D-9, which is schedule -- equipment schedule number 001, those are owned by the 726 group?
A Correct.
Q And 726 was the lessor in respect of that equipment?
A Correct.
Q The Wandering LP never took title to those -- that equipment?
A No.
Q It never purchased that equipment from 726?
A That's correct.
Q Okay. So turning back to the general security agreement from Wandering LP in favor of CNC.
MR. DELBLANC: Which is Exhibit I of the October 2nd, 2018, Affidavit of Barry Roman?
MS. NICHOLSON: Yes, thank you.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: Thank you. If I call that the Wandering GSA, that's agreeable?
A Yes.
Q Okay. And this GSA was registered, is that your

understanding, in the Personal Property Security Registry?
A I'm not sure.
Q I am showing you a document which is a PPR, Personal Property Registry Search, in respect of the Wandering LP. It is dated September 4, 2018. Do you see that?
MR. DELBLANC: Yes, we have it.
Q MS. NICHOLSON: Thank you. This, by the way, is marked as Exhibit J to the Affidavit of Barry Roman sworn October 2, 2018. At page 2, there is a registration number.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: The registration number is 17032937499. Do you see that at the top --
A Yes.
Q -- left-hand side? Yes?
A Yeah.
Q And that is in respect of the security granted by Wandering LP in favor of CNC, correct?
MR. DELBLANC: The document speaks for itself.
Q MS. NICHOLSON: Does this refresh your memory, Mr. McCracken, as to whether the CNC GSA granted by the Wandering LP was, in fact, registered at the PPR?
A Yes.
Q Okay. Did you authorize the registration of this security?
A I don't recall doing it.

Q Do you know whether someone else authorized the registration of this security?
A I don't.
Q Was somebody else other than yourself giving instructions with respect to the registration of security?
A No, would have -- not that I -- not that I've given any authority to.
Q Do you know who registered this security?
A I do not.
Q Did you have any objections to the security being registered?
MR. DELBLANC: He doesn't know that it happened. He doesn't know who --
A I didn't --
MR. DELBLANC: Just -- it is not a fair question.
MS. NICHOLSON: Okay. Fair.
MR. DELBLANC: You can't object to something you don't know is happening.
Q MS. NICHOLSON: If you look at page 2, there are serial-numbered goods listed. I know you have said you didn't know about the registration in general. Does that also pertain to the registration of the serial-numbered goods?
A Well, I didn't know about the registration, so, I mean --

Q Like, at all?
MR. DELBLANC: At all.
Q MS. NICHOLSON: At all?
A How would I know?
Q Okay. So you don't know whether Canadian Western Bank requested that CNC make these registrations?
MR. DELBLANC: He says he doesn't have any knowledge of it.
Q MS. NICHOLSON: Okay. Was that -- you --
A I have no knowledge of --
Q Okay. Thank you.
A -- the registration of it.
MS. NICHOLSON: Thank you. Okay. Let's go off the record for a second.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, I am showing you a document entitled, Master Equipment Lease Agreement. It is made January 19, 2015, as stated to be the effective date, and it is between Peace River Lodge LP, which I will call Peace LP, and 726. Do you see that?
MR. DELBLANC: I got it.
A It looks good, m-hm.
Q MS. NICHOLSON: This is called, Master Equipment Lease. It is Exhibit L to the Affidavit of Mr. Roman sworn October 2, 2018 -- and it is a portion of Exhibit L. This is an agreement between 726 and

Peace LP. Do you see that?
A Yes.
Q If I call that the Peace lease, you will agree?
A Yes.
Q Okay. You executed this document on behalf of Peace LP?
A Yes.
Q And you did so in your capacity as vice president of Peace GP?
A Yes.
Q Peace GP being the -- being Peace River Lodge GP Ltd. If I call that Peace GP, you will agree?
A Yes.
Q Equipment schedule number 1 is -- forms part of that document?
MR. DELBLANC: Yes, it's here.
Q MS. NICHOLSON: And this schedule forms --
MR. DELBLANC: Do you mean schedule A?
MS. NICHOLSON: It is called, Equipment Schedule Number 001.
MR. DELBLANC: I see it here, yes. It's further down.
Q MS. NICHOLSON: There is also an equipment schedule number 002 contained in that package.
A Yes.
Q And is it your understanding that that forms part of the Peace lease as well?

A Yes.
Q Is it your information and understanding that the pieces of equipment listed under equipment schedule 001 and 002 and otherwise described in that lease are owned by 726?
A Yes.
Q And you heard Mr. McAllister earlier today talk about certain small wares?
A Yes.
Q And those two, the associated small wares, which are associated with that equipment outlined in the Peace lease are also owned by 726?
A Correct.
Q You understood the terms of the lease -- Peace lease when you signed it?
A Yes.
Q Peace LP did not purchase the assets that are the subject of the Peace lease?
A From RAM? No.
Q Okay. It never exercised an option to buy?
A No.
MS. NICHOLSON: I would like to mark that as the next exhibit, D-10.
MR. DELBLANC: Do you want to not leave it just in the Affidavit, or just because it is a portion --
MR. BIEGANEK: No, it is in a few different

places in that Exhibit -- in the Affidavit, so.
MR. DELBLANC: Not numbered?
MR. BIEGANEK: No.
MR. DELBLANC: Got it.
MS. NICHOLSON: So right now, Sigurd, we need to true up -- off the record.
(DISCUSSION OFF THE RECORD)

EXHIBIT D-10: MASTER EQUIPMENT LEASE AGREEMENT RESPECTING PEACE RIVER

Q MS. NICHOLSON: Mr. McCracken, I am showing you a document entitled, Master Equipment Lease Agreement, and it is between -- it is dated -- or made effective January 12, 2015, between 726 and Kilometer 147 LP. Do you see that?
A Yes.
Q Is that your signature?
A Yes.
Q You signed as vice president on behalf of Kilometer 147 GP Ltd.?
A Yes.
Q And if I call that Kilometer 147 GP, that's agreeable?
A Yes.
Q And is the Kilometer 147 property we have heard today is also referred to often as Monias --
A Yes.
Q -- is that correct? And this package of documents contains an equipment schedule number 1. Do you see

that?

A Yes.

Q And is that your signature on behalf of Kilometer 147 LP?

A Yes.

Q Also contained in that package is a certificate of substantial completion. Do you see that?

A Yes.

Q Did you sign that document?

A Yes.

Q Further along, there is equipment schedule number 003. Do you see that?

A Yes.

Q Did you sign that document on behalf --

A Yes.

Q -- as lessee?

A Yes.

Q Is it your understanding that the equipment that is described in the package that I have provided to you is the subject matter of the lease?

MR. BIEGANEK: Hold on.

A Best of my knowledge.

MR. BIEGANEK: May I see the sheets that you are referring to? I take it that they are pulled from parts of Exhibit R to Mr. Roman's Affidavit sworn October 2nd?

MS. NICHOLSON: Yes. Yes, you may.

MR. DELBLANC: And just for clarity, it was just brought to my attention that you referred to 147 as Monias. You have already referred to Chief Monias as Monias.
MS. NICHOLSON: Oh, thank you.
MR. DELBLANC: So just down the road --
MS. NICHOLSON: Monias Property. We will clarify that. Thank you very much.
MR. BIEGANEK: Okay. So you referred to the master lease -- master equipment lease agreement, equipment schedule number 1, which has a list of items that has initials on it, two pages; schedule B, which lists the summary of 726 investment, and that is the title of it; you have included a certificate of substantial completion, but I am not sure the rest of the document references that; and a schedule A to equipment schedule number 2, but no equipment schedule number 2 is included here, just a schedule number 3.
MR. DELBLANC: Can we just go off the record for a second.
MS. NICHOLSON: Yes.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: We are back on the record, Mr. McCracken. We had reviewed this master equipment lease agreement, you had signed it, you confirmed, correct? And it has one, two --
A Correct.

Q Well, it has one page. It attaches general terms and conditions, five pages long. In addition, there is an equipment schedule number 1, which you acknowledged as having signed, correct?
A Yes.
Q That attaches schedule A -- it says, Equipment Schedule A, for 726 Remote at Monias Lodge, and that has two pages.
A Yes.
Q Additionally, it attaches schedule B, which says, Monias Lodge Summary of 726 Investment.
A Okay. Yeah.
Q As well, there is a schedule A to the equipment schedule number 2 and a schedule B to the equipment schedule number 2.
A Yes.
Q We have noted that no equipment schedule number 2 has been provided, correct?
A Correct.
Q Okay. So the schedule A and schedule B that we have just referenced references invoices, invoice number 8 and invoice number 10.
A Correct.
Q So we have attached invoice number 8 and invoice number 10.
A Yes.
Q In addition, there is equipment schedule number 3,

which you have signed.
A Yes.
Q And that references an attached schedule A. Do you see that here?
A Yes.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, I have taken you through that portion of the lease, which we currently have, that I would like to mark as an exhibit as a portion of the lease respecting the Kilometer 147 lease; is that --
A Yes.
Q -- agreeable?
MS. NICHOLSON: Let's mark that as Exhibit D-11. Thank you.
(DISCUSSION OFF THE RECORD)
MS. NICHOLSON: So, Mr. Bieganek, would you like to state what you understand D-11 to comprise?
MR. BIEGANEK: Well, my understanding is 11 comprises a document called, Master Equipment Lease Agreement, with general terms and conditions. And then there is equipment schedule number 1, which has a schedule A, which lists the equipment schedule B, which is a summary of 726 investment, correct? And then --
MS. NICHOLSON: Yes.
MR. BIEGANEK: -- you have now found equipment schedule 2, but let's park that for a moment. You have

put to the witness, as I understand it, the certificate of substantial completion for number 2 with some schedules.

MR. DELBLANC: It is on the bottom of Exhibit G is --

MR. BIEGANEK: And I think those schedule invoices and whatnot, so --

MR. DELBLANC: This is marked. This is D-9.

COURT REPORTER: Sorry, I just need to --

MR. BIEGANEK: Yes, so you have got this certificate of substantial completion, which has a document called, Schedule A. And then it says under schedule A, no equipment included with his draw.

MS. NICHOLSON: But --

MR. BIEGANEK: And then we have got schedule B, which attaches invoice --

MR. DELBLANC: Here is 5 and 6.

COURT REPORTER: Sorry, I just need to hear.

MR. BIEGANEK: Oh, you are on. I will slow down. So I understood the third document in the bundle where it is referred to as Exhibit D-11, it is the document entitled, Certificate of Substantial Completion, which at the bottom bears the date January 26, 2015. And attached to that is a document that has schedule A to equipment schedule number 2, and it lists no equipment. And then schedule B, which references two invoices, invoice number 8 and invoice number 10, and those two invoices are attached.

MS. NICHOLSON: Yes, and the -- in addition --

MR. BIEGANEK: And then the final document is entitled, Equipment Schedule Number 3, and it, I believe, just attaches schedule -- again, schedule A -- one document that has both schedule A and schedule B on it. Schedule A says, again, no equipment included with this draw. Schedule B references invoice number 11 and invoice number 13, both of which are attached.

MS. NICHOLSON: And I think that's correct, Mr. Bieganek, with the exception of the concept that the certificate of substantial completion, which has as a date January 26, 2015, has attached to it schedule A, because it states that it is schedule A to the equipment schedule number 2.

MR. BIEGANEK: Fair enough. My question to you was: Are you or are you not trying to make all of those documents I just referred to as part of D-11?

MS. NICHOLSON: Yes.

MR. BIEGANEK: Okay. My preference would be to break it up so that they are specifically listed so that the master lease and the terms are A -- D-11 A; the equipment schedule 1 with its attached schedules, and if there is any invoices there, is D-11 B; the certificate of substantial completion and what purports to be -- are you marking that -- or you consider that independent of this schedule?

MS. NICHOLSON: Yes.

MR. BIEGANEK: Okay. Then we will mark that as C. Then we can mark these schedules and the invoices as D. And we will get to schedule number 2 once we have all had a look at it. And then equipment schedule number 3 with the schedule and the two invoices as the next letter. So I am getting punchdrunk. Are we at --

MS. NICHOLSON: Yes.

MR. BIEGANEK: -- D or E?

MR. DELBLANC: E.

MR. BIEGANEK: Okay. There we go.

MR. DELBLANC: E as in Edward.

MS. NICHOLSON: That is agreeable.

MR. BIEGANEK: Okay. Great.

MS. NICHOLSON: And that leaves out, for clarity, equipment schedule number 002 --

MR. BIEGANEK: Correct.

MS. NICHOLSON: -- with which we have just become familiar.

MR. BIEGANEK: Okay.

MS. NICHOLSON: So we will mark the exhibit in that way, may we?

(DISCUSSION OFF THE RECORD).

MR. DELBLANC: You can just adjourn this now, and she can mark this?

MS. NICHOLSON: Yes. Thank you. We will see you tomorrow at 8:30.

EXHIBIT D-11 A: MASTER EQUIPMENT LEASE AGREEMENT RESPECTING KILOMETER 147 LP

EXHIBIT D-11 B: EQUIPMENT SCHEDULE NUMBER 001 WITH ATTACHMENTS RESPECTING KILOMETER 147 LP

EXHIBIT D-11 C: CERTIFICATE OF SUBSTANTIAL COMPLETION DATED JANUARY 26, 2015

EXHIBIT D-11 D: EQUIPMENT SCHEDULE NUMBER 003 RESPECTING KILOMETER 147 LP

(PROCEEDINGS ADJOURNED 6:24 P.M., DECEMBER 4, 2018)

(PROCEEDINGS RESUMED 8:41 A.M., DECEMBER 5, 2018)

Q MS. NICHOLSON: Good morning, Mr. McCracken.
A Morning.
Q Thank you for coming this morning.
A You're welcome.
Q You acknowledge that you are still under oath?
A I am.
Q Or under an affirmation to tell the truth?
A Yes.
Q Thank you. Yesterday, Mr. McCracken, we were speaking about the books and records in relation to the limited partners and the general partners. Do you recall that?
A Yes.
Q And the minute books as well?
A Yes.
Q Yes. In order to try and cut through this and do it quickly, I am going to ask you kind of some omnibus

questions; hopefully you can answer them. And that is, is your evidence with respect to the books and records which were -- we spoke about relating to the Wandering limited partner and the Wandering general partner, is that evidence the same with respect to all of the limited partners and the general partners in connection with the books and the records and the minute books?
A Yeah.
MR. DELBLANC: As to where they are located and that sort of thing?
MS. NICHOLSON: Yes, sir.
MR. DELBLANC: Yes.
A The best of my knowledge, yes.
Q MS. NICHOLSON: Okay. And that included and we talked about -- or we haven't actually defined this, but that is the Peace River Lodge LP, and if I refer to that as Peace LP throughout today, you will understand?
A Yes.
Q And Kilometer 147 LP, if I refer to that as Kilometer 147 LP or Kilometer LP, you will understand?
A Yes.
Q Okay. And the Bonnyville Lodge LP, if I refer to that as Bonnyville LP, you will understand?
A Yes.
Q And if I refer to the general partners of all of those limited partnerships as Peace GP, you will understand?
A Yes.

Q And Kilometer GP you will understand?
A Yes.
Q And as well, Bonnyville GP you will understand?
A Yes.
Q And if I call those the GPs or the general partners collectively, you will understand?
A Yes.
Q Okay. And you gave an undertaking with respect to the Wandering GP and LP in connection with the books and records and the minute books, which, as I recollected, was to the extent that I make inquiries of you, you would consider providing the documents that you have access to?
A Yes.
Q And would you be prepared now to give the same undertaking with respect to the Peace LP, the Kilometer LP, the Bonnyville LP, and the general partners associated with those limited partners?
A Yes.
Q Thank you.
MR. BIEGANEK: And then just clarify what exactly the undertaking is for again.
MS. NICHOLSON: That undertaking pertains to an inquiry that I may make of Mr. McCracken to endeavor to locate and provide the minute book and/or books and records in relation to all limited partners -- well, other Wandering LP and all general partners other than

the Wandering GP, because those Wandering GP and LP were addressed in the previous undertaking.

MR. DELBLANC: It seems a little broader than what I recall it, and I question -- what I thought we were dealing with was the corporate records such as the minute books, and now you have said all records relating to, and that is pretty expansive. And I don't think that is what we -- I don't believe we agreed to that yesterday with regard to Wandering. It was -- you asked where the minute books were.

MS. NICHOLSON: And we did --

MR. DELBLANC: And he thought they weren't in his office. He thought at one point he may have sent them to the monitor; the monitor seems -- maybe did not get those. Mr. Bieganek doesn't have them. And it very likely is still in the hands of Dentons, his corporate counsel. But I thought it was restricted to the minute books. So now you have gone a little further. We could go back on the record and look at what you spoke about yesterday. But you have asked for all records relating to the LPs, and I am not sure that that is something we can agree to. And I am not asking you to start hiding pieding (sic) it down, but if you want the minute books and if it leads to further inquiries from that, we can address it at that time.

MR. BIEGANEK: And I just want to -- there is a relevance and materiality --

MR. DELBLANC: Absolutely.
MR. BIEGANEK: -- issue too. Like, the issues before the Court on this application are twofold: the ownership of assets claimed by 726 and, in addition to that, a priority issue with respect to, at minimum, the GSA that was taken by Canada North. So I think within the amid of that, those two things, Mr. Delblanc is quite correct, that we can't really sort of have a blanket chase-your-tail, what-are-you-looking-for kind of thing.
MS. NICHOLSON: No, and that is not -- thank you for that clarification, and that is not the intention. So can we --
MR. DELBLANC: I didn't think it was your intention, but let's just make sure we drill down.
MS. NICHOLSON: Agreed. In my view, where we did get to yesterday was the books and records and the minute books, but I am -- but I think -- so I just say that, but I would be prepared to put a proviso on that undertaking as well as the undertaking with respect to the balance of the LPs and the GPs, which has regard to the relevant -- establishing the relevance in connection with the application that is before the Court. Because I can assure you, my intention is not to go on a wild goose chase for a bunch of records that are irrelevant to these proceedings, and I -- to me, the minute books could be relevant, and I can't -- and

perhaps the accounts as between the LPs and the amounts owing. That's all.

MR. BIEGANEK: Well, hold on.

MR. DELBLANC: No, I don't --

MR. BIEGANEK: Just a second. I thought we had an agreement on confirmation of what the numbers were as between the LPs and Canada North.

MS. NICHOLSON: I am satisfied with what you have provided, and I -- it may have, but I just didn't know what the evidence of Mr. McCracken is, and I intended to potentially ask him on that.

MR. DELBLANC: Well, if you have the evidence already from ledgers, I don't think it is appropriate to ask this man to tax his memory from something that happened years ago, and he is not the accountant person in the firm anyway.

MS. NICHOLSON: Agreed. I am not asking him to tax his memory. I am asking him to see if his books -- and potentially I could -- and I am not today -- asking him to see if the books and records vary. But I am only trying to get this undertaking in the event that there is an issue. Because to my mind, there is no issue currently.

MR. DELBLANC: Well, if there is no issue currently, then I would suggest you wait until there is an issue to make the inquiry. What I will do, what we will do, what Mr. McCracken will do, we will give you the minute books if you request them, because that whole line of inquiry came out as, were you still a director, were you -- and he said, you'd have to look at the minute books. And that is what came up with that. And the next thing you know, now we are moving a pickup load full of boxes to --

MS. NICHOLSON: That, I do not want.

MR. DELBLANC: And that is not what we are going to do, so.

MS. NICHOLSON: Okay. Well, and I do not want a pickup load of boxes for sure.

MR. BIEGANEK: Well, why don't we -- may I make a suggestion? You just make the request that you ask Dentons if they have the minute books. If they do, they make them available to you so that --

MR. DELBLANC: Right.

MR. BIEGANEK: -- either 726 or if I want to come and take a peek at them, we can do that.

MR. DELBLANC: Absolutely. I will certainly do that. But I think we will see where this whole process evolves to, and you may have further undertakings later. But I think we should restrict it to the minute books at this time.

MS. NICHOLSON: Okay. So let's restrict it to the minute books in respect of the LPs, other than Wandering, and the GPs, other than Wandering. And then with respect to the Wandering LP and the Wandering GP, should we take a look at that undertaking and then -- or what should we do with that exact undertaking?

MR. DELBLANC: I think the undertaking should -- what we should look at -- well, do you mean from yesterday?

MS. NICHOLSON: Yes.

MR. DELBLANC: Well, whatever we said yesterday -- we are still on this train. So I will give you -- what started that chain was minute books with regard to his position in the company and any records that might support his position in the company if it wasn't in the minute books or something of that sort. But that is where that was in my mind yesterday. So if there is confusion on that -- and it sounds like you have the -- well, you are not going to get all the books and records. That is just not relevant to what we --

MS. NICHOLSON: So then I believe the undertaking yesterday was that you would receive my inquiries and consider them.

MR. DELBLANC: That's fair.

MS. NICHOLSON: And that was also, today, my same inquiry.

MR. DELBLANC: Okay. Well, as long as my undertaking is to consider them. I can give you that on, you know, my wardrobe, if you want, but it doesn't matter, but it doesn't mean you are going to get it.

MS. NICHOLSON: And so -- right. Exactly.
MR. DELBLANC: Okay. Fair enough.
MS. NICHOLSON: And so today, I guess with respect to the undertaking that you will -- are prepared to give now, as I think Mr. Bieganek has helpfully suggested, is that with respect to all LPs and all GPs, you make inquiries on behalf of Mr. McCracken to Dentons or elsewhere with a view to trying to secure those minute books.
MR. DELBLANC: Minute books.
MS. NICHOLSON: Agreed?
MR. DELBLANC: We will do that. And I would suggest if, you know, we are going to -- we talked about this consideration stuff, if you are going to be making further inquiries, and I am not sure you are going to be, but you should set them out individually. Because something you request might be okay, and if you lump it in with something that is too broad, then the whole thing gets shut down, but.
MS. NICHOLSON: Yes. I understand. Thank you very much.
COURT REPORTER: If I may, that undertaking was to make inquiries on behalf of Mr. McCracken to Dentons or elsewhere with a view to try to secure those minute books? Does that mean --
MR. DELBLANC: Yes, that's --
COURT REPORTER: -- to provide?

MR. DELBLANC: -- fine. That's fine. That's appropriate. And if they request, we will consider making them available for review. How is that?
MS. NICHOLSON: Yes.
UNDERTAKING NO. 3
MAKE INQUIRIES ON BEHALF OF MR. MCCRACKEN TO DENTONS OR ELSEWHERE WITH A VIEW TO TRY TO SECURE MINUTE BOOKS RELATING TO ALL LPS AND GPS AND, IF SUCH MINUTE BOOKS ARE REQUESTED, CONSIDER MAKING SUCH MINUTE BOOKS AVAILABLE FOR REVIEW
Q MS. NICHOLSON: Mr. McCracken, yesterday we were -- we looked at Bylaw Number 2. Do you remember looking at the Wandering GP Bylaw Number 2?
A Yes.
Q I just had a couple more questions with respect to that. Is it your understanding that the Wandering Bylaw Number 2 was a similar bylaw in respect of the other LPs' was made?
A Yes.
MR. DELBLANC: So far as he can recall.
Q MS. NICHOLSON: Yes, thank you. And so if I call that overall the Bylaw Number 2 collectively, is that acceptable in respect of all of the limited partnerships?
MR. DELBLANC: To the extent the number doesn't change and to the extent that this bylaw found its way into the other LPs, then certainly we agree

with that.
Q MS. NICHOLSON: Okay. Thank you. So, Mr. McCracken, I am just going to point you to those bylaws in respect of the other entities, because we looked at the Wandering bylaw. So the one in respect of Peace is located at Exhibit K to the Affidavit of Barry Roman sworn November 27. Would your counsel just have you identify that, please?
MR. DELBLANC: Yes, we are looking for it. Thank you.
Q MS. NICHOLSON: Thank you very much.
MR. DELBLANC: Okay. Can we go off the record for a second.
MS. NICHOLSON: Yes, sir.
(DISCUSSION OFF THE RECORD)
MR. DELBLANC: We have Exhibit K from that Affidavit of November 27.
MS. NICHOLSON: Thank you, Mr. Delblanc.
Q MS. NICHOLSON: Bylaw Number 2, there is one that is stated to be by numbered company 1825196 Alberta Ltd. Do you see that?
A Yes.
Q It is my information that that is the prior name of the GP of the Peace LP. Is that your information?
A I believe that to be correct.
Q Okay. And if we -- the next one I have got is 18 -- another Bylaw Number 2, 1847137 Alberta Ltd.

A Yes.
Q My information is that was the predecessor name in respect of the Bonnyville GP; is that your information?
A I believe so, yes.
Q Yes. Thank you. And with respect to the Kilometer 147 GP Ltd., Bylaw Number 2. Do you see that?
A I do, yes.
Q And that document, together with all the other bylaws we have just looked at, are bylaws of the respective GPs, correct?
A Concur, yes.
Q Thank you. And with respect to that bylaw, sir, did you understand that bylaw was to authorize the directors to borrow and give security as set out in the resolution?
MR. DELBLANC: I think the document speaks for itself, don't you agree, counsel?
Q MS. NICHOLSON: These bylaws were passed pursuant to the limited partnership agreements of each of the various limited partnerships, correct?
A Best of my knowledge, yes.
Q Yes. They are all dated differently. The dates -- they were enacted by the board in each case as stated on the dates noted on the bylaws. You will agree with me?
A Yes.
Q Okay. Thank you.

MR. BIEGANEK: Just to be clear for the record, these appear to be computer printouts; they are not signed documents. I want to make that clear for the record.
Q MS. NICHOLSON: Okay. Were these, in fact -- these Bylaws Number 2, which goes on to say, a bylaw authorizing the directors to borrow and give security on behalf of, and then the respective general partners. Were these enacted by the general partners?
A Best of my memory, they were, yes.
Q Underneath each of the bylaws it says, confirmed by the shareholders, and then it gives the same date on which they were enacted. Do you see that?
A Yes.
Q Was it your information these were indeed confirmed by those shareholders on the date set forth therein?
MR. DELBLANC: If you remember.
A Best of my memory, it's -.
MR. DELBLANC: It's four years ago now.
Q MS. NICHOLSON: Okay. You have no reason to believe that that is incorrect?
A No, I do not.
Q That is, that the date that the shareholders confirmed it was stated to be that?
A That's correct.
Q Your information that you have given with respect to these three bylaws is also applicable to the Wandering

GP Bylaw Number 2?
MR. DELBLANC: That is, that the date that is on it was when it --
MS. NICHOLSON: Yes.
MR. DELBLANC: -- whatever happened, happened?
MS. NICHOLSON: Yes.
MR. DELBLANC: If he has -- to the best of his memory, I guess.
A Yes.
Q MS. NICHOLSON: Okay. Thank you. The Bylaw Number 2, did you understand that it had any relation to the limited partnership?
MR. DELBLANC: Question again, please?
Q MS. NICHOLSON: So the corporation that is being spoken about in Bylaw Number 2 is the GP of each GP, correct?
MR. DELBLANC: The bylaws?
MS. NICHOLSON: Yes.
MR. DELBLANC: Well, they speak to what they speak to, counsel. They have the name of the corporation there.
MS. NICHOLSON: I guess what I am trying to ask is if Mr. McCracken was of the view that these bylaws authorized the directors of the GP to borrow and give security in respect of the limited partnership.
MR. DELBLANC: Wouldn't that just be an operation of law, counsel? Is that a fair question of

this witness?

MS. NICHOLSON: Well, I just want to understand, because it is my position that this Bylaw Number 2 pertains to the ability to borrow and grant security in respect of the GP.

MR. DELBLANC: Correct.

MS. NICHOLSON: And it says nothing in respect of doing so on behalf of an LP, which is the situation that we are dealing with now.

MR. DELBLANC: Correct. Well, I don't think that is a fair question of the witness, so if this extends that far, then that is an operation of law. If it doesn't, it doesn't. I don't think his understanding matters, does it?

MS. NICHOLSON: Well, the reason his understanding matters is because he -- like, it may be his position that this is -- he felt that this document authorized him to grant the GSA security from the LP to the -- to CNC.

MR. DELBLANC: I understand your question, but I don't think that is germane to what is before the application. It either is or isn't and --

Q MS. NICHOLSON: Okay. Mr. McCracken, to the best of your knowledge, Bylaw Number 2, in respect of all of the GPs, was never amended, repealed, or replaced?

A Not that I'm aware of.

Q To your knowledge, sir, were there any other bylaws that governed the ability of the directors of the various GPs to borrow and give security?
MR. DELBLANC: That's a tough question. I mean, there is probably a lot of paper, and that may or may not be even before this application or before this Court, so you could ask him if he recalls. But that --
Q MS. NICHOLSON: Yes. Do you recall?
MR. DELBLANC: But I don't want him to be bound by that answer.
Q MS. NICHOLSON: Yes. Do you know, sir, or do you recall?
A This is a long time ago, and there's a lot of paper you're asking me questions about that -- I mean, I'd have to have an IQ of 165 to be able to answer a lot of these things. My memory is not telling me that there are any things that would have changed it, but that's the best of my -- the best answer I can give you is, I'm not sure.
Q Thank you. Okay. Yesterday, Mr. McCracken, I showed you the Wandering resolution, and we marked that as an exhibit. And that was -- I can tell you what the exhibit was. It was Exhibit D-7, which was the Wandering River GP resolution. Mr. Delblanc, does this help you if you take a look at Exhibit D-7?
MR. DELBLANC: No, that's not it.
MR. S.L. DELBLANC: You said the resolution? That

is an equipment schedule.
MS. NICHOLSON: D-7? Oh, I'm sorry.
MR. DELBLANC: Yes, we have it. Thanks.
Q MS. NICHOLSON: Okay. Just so you know what I am asking about. I now just want you to identify the resolutions in respect of the other four -- three general partners, Kilometer 147 GP Ltd., Bonnyville Lodge GP Ltd., and Peace River Lodge Ltd. And here is the package of those.
MR. DELBLANC: Sure.
MS. NICHOLSON: In respect of the Peace one, I have it as numbered 1825196 Alberta Ltd., which the witness has confirmed relates to Peace.
MR. DELBLANC: Understood. Okay. So you have got --
MS. NICHOLSON: And I would like to mark those as the -- collectively as Exhibit D-12.
MR. BIEGANEK: Well, are they separate resolutions for each different GP?
MS. NICHOLSON: Yes, they are.
MR. BIEGANEK: Then just go --
MS. NICHOLSON: We can mark them separately if you want.
MR. BIEGANEK: Yes, please.
A Yeah, they look fine.
MS. NICHOLSON: Thank you. We will mark those as, then, D-12, D-13, and D-14.

<u>EXHIBIT D-12</u>: RESOLUTION OF 1825196 ALBERTA LTD. (PEACE GP)

<u>EXHIBIT D-13</u>: RESOLUTION OF KILOMETER 147 GP LTD.

<u>EXHIBIT D-14</u>: RESOLUTION OF BONNYVILLE LODGE GP LTD.

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, with respect to Exhibit D-12, it states that it is made as of May 28th, 2014, this resolution. Do you see that?

A Yes.

Q And to the best of your knowledge, is that the date on which it was made?

A Yes.

MR. DELBLANC: Why don't we do this, counsel: If you ask him if he has any indication that this wasn't done on that date, because that's a lot of questions. The documents speak for themselves.

Q MS. NICHOLSON: Sure. I am trying to confirm if he has any contrary information, I suppose, and second -- so you have no information to the contrary?

A No, I don't.

Q And, Mr. McCracken, that is your signature there?

A It is.

Q Is it, to the best of your knowledge, your wife's signature as well on the second page?

A Yes.

Q Okay. And both of you signed as directors?

A Yes.
Q And you were directors of the GP at the time?
A Yes.
Q In respect of -- that is the Peace GP, yes?
A Yeah, best of my knowledge. Yes.
Q Thank you. With respect to Exhibit D-13, this is the Kilometer 147 GP resolution. Do you see that?
A Yeah.
Q And it is stated to be having been made September 30th, 2014?
A Yes.
Q And you have no information to the contrary that it wasn't made as at that date?
A That's correct.
Q And again, you and your wife signed page 2 of that as directors of that corporation?
A That's correct.
Q Thank you. With respect to Exhibit D-14 regarding Bonnyville, it states that it is made as of December 10, 2014. Do you see that?
A Yes.
Q You have no contrary information?
A No.
Q And those are the signatures, again, of yourself and your wife to the best -- on page 2?
A Yes.
Q And again, you signed as directors of that GP?

A Yes.
Q Thank you.
MR. DELBLANC: Counsel, on D-13, it is Barry Roman that signed it, not Shayne McCracken.
MS. NICHOLSON: Thank you. Thank you for that.
Q MS. NICHOLSON: Is that your information, sir?
A Yes.
Q So it was signed by only you that you -- well, and Barry Roman as directors of the corporation, not Shayne McCracken?
A Yes, I'm following your lead.
Q Yes. Thank you. And your counsel has clarified that. Thank you. I would like to turn you now, sir, to the Exhibit K of the October 2nd, 2018, Affidavit of Barry Roman.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: That is the limited partnership agreement in respect of the Peace GP -- the Peace limited partnership. Do you see that?
A I do.
Q And if you turn now to Exhibit Q of that Affidavit that you have there.
MR. DELBLANC: Do we have an Exhibit Q?
MS. NICHOLSON: Of that same October --
MR. DELBLANC: Oh, I see.
Q MS. NICHOLSON: Okay. Do you see that, sir?
A I do.

Q And that is an amended and restated limited partnership agreement involving Kilometer 147?
A Yes.
Q Okay. And if I can turn you to Exhibit A of the document that your counsel has in front of you.
MR. DELBLANC: A as in apple?
MS. NICHOLSON: Yes, sir.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: Okay. That is a limited partnership agreement involving the -- involving Bonnyville?
A Yes.
Q Now, I am going to try and ask the questions collectively to save us time.
MR. DELBLANC: Sure.
Q MS. NICHOLSON: Are the parties to these agreements that we have just looked at, sir, those -- to the best of your knowledge, as are stated in each of the documents?
MR. DELBLANC: Are you suggesting there might be other parties than are listed, does he have any information to that --
Q MS. NICHOLSON: Yes. Do you have any information that there are others?
A Not to my knowledge.
Q Okay. And if I refer to all of -- each of these documents as the Peace LPA, the Kilometer 147 or the

Kilometer LPA, and the Bonnyville LPA, you will understand what I am talking about?
A I will.
Q Thank you. Sir, did you execute on each of these documents on behalf of the general partner and the limited partner?
A I believe I did, yes.
Q In respect of the general partner when you executed this agreement, the capacity in which you did so was as a director of the general partner?
A Yes.
Q And similarly, the capacity in which you executed the document on behalf of the limited partner in each case -- well, in the case of the -- in each case, it was Canada North Group LP Holdings Ltd. being the limited partner?
A Yes.
Q Okay. Thank you. And when you signed on behalf of -- if I call that entity CNG, you will understand what I am talking about?
A Yes.
Q And you signed on behalf of CNG as a director of that entity?
A Yes.
Q And you read this agreement before you -- each of these agreements before you executed it?
A Yes.

Q Okay. Do you have any information that -- well, in respect of the Peace LPA, there is -- it is undated. You will see that. That is at Exhibit R, sir -- K, I'm sorry. That is a mistake here in my notes. K. It is undated. And my question is that my information is that it is dated as of January 2015, and I wanted to know if you had any contrary information.

MR. DELBLANC: You have a date, and I don't know if --

MS. NICHOLSON: Well, I just want to ask the witness if he knows -- if he has any information contrary to it being dated January 2015.

A No, I don't.

Q MS. NICHOLSON: Okay. The amended and restated Kilometer 147 LPA is dated December 10th, and you don't have any -- it actually has a date on it. I assume you have no contrary information and think that that is the appropriate date?

A No.

Q You agree?

MR. DELBLANC: He said he has no contrary information. He answered the question no, he has no contrary information.

Q MS. NICHOLSON: Correct. And with respect to the Bonnyville limited -- LPA, that is, the Bonnyville LPA, it was similarly made on the effective date, December 10th, 2014, and that is your information?

A Correct.
Q Okay. If I could turn you to section 17.2.
MR. DELBLANC: You went through this yesterday, didn't you, counsel?
MS. NICHOLSON: Yes. I just need him to --
MR. DELBLANC: To verify that 17.2 exists in these agreements?
MS. NICHOLSON: Well, that he -- well, I wanted to know what his understanding of 17.2 was.
MR. DELBLANC: His understanding isn't important. It says what it says, counsel.
MS. NICHOLSON: It may say what it says, but I am entitled to know what his understanding was of 17.2.
MR. DELBLANC: We are not going to allow that question. I don't think that is probative to what this application is about.
MS. NICHOLSON: Well, with the greatest of respect, Mr. Delblanc, I do disagree with you.
MR. DELBLANC: I understand. I didn't expect anything different. But he is not going to answer any questions as to what his understanding of it is. It says what it says.
Q MS. NICHOLSON: Is it your information, Mr. McCracken, that the borrowing references in each of these unanimous shareholders' agreements -- or pardon -- LPAs that we have been looking at were the same?

MR. DELBLANC: We can check if you wish. I believe -- okay. You have K, correct?

MS. NICHOLSON: Yes.

MR. DELBLANC: And Q?

MS. NICHOLSON: And K and Q and A.

MR. DELBLANC: And A. One moment, please. The same.

A Same.

MR. DELBLANC: And A, was it?

MR. BIEGANEK: Should we go off the record for a second, counsel?

MS. NICHOLSON: Yes.

(DISCUSSION OFF THE RECORD)

MS. NICHOLSON: So back on the record. We have had the benefit of an off-the-record discussion with the monitor who has clarified a couple of things. And he has presented us with the Peace River LPA, which I think he has suggested is the same document to which we have referred already, except that this particular document has the agreement -- or the date of it on it as January 23rd, 2015. So I would like to mark that as Exhibit D-15.

MR. DELBLANC: That's fine. Where do you see January 23rd?

MS. NICHOLSON: Here, at the top. Do you have two documents? Here. You forgot yours.

MR. DELBLANC: Oh, I'm sorry. Okay.

MS. NICHOLSON: Let's go off the record.

(DISCUSSION OFF THE RECORD)

EXHIBIT D-15: PEACE RIVER LODGE LPA DATED JANUARY 23, 2015

MS. NICHOLSON: So back on the record. Further to the monitor's counsel's helpful provision of that one document we have marked as Exhibit D-15, he has also provided to us an amended and restated Bonnyville LPA, which is made as of December 10, 2014, which was the effective date. And it goes on to say, as amended and restated on the blank day of January. So it still doesn't have a date for January. But I would like to mark this as Exhibit D-16.

EXHIBIT D-16: AMENDED AND RESTATED BONNYVILLE LODGE LPA

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Back on the record. So, Mr. McCracken, I am asking you now about Exhibits D-16 and D-15 and whether you signed those agreements on pages 26 thereof?

A Yes.

Q And you signed on behalf of both the general partner and the limited partner?

A Yes.

Q And as director of both of those entities?

A Yes.

Q Thank you. Now, where we left off, Mr. McCracken, was

you were just confirming that, to your understanding, the borrowing provision at 17.2 was operative or exists in each of the LPA agreements, including Exhibit D-15 and D-16.
MR. DELBLANC: The wording of 17.2 exists in all the documents.
Q MS. NICHOLSON: Yes. Okay. Thank you. So, Mr. McCracken, to the best of your knowledge, there are no other or different limited -- LPAs other than the ones we have spoken about so far?
A Not unless something else gets shown up today, no.
Q To the best of your knowledge, we have got them all, correct?
A I think so, yes.
Q Thank you very much. Now, if I can turn you to Exhibit M to the October -- Barry Roman Affidavit, October 2, 2018. This is a unanimous shareholders' agreement between -- or involving Peace River. Do you see that?
A Yes.
Q And to the best of your knowledge, the parties are as stated therein?
A Yes.
Q And you executed this document on page 23 on behalf of CNC and the GP of Peace River Lodge?
A Yes.
Q And you did so in your capacity as director of that

entity --
A Yes.
Q -- those two entities?
A Yes.
Q Okay. There is a blank as to the date of this document. Do you know the date it was signed? Our understanding is that it was on August 18, 2014. Do you have any information to the contrary?
A I don't know the date, but I'm assuming that's correct.
Q Okay. Let's go to Exhibit Q -- is it Q?
MR. DELBLANC: We already were at Q.
Q MS. NICHOLSON: Sorry, S. Thank you. S to the Barry Roman Affidavit of October 2, 2018. Do you see that?
A Yes.
Q This is the unanimous shareholders' agreement respecting Kilometer 147. Do you see that?
A Yes.
Q And the parties to that are as stated --
A Yes.
Q -- to your knowledge? Yes? And did you execute this document on behalf of CNC on page 21?
A Yes.
Q Okay. It is our information that this unanimous shareholders' agreement was signed on December 10th, 2014. Do you have any contrary information?
A No.

Q When you signed this unanimous shareholders' agreement on page 21, did you do so in your capacity as director of CNC?
A Yes.
Q Thank you. Okay. Could I turn you to Exhibit C of the October 2, 2018, Affidavit. This is a unanimous shareholders' agreement dated December 10 involving the Bonnyville limited partnership and the unanimous shareholder agreement pertaining to that --
A Yes.
Q -- to the general -- to the general partner relating -- in relation to that Bonnyville Lodge GP Ltd.?
A Yes.
Q Okay. And did you sign this unanimous shareholders' agreement on behalf of CNC?
A Yes.
Q And did you do so, again, in your capacity as director of that entity?
A Yes.
Q And the parties to that unanimous shareholders' agreement, to the best of your knowledge, are as stated therein?
A Yes.
Q And there are no others?
A Yeah, that's correct.
Q Okay. Thank you. Did you review this -- each of these -- if I call these collectively unanimous

shareholders' agreements involving the G -- pardon me, the unanimous shareholders' agreements involving each of the Bonnyville project, the Kilometer project, and the Peace River project, if I call all of those the unanimous shareholders' agreements, you will understand?
A Yes.
Q If you can turn to Article 4 of one of those USAs. Do you have that in front of you?
MR. DELBLANC: We have it.
Q MS. NICHOLSON: Yesterday we asked if Article 4 was the only section in the Wandering USA that dealt with how the directors of the Wandering GP could borrow from and grant security to others, and I believe you specified that you -- to the extent that you learned of any other sections, you -- of the USA that dealt with that issue, you would advise me?
MR. DELBLANC: That's fair. We said that.
Q MS. NICHOLSON: And would you kindly provide the same undertaking with respect to these USAs that we have just looked at?
MR. DELBLANC: We will do that.
MS. NICHOLSON: Thank you very much.

UNDERTAKING NO. 4

IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 4 OF UNANIMOUS SHAREHOLDERS' AGREEMENT INVOLVING

BONNYVILLE PROJECT IN RELATION TO HOW DIRECTORS COULD BORROW FROM AND GRANT SECURITY TO OTHERS, ADVISE AS TO SUCH PROVISION

UNDERTAKING NO. 5

IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 4 OF UNANIMOUS SHAREHOLDERS' AGREEMENT INVOLVING KILOMETER PROJECT IN RELATION TO HOW DIRECTORS COULD BORROW FROM AND GRANT SECURITY TO OTHERS, ADVISE AS TO SUCH PROVISION

UNDERTAKING NO. 6

IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 4 OF UNANIMOUS SHAREHOLDERS' AGREEMENT INVOLVING PEACE RIVER PROJECT IN RELATION TO HOW DIRECTORS COULD BORROW FROM AND GRANT SECURITY TO OTHERS, ADVISE AS TO SUCH PROVISION

Q MS. NICHOLSON: Mr. McCracken, when you signed the USAs, was it your understanding that the directors of the respective general partners required a unanimous resolution to borrow money on the credit of the general partner and the limited partner and to charge the assets of the general partner and the limited partner?

MR. DELBLANC: The documents speak for themselves and they grant authority as they speak, and that will be the answer to that question.

MS. NICHOLSON: Why am I not surprised,

Mr. Delblanc?
MR. DELBLANC: I am not sure. It is almost coffee time, counsel. I am getting grumpy.
MS. NICHOLSON: Okay. That's fine. We can take a break now.
MR. DELBLANC: No, no, I am just joking. Whatever you want.
Q MS. NICHOLSON: We are pretty close. Let's keep going a little bit more if you can handle that. Okay. Mr. McCracken, did you understand that the unanimous resolution is defined and set out at paragraph 1.1 sub (d) and that it is a resolution passed by a majority of not less than 100 percent of the votes cast by the shareholders or, where appropriate, directors entitled to vote on the -- in respect of the resolution?
MR. DELBLANC: The document speaks for itself, counsel. Same answer.
Q MS. NICHOLSON: Thank you. To the best of your knowledge, Mr. McCracken, there are no other unanimous shareholders' agreements that amend or replace either the Wandering one that we looked at yesterday or the three that we are looking at today, correct?
A Correct, to the best of my knowledge.
MS. NICHOLSON: Okay. Now is a good time for a break.
(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, earlier this morning we have looked at a number of documents, and I just wanted to confirm one thing. You said that you had signed on behalf of the GPs or CNC or CNG in your capacity as director in all of those cases, correct?
A Yes.
Q And I just wanted you to confirm that you also did so with respect to those entities each time when you executed the document as officer as well of those entities?
A Yes.
Q Okay. Thank you. I would now like to turn to Exhibit F to the Affidavit of Barry Roman which was dated October 2, 2018, which is the Wandering lease that we looked at yesterday. And you will recall that we also marked Exhibit D-9, which was equipment schedule 1 in connection with that Wandering lease.
Yesterday you explained that the Wandering LP was renting from 726 the Wandering leased equipment, that is, the equipment that was set out in the Wandering lease. Do you remember that?
A Yes.
Q Thank you. And by that, Wandering LP was to pay to 726 rent in order to use the 726 Wandering leased equipment, correct?
A Yes.
Q Okay. And this lease agreement states that the lease

is a true lease between the parties?
MR. DELBLANC: It says what it says, counsel.
Q MS. NICHOLSON: It is your understanding that this lease agreement does not provide for Wandering LP to purchase the equipment from 726, correct?
MR. DELBLANC: It states in the Exhibit D-9 that there is a purchase option, and it says, none. So the document speaks for itself, if that is what your question is.
Q MS. NICHOLSON: And is that your answer, sir?
MR. DELBLANC: Well, he can read. Does it --
A Yes.
MR. DELBLANC: It says, none, right?
A Yes.
Q MS. NICHOLSON: Okay. At no time did Wandering LP purchase the equipment from 726?
A Correct.
Q And because it didn't purchase the equipment, obviously the Wandering LP didn't pay any sales tax or other tax in connection with the purchase of that equipment obviously, correct?
A Correct.
MR. BIEGANEK: Hold on.
MR. DELBLANC: What?
MR. BIEGANEK: If they are paying rent, they paid GST on the rent.
MR. DELBLANC: But she said purchase at the

end.

MS. NICHOLSON: So purchase.

MR. BIEGANEK: Well, I suppose, but --

MR. DELBLANC: Yes, but if he doesn't purchase it, I don't think it -- you are just wasting transcript if you ask him if he paid tax on something he didn't purchase. He has already said no, but anyways.

Q MS. NICHOLSON: To your understanding, there was no obligation set out in the lease that required that Wandering had -- Wandering LP had to or must purchase the equipment at the end of the lease, correct?

MR. DELBLANC: Counsel, the document speaks for itself. He is not here to interpret these documents prepared by, presumably, counsel or others, at least.

Q MS. NICHOLSON: Okay. Was it your understanding that the lease commenced on December 29, 2014?

MR. DELBLANC: The document speaks for itself. It will have a commencement date in there.

MS. NICHOLSON: Yes. I am asking if that was his information.

MR. DELBLANC: Well, counsel, I --

MS. NICHOLSON: Like, I am entitled to know that. I think --

MR. DELBLANC: No, I don't think you are

entitled to just go through every line of the document and ask him if he has contrary information. To be blunt, I don't think that is appropriate. You can ask him if he entered into the lease on behalf of whomever, did he sign it in his capacity -- I get that.

MS. NICHOLSON: Yes, and when did it --

MR. DELBLANC: And this is the lease.

MS. NICHOLSON: And when did -- to his understanding, when did it commence.

MR. DELBLANC: Do you have any understanding that it commenced other than what is in the document, Mr. McCracken?

A Well, the document says what it says, and I've signed it.

Q MS. NICHOLSON: I understand that. To your knowledge, Mr. McCracken, this lease accurately sets forth your understanding of the terms of the lease arrangement regarding the equipment that is the subject of the Wandering LP lease?

A Yes.

Q Okay. After the Wandering LP lease terminated, what was your understanding about what would become of the equipment?

MR. DELBLANC: The document speaks for itself, counsel.

Q MS. NICHOLSON: Was it your understanding that the equipment would be returned to 726?

MR. DELBLANC: The document speaks for itself.
Q MS. NICHOLSON: Was it your expectation, Mr. McCracken, that the equipment would be returned to 726 at the end of the Wandering lease?
MR. DELBLANC: Counsel, it says there is a lease extension option. It could be negotiated.
MS. NICHOLSON: Yes, I know, and that is why I am asking him. It is a little bit of a different question.
MR. DELBLANC: Fair enough. I think the document speaks for itself, counsel. Did the lease come to an end?
MS. NICHOLSON: I am asking the witness. I know what the document says.
MR. DELBLANC: Okay. I don't think it matters what he thought could happen to it, so he is not going to answer that question. The document speaks for itself. I don't think his expectation -- what he might do with it later -- he -- Mr. Roman might have done something completely different. Who knows.
Q MS. NICHOLSON: Mr. McCracken, the leased equipment under the Wandering lease, in the most general terms, was for modular dorms, kitchens, and offices?
A Yes.
Q Okay. And you would agree that these units were built to last for more than 42 months, being -- which was the

minimum lease term?

MR. DELBLANC: Why is that relevant to anything?

MS. NICHOLSON: That is relevant to --

MR. DELBLANC: Well, tell me why it is relevant, then.

MS. NICHOLSON: Yes. That is relevant to the considerations --

MR. DELBLANC: How well they are --

MS. NICHOLSON: -- that a Court makes in determining the nature of the lease. So that is why I want to know if it is -- Mr. McCracken -- and I think he was about to answer that he understood that these units would last for more than 42 months, which was the term of the lease.

MR. DELBLANC: So that is your answer to your own question?

MS. NICHOLSON: Well, I wanted to ask him that.

MR. DELBLANC: I don't know what his -- what he thinks of the life expectancy of these trailers has to do with --

MS. NICHOLSON: That is fundamentally important to the law on the nature of this lease. It is one -- it is not fundamentally important; it is a factor that the Court considers, and that is why I need to ask him that question.

MR. DELBLANC: So he is an expert now on the

construction of these trailers and how long they might last?
MS. NICHOLSON: Well, I think he --
MR. DELBLANC: Wouldn't you want somebody who actually builds these trailers and actually supplies them and manufactures them, like ATCO or Northgate or whomever, and say, here's our opinion on this trailer; it should last you 42 months, 82 months, 142 months? I think --
MR. BIEGANEK: Sigurd, with respect, Mr. McCracken's company Campcorp did build --
MS. NICHOLSON: Make those. That is my point.
MR. DELBLANC: But he is not -- I get that, but he is not here to give an opinion on it.
MS. NICHOLSON: No, I am not asking for that.
MR. BIEGANEK: That's fair. That's fair.
MR. DELBLANC: That is a fair --
MR. BIEGANEK: I am just --
MR. DELBLANC: I --
COURT REPORTER: Sorry, I just need one person talking at a time.
MR. DELBLANC: No, we don't have to have it on the record either. We can go off the record.
(DISCUSSION OFF THE RECORD)
MS. NICHOLSON: Okay. Mr. Delblanc, I have your objection in relation to you opposing the witness giving an opinion with respect to the length of the --

or pardon me, the value of the units.
MR. DELBLANC: Right.
MS. NICHOLSON: And value and -- well, and whether they would last and were made to last for more than 42 months.
MR. DELBLANC: Get it. Thank you. Some of these trailers might have a hard life up there, some might not, you know, just depends who is staying in them.
Q MS. NICHOLSON: Mr. McCracken, were you in the business of manufacturing some -- or trailers --
A Yes.
Q -- of this sort? Yes. Did you ever have discussions in the course of manufacturing these and selling them as to their useful -- length of their useful life?
MR. DELBLANC: Don't answer the question, please.
Q MS. NICHOLSON: Mr. McCracken, in the case of the Wandering equipment, when did you understand it was delivered to the project site -- or the camp site?
MR. DELBLANC: And for this, counsel, you are looking at, I take it, tab F and then the schedule of D-9, and from that, you are asking him when it is his understanding it was delivered, if he can answer that?
MS. NICHOLSON: Yes.
MR. DELBLANC: I don't know if it says it here, but do you know?

A The -- well, I think the first winter probably would have been the '14 winter, but I --
Q MS. NICHOLSON: So December 29, 2014?
A -- stand to be corrected, but I believe that's the first winter we had it.
Q Okay. Did Wandering have to pay a security deposit before 726 delivered the equipment?
A Not that I recall.
Q Did it have to -- and not a down payment?
A Not that I can remember.
Q Okay. If I could turn you, though, to Article 8 before we move on to the next lease of --
MR. DELBLANC: Article 8?
Q MS. NICHOLSON: -- the general terms and conditions.
MR. DELBLANC: Where it says, no liens?
Q MS. NICHOLSON: Yes, where it says no liens. Mr. McCracken, you were aware of Article -- or paragraph 8 of the general terms and conditions in respect of the lease when you signed this document?
A I read the document.
Q And you were aware that from that that the equipment was to be kept free and clear of all claims and liens and security interests and encumbrances?
MR. DELBLANC: The document speaks for itself, counsel, and he has said he read the document.
Q MS. NICHOLSON: Okay. Yesterday we marked as

Exhibit D-10 the lease agreement respecting Peace River, so the Peace lease.
MR. DELBLANC: Yes, we have it.
Q MS. NICHOLSON: Okay. Thank you.
Mr. McCracken, can you confirm to me similarly to the way that you did with the Wandering lease that all of the equipment that is the subject of Exhibit D-10 is equipment owned by 726 group and leased by 726 and rented by Peace LP?
A That is correct.
Q Thank you. If I could turn you now to --
MR. DELBLANC: Are you done with D-10?
MS. NICHOLSON: Yes, thank you.
Q MS. NICHOLSON: If I could turn you now to Exhibit 11. I sent those around. They were D-11 A through D, which we marked yesterday. I am showing you now a document which I would like to mark as Exhibit D-11 E that we -- I sent around by email last night. Darren, I am going to hand that down your way.
MR. DELBLANC: Is that the schedule --
MS. NICHOLSON: Yes.
MR. BIEGANEK: Equipment schedule 002?
MS. NICHOLSON: Yes, it is.
MR. DELBLANC: And, counsel, D-11 E, you said?
MS. NICHOLSON: Yes, at least that was my proposal in the email last night.
MR. DELBLANC: That's fine.

MS. NICHOLSON: And I think that it is agreeable. So this will be Exhibit D-11 E, which is equipment schedule number 2, and this relates to the Kilometer 147 lease.

MR. DELBLANC: Thank you.

EXHIBIT D-11 E: EQUIPMENT SCHEDULE NUMBER 002 RESPECTING KILOMETER 147 LEASE

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Before moving off of the Peace lease, which was Exhibit D-10 from yesterday, you signed this, Mr. McCracken?
A Yes.
Q And you signed as vice president of the GP?
A Yes.
Q And you were a director of the GP at the time you signed this as well?
A Yes.
Q Okay. And you signed equipment schedule number 1 in that same capacity on the date January 19, 2015?
A Yes.
Q And you signed equipment schedule number 2 on February 9, 2015?
A Yes.
Q In the same capacity?
A Yes.
Q And you signed the certificate of -- both certificates of substantial completion, which are at the end of that

document, one dated January 26, 2015, the other dated February 5th, 2015, in the same capacity as we have already discussed, correct?
A Yes.
Q Thank you. Turning to Exhibit D-11 A through E. Would you kindly confirm that you signed on behalf of -- or you signed as Kilometer 147 GP in respect of the Kilometer 147 limited partnership?
A Yes.
Q You did so on January 12, 2015?
A Yes.
Q And you were an officer and director of that company then?
A Yes.
Q If you turn to Exhibit D-11 B, would you confirm that you signed that on behalf of the limited partnership, Kilometer LP, on January the 14, 2015?
A Yes.
Q With respect to the certificate of substantial completion, which is at Exhibit D-11 C, would you confirm that you signed that?
A Yes.
Q On behalf of the limited partner, Kilometer LP, by the general partner?
A Yes.
Q And you did so as director and officer of the GP?
A Yes.

Q And that occurred on January the 26, 2015?
A Yes.
Q With respect to Exhibit D-11 D, equipment schedule number 3, you signed that on June the 15, 2015 --
A Yeah.
Q -- on behalf of Kilometer LP?
A Correct.
Q And you signed by Kilometer 147 GP, correct?
A Yes.
Q And you did so on June the 15th in your capacity as officer and director of the GP?
A Yes.
MR. DELBLANC: Can we just go off the record for a second.
MS. NICHOLSON: Yes.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, now I am turning you to Exhibit D-11 E, which was equipment schedule number 2. And you signed that on behalf of the limited partnership?
A Yes.
Q On April the 15, 2015?
A Yes.
Q And you did so by the general partner?
A Yes.
Q Of the Kilometer 147?
A Yes.

Q And you were officer and director of those entities when you signed?
A Yes.
Q Okay. Thank you. Now, Mr. McCracken, similar to the evidence you have given with respect to the Wandering lease and the Peace lease, I would ask you to confirm that all of the equipment referenced in this Exhibit D-11 A through E is owned by the 726 group, leased by 726, and rented from 726 by Kilometer LP?
A Best of my knowledge, yes.
Q Thank you. Now, with respect to the small wares which Mr. McAllister spoke about yesterday, which are referenced in Exhibit 11 A through E, those are similarly owned by the 726 group, leased by 726, and rented from 726 by Kilometer LP, correct?
MR. BIEGANEK: I don't believe the word small wares is actually used in any of those documents.
MS. NICHOLSON: No, it's not, but -- Mr. McAllister asked about the small wares, and that is why I referenced him to the discussion about the small wares that took place yesterday.
MR. BIEGANEK: Right. But I am just saying there is no definition of small wares within the documents themselves, so.
MS. NICHOLSON: Yes, but from his perspective, the small wares that -- I guess your point is that they are not referenced.

MR. BIEGANEK: There is no definition of small wares in that agreement, and the word small wares are not used anywhere within the documents that you have just put to the witness.

MS. NICHOLSON: Okay. That may be, but we had a discussion yesterday about the small wares --

MR. BIEGANEK: Right.

MS. NICHOLSON: -- and how they came as part of the equipment supplied under the leases. And so --

MR. BIEGANEK: Well, I don't accept that the evidence was all that entirely clear on what exactly small wares constitute. I appreciate the master lease refers to some things in a general description, and we had a discussion that Mr. McCracken indicated that usually things such as beds, televisions, kitchen equipment come with them. But I don't hear or see where all of that is necessarily included in small wares.

And so I am just making that point clear, because I think you are overgeneralizing in terms of what those documents say, the documents. Whether he -- what he gives in evidence is a different thing than what the documents say, but your equipment documents don't.

MS. NICHOLSON: Okay. Thank you for that clarification.

Perhaps we can just go off the record for a second.

(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, we were looking at Exhibit D-11 A through E. And I would like to take you to equipment schedule A for 726, which is attached to Exhibit D-11 B.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: Okay. With respect to some of those items at the top there, it says 12 unit KDR. Is it your understanding that that is a kitchen, dining, and recreational unit?
A Yes.
Q And is it your understanding that as part of the kitchen, dining, and recreation unit in general there are things, like items discussed yesterday with Mr. McAllister, which include kitchen appliances?
A Yeah, when you get -- rent a kitchen, it comes with all of the essential cooking components, stoves, microwaves, et cetera, and usually comes with kitchen chairs and tables.
Q Okay. Is there anything, to your mind, that would be contained in a kitchen unit that would not be supplied?
MR. DELBLANC: Maybe you should ask him about this particular document.
MS. NICHOLSON: Yes, I am trying to.
MR. DELBLANC: But you asked him in a general sense and his understanding, did he ever get a kitchen that didn't have a kitchen in it or something, but.

MS. NICHOLSON: Kind of.
MR. DELBLANC: I would prefer you just ask him about the Monias Lodge and this schedule and what he recalls actually came with those kitchen, dining room units.
Q MS. NICHOLSON: Yes. And it sounded -- that's fine, and I think I -- do you recall that what you described came with what was supplied under and listed in equipment schedule A for the 726 Monias Lodge?
A Well, it came, best to my recollection, with the normal sets of equipment that would be in most typical rental situations, so as I have described.
Q Okay. And to your knowledge, would anything that would be necessary to run a kitchen unit be not supplied by -- when you purchased -- or when these were rented? I'm sorry.
MR. DELBLANC: Did you say purchased, counsel?
MS. NICHOLSON: No, I said rented. When you rented these units?
A Outside of, you know, food and labour, the kitchen that we had at Monias was pretty well equipped, so don't recall -- well, I don't recall a lot of -- there's always something that you need, you know, maybe a first aid kit or maybe an extra set of dishes or something. But other than that, I think that kitchen was pretty well equipped.
Q Okay. So that, from your perspective, essentially

everything that was in the kitchen unit was rented and supplied by 726?
A That is correct.
Q And how about with respect to the dorms? Are those the sleeping quarters?
A Those are the sleeping quarters. And the same thing. Like, they came equipped with pretty much everything that we needed.
Q And do you recall supplying anything in addition to what you were renting in --
MR. DELBLANC: What do you mean by that?
Q MS. NICHOLSON: -- connection with the dorm units?
MR. DELBLANC: Are you saying did he supply dorm units or did he supply pillows? I don't get your question, sorry.
MS. NICHOLSON: Well, yes, because he said that the dorm units came with everything essentially --
A I'd have to go back and check with my operations people, but I think, as I have stated, the dorms came complete. And they had TVs. They had everything that we needed to operate them.
Q MS. NICHOLSON: Okay. And the recreation units, do you recall those came with Foosball tables and the like?
A To the best of my memory, they came equipped.
Q Equipped meaning that the limited partner was not

supplying additional equipment in general into those recreational units?
A There's always extra things that go in, but you are talking general equipment that was in the recreation units. I guess I'm saying that as far as I remember, everything that was required was there. There's always a chance that we could be missing something, a Foosball game or a -- but, you know, my memory isn't that clear as to what extras we would have brought in. I'm just saying that the recreation units that RAM supplied were equipped.
Q Okay. Thank you. And that would include, what, stationary bikes or exercise equipment as well?
A Correct.
Q So from your perspective, all of those things that we have talked about, the TVs, the beds, the desks, the chairs, the laundry units, the kitchen -- that is, that I and Mr. McAllister collectively have talked about, at least, in relation to Exhibit D-11 with respect to the Kilometer lease -- were rented pursuant to this lease?
A Yeah, and I think I answered that with Mr. McAllister's question earlier --
Q Yes, I thought --
A Not to repeat myself.
Q I thought you did too. Thank you. And his question was -- so now we have, I think, confirmed that. Now I would like to ask the same question with respect to the

Peace lease. If I could turn you to Exhibit D-10, schedule A, equipment. This is the list of equipment that was supplied that you rented from 726, correct?
A Correct.
Q In connection with the Peace property?
A Correct.
Q These are not described in the same way as they were with the Kilometer lease. Campcorp, was that your company?
A We built all those, yes.
Q Okay. Can you tell from -- and -- or can you tell or can you recall what these units related to? Were they dorms, were they kitchens, were they rec units?
A There was a kitchen sized for up to 500 in -- the project was originally built for Shell Carmon Creek. So we oversized the kitchen, and then we built 144 beds, two 30s and two 38s, and they were two storey. And they went on piles, so they were frameless units. But that's all I -- I believe that's all covered in here.
Q And with respect to these units, when you rented them, did they contain the same kinds of equipment and items as we discussed in relation to the Kilometer lease?
A Yeah. The only difference is this stuff was all brand new. RAM bought all the new -- all new bedding, all new recreation, all new kitchen essentials. It was a brand new camp, and RAM outfitted the whole thing.

Q And when they provided the units, they provided all of that outfitting in respect of it?
A That's correct.
Q Okay. And you rented the units together with all of that outfitting that we have discussed?
A Yes.
Q With respect to the Peace lease and the Kilometer lease that we have looked at -- sorry, if you could turn to -- on the Peace lease, schedule 001. Do you have that?
A Yes.
Q Can you also turn to the first page which says, Equipment Schedule, the master lease -- of the master lease agreement? The first page, very first.
MR. DELBLANC: Where it says schedule A?
Q MS. NICHOLSON: The very first. Right here. It says, Equipment Schedule. So just so I understand how these leases work, was it your understanding that an equipment schedule for each addition to the equipment covered under the agreement would be prepared as the leases came on? So you have got a lease, and then you are adding equipment, and so you are signing off on the schedules. And the schedules that specify the leased equipment form part of that leased equipment; is that how you recall that happening?
A I believe that's correct.
Q Okay. And with respect to schedule 001 of the Peace

lease, this equipment was delivered -- the equipment that is set out in 001 was delivered on or about January the 26th, 2015?
A Approximately, yes. Not exactly those dates, but it all came in over time. I remember there was a number of boxes there, so they wouldn't have all showed up on the same day.
Q And with respect to the equipment set out in schedule 002, was that delivered on or about February 9th, from your perspective?
A It would have been close to that date. I'm not sure the delivery date matches exactly with the signing of the paper, but.
Q And now I am looking at the certificate of substantial completion.
MR. DELBLANC: I don't know that there was equipment -- I don't have a complete copy of D-10, but if you can show me the actual equipment list that is attached to -- but on respect of that one, there wasn't. I could be wrong, but I just want to make sure I am looking at the same thing.
MS. NICHOLSON: I'm sorry, could we go off the record.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: We have had the benefit of an off-the-record discussion, and we have clarified, subject to what the witness says, that the schedule --

equipment schedule number 002 added, essentially, value but didn't add further equipment. Is that your understanding?
A Yes, but -- yes.
Q Okay. And that that additional value was added on or about February 9th in accordance with the certificate of substantial completion?
A Correct. If I may?
Q Yes.
A We built these units. They were all built out of Phoenix, out of our plant in Surprise, and as we've invoiced RAM Modular for them and submitted the invoice and the serial numbers, et cetera, to the bank, CWB -- because they were aware that we were building this stuff for -- this equipment for RAM -- then the delivery dates were all -- they were spread out. They don't exactly match the timing of the contract, because we'd usually have four -- two, four, six trucks a day coming out of Phoenix, and we weren't always able to match the delivery date with a signing date on the contracts.
Because when we came across the border, we had to make sure that all of our paperwork was in order. And so I guess I'm just trying to say that the -- you know, the timing of the paper doesn't always match the timing of receipt of equipment. I'm not sure if I've convoluted that for you, but.

MR. DELBLANC: A little bit.
Q MS. NICHOLSON: But you are not --
A It's spread out over -- you know, there's -- you know, how many boxes there, 60 boxes or so. So it was spread out over time.
MR. DELBLANC: I think what he is trying to say, counsel, is that the lease date might not necessarily mean every piece of equipment is there or otherwise, and it's coming in increments.
A That's correct.
Q MS. NICHOLSON: But from the certificate of substantial completions that I am looking at, what is being confirmed is that the equipment which is a subject to the lease has been installed and is on the lease as of the date set forth below?
MR. DELBLANC: I don't think that is what the lease says.
Q MS. NICHOLSON: That is how I read the certificate of substantial completion. That is what I think its purpose is. So, Mr. McCracken, you are not suggesting that the certificate of substantial completion is incorrect, are you?
A My memory's not that good --
Q Can you look at it?
A -- as to those dates. No, I've looked at it. I'm just saying that I'm not sure of the dates of delivery for the total project, so. The intent of the substantial

completion certificate is correct.
Q Which is to say that the equipment that is referenced in a particular schedule has been installed pursuant to the lease on the date that is set out in the certificate of --
A To the best --
Q -- substantial completion?
A -- of my ability, I am just explaining how that process occurred prior to substantial completion certificate being issued.
Q Right. But the purpose of the certificate of substantial completion statement and you executing that was then to result in the lease payment term from that date forward changing, correct?
A Correct.
Q So that for the purposes of the lease payment operating in relation to the equipment supplied under an additional schedule, that would occur based on the date set out in the certificate of substantial completion, correct?
A Correct.
Q Okay. And the same goes for all of the leases; that was a general process --
A Correct.
Q -- correct? So with respect to -- if I can turn you to Exhibit D-11, which is the Kilometer lease.
MR. S.L. DELBLANC: D-11 which? Sorry.

MS. NICHOLSON: D-11 C.
A Okay.
Q MS. NICHOLSON: So here this is an acknowledgement that the equipment that is referred to in equipment schedule number 1 was installed pursuant to the lease on January the 26th, 2015, correct?
A Correct.
Q And there is some situations where you didn't always get a certificate of substantial completion, correct?
A Correct.
Q Okay. Mr. McCracken, in the case of both the Peace lease and the Kilometer lease, equipment was delivered by 726 or the 726 group to the respective LP, correct?
MR. DELBLANC: What was your question again? Sorry.
Q MS. NICHOLSON: That the equipment was delivered by 726 or 726 to the respective LP?
MR. DELBLANC: What do you mean by delivered?
Q MS. NICHOLSON: Well, it was -- okay. Each LP received the equipment, the rental equipment, from 726 or 726 group, correct?
A Yes. Yes.
Q Okay. And in both the case of the Peace lease and the Kilometer lease, there were, at best, only a few customers. That is my understanding. Is that true?
A In terms of clients?
Q Clients, customers to use the units.

A Correct.
Q Okay. And no lease payments were ever made by those LPs to 726?
MR. DELBLANC: How is this relevant about the debtor arrangement between them or if somebody is in default of a lease or anything like that? I don't understand how this has got anything to do with the application.
MS. NICHOLSON: The application relates to the leases, right?
MR. DELBLANC: They do, yes.
MS. NICHOLSON: Yes, and that is what I am asking.
MR. DELBLANC: No, don't answer the question. If that is the best you can do to explain your question --
MS. NICHOLSON: No, no. I mean, I am entitled to ask him about the leases. They are the primary subject of the application.
MR. DELBLANC: Okay. So --
MS. NICHOLSON: So now I am trying to ask him if payments were made under those leases, and that is a fair question.
MR. BIEGANEK: And in certain of those leases, there is options to acquire for a buck --
MR. DELBLANC: Right.
MR. BIEGANEK: -- repayment. I think the

buildup in equity is relevant.
COURT REPORTER: There is options to acquire of -?
MR. BIEGANEK: Acquire the assets for a dollar, for a buck.
MR. DELBLANC: Well, she was asking about default.
MS. NICHOLSON: I was asking for -- no, I didn't ask about a default.
MR. DELBLANC: Yes, you absolutely did.
MS. NICHOLSON: Well, I didn't use that word, but I will -- I intended to use that word, so you are anticipating it. My question was whether any lease payments were ever made by the LP in -- by the Peace LP or the Kilometer 147 LP in relation to the equipment leased under the Peace lease and the Kilometer lease.
MR. DELBLANC: Okay. You can answer that question.
A The Peace lease, I don't think there were any payments. I am not sure on the Kilometer lease. I'd have to check with accounting.
Q MS. NICHOLSON: Okay. I would ask for an undertaking that you check -- and who will you check with?
A Shayne.
MR. DELBLANC: Okay. So just slow down here. So the Peace lease, the answer was -?

A I don't believe there were any payments made on the Peace lease.
Q MS. NICHOLSON: Okay. And you were going to provide an undertaking with respect to payments, if any, made under the Kilometer lease?
A Correct.
Q Thank you.
COURT REPORTER: And, sorry, so that was an undertaking to --
MR. DELBLANC: Provide if there were any lease payments made.
Q MS. NICHOLSON: And, if so, advise as to the amount and when the payments were made to the best of your ability.
A You bet.
MR. DELBLANC: Okay.
Q MS. NICHOLSON: And to the best of your ability related to when they were made.
MR. DELBLANC: I have your undertaking.
MS. NICHOLSON: Okay. Thank you very much.

<u>UNDERTAKING NO. 7</u>

MAKE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHETHER ANY LEASE PAYMENTS WERE MADE UNDER THE KILOMETER LEASE AND, IF SO, ADVISE AS TO THE AMOUNT OF SUCH PAYMENTS AND ADVISE AS TO WHEN SUCH PAYMENTS WERE MADE

Q MS. NICHOLSON: So do you have a recollection that some payments may have been made, then, under the Kilometer lease?

A I can't say for sure.

MR. DELBLANC: You already asked for an undertaking, now you keep asking questions.

Q MS. NICHOLSON: Okay. Because of the situation where there were only a few clients that you identified, you had a discussion with Mr. Roman on behalf of 726 and the 726 group and you came to the understanding that failure to pay the lease payments was a default under the leases, correct?

MR. DELBLANC: Is that a question or statement?

MS. NICHOLSON: It is a question.

MR. DELBLANC: Okay. What is the question?

Q MS. NICHOLSON: You had a discussion with Mr. --

MR. DELBLANC: Ask him that. Did you have a discussion with Mr. Roman, yes or no, about lease payments?

A I probably did. I can't recall the exact conversation, but I know we've --

MR. DELBLANC: Okay. And then that's good. He can't recall the conversation.

A I can't recall the conversation, but I'm sure we've talked about all of those things.

Q MS. NICHOLSON: Okay. And so the idea was that

there was a default under the lease but that 726 intended on leaving its equipment at the Peace camp and the Kilometer 147 camp in the hope that the customer usage would improve; is that your information and recollection?
A Peace River for sure, yes. When Shell pulled out of Carmon Creek, we were left without a client. So we secured it up and put a security -- we supplied a security person to watch it 24/7, 365. In Monias, we had a few more clients, but not many. And likewise, we shuttered it and put camp watch on.
Q Right. And you understood that the arrangement was that 726 would leave the equipment at those sites in the hope that the customers would increase?
A Yeah, that's correct. Peace River, of course, is a little more difficult to move than the others, because it's on piles and it takes cranes to dismantle it and move it. So there was a reluctance to have to try to move it. We tried to find other customers.
Q Right. But in that context, that was -- what you are saying was the reason, in effect, that they were being left there and -- correct?
A Correct.
Q And so you understood that the 726 group was within its rights to remove that equipment, but it just had a problem doing so because of the logistics and the cost associated with that, correct?

A Absolutely.
Q Okay. Was it your understanding, Mr. McCracken, that in respect of these leases, if there was an ability to purchase the equipment that the LP had, that that ability to purchase it depended upon the LP having made all of the lease payments on time?
MR. DELBLANC: I think the document speaks for itself, counsel.
Q MS. NICHOLSON: Did the LPs ever attempt to exercise any option to purchase which existed in any lease?
A No.
Q I am now going to ask you about the general security agreements given by the LPs to CNC. Okay. We talked about them a little bit yesterday. Do you have information as to what the Wandering LP and the balance of the LPs owed to CNC, if any, when those GSAs were signed?
MR. DELBLANC: You are talking about any money owed from Wandering to CNC?
MS. NICHOLSON: Yes, and any of the LPs to CNC when the GSAs were signed.
MR. DELBLANC: Any of the four LPs?
MS. NICHOLSON: Yes.
MR. DELBLANC: Okay. And you are asking --
MS. NICHOLSON: If he has information as to whether any monies were owing.

MR. DELBLANC: At the time of the GSAs?
MS. NICHOLSON: Being signed, yes.
MR. DELBLANC: Okay. I have your question.
Do you know that answer?
A Owed from the LPs to CNC?
Q MS. NICHOLSON: Yes.
A I'm not a hundred percent sure of what, you know, there could have been. I think it's more likely there was money owing from the LP to RAM, particularly, I think, Wandering River, we owed rent on the equipment.
MR. DELBLANC: But her question was to CNC.
Q MS. NICHOLSON: Right.
A Not to CNC that I'm aware of, but again, I didn't do the day-to-day books. So I -- without referencing, going back to accounting, I can't give you the exact number or what was owed.
Q What I am trying to understand is the LPs granted general security to CNC, right?
A Correct.
Q And I was trying to understand if the LPs owed CNC.
A I think I just answered that.
Q Okay. So the answer is that --
A I don't know for sure.
Q -- you are not sure.
A We can find out, but I don't know for sure.
MS. NICHOLSON: Just off the record for a second.

(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, yesterday you spoke about TransCanada being, in your mind, the main entity which had created receivables in favor of the Wandering -- in favor of the Wandering LP, correct?
MR. DELBLANC: Did he say that?
MS. NICHOLSON: I thought I understood that.
A I think I said Wandering River was our main client the last year we were open.
MR. DELBLANC: Yes, I don't think he said they were the main -- I have never heard the receivable before, so. He talked about a client being TransCanada.
Q MS. NICHOLSON: Yes. Okay. You had a client that was TransCanada, and I had understood that that -- TransCanada was a payment stream that the LP -- Wandering LP had coming to it potentially; was that correct?
A Well, the client, the actual client, the -- TransCanada was the -- doing the project. Waschuk was our client. They were building the pipeline. TransCanada had, obviously, control of the project, but I believe we were paid by Waschuk.
Q And I had understood that you had talked about -- that that was the thing that was captured by, in your view, the GSA that was for the benefit of CNC; is that correct?

MR. DELBLANC: I don't think he said that. I don't think he mentioned anything being captured by anything. You asked him who was in the camp, who might have been paying bills, but to say something was captured by a GSA and in favor of what party, I'm --

MS. NICHOLSON: No, no. My --

MR. DELBLANC: I might have missed it. I'm sorry, but.

MS. NICHOLSON: Okay. No, that's okay. What I had understood Mr. McCracken to say was that the general security agreement purports to cover --

MR. DELBLANC: AR. Just generally AR, accounts receivable.

MS. NICHOLSON: That is precisely my point.

MR. DELBLANC: Okay. Let's go off the record.

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: So, Mr. McCracken, the accounts receivable that were owing to the LPs, they were -- what was the general source of those?

A Well, let me back you up. The -- TransCanada was putting in a pipeline, and our site -- they contracted our LP, GP with Chief Monias being involved. They wanted to make sure they had Native content. So that's why they came to us with our structure that we had. So the site, the preparation of the site, getting the site ready for the job was a responsibility, and payment was made directly by TransCanada for that part of the work.

Q To whom?
A To the partnership.
Q Which one?
A Wandering River. The people that built -- that did the job for TransCanada was Waschuk Pipe Lines out of Red Deer, so all the work building the pipeline was done by them, and they contracted with the LP, again with Native content, to stay in the camp. Canada North did the catering. And -- now, that's -- that was the structure of the Wandering River job for TransCanada.
Q Okay. And did those -- did that job create a receivable to the Wandering LP?
A Yes.
Q And from your perspective, as I understood it yesterday, it is those accounts receivable were the only assets that the LPs had; is that --
A Correct. Correct. The equipment was outside of the job.
Q Okay. Mr. McCracken, to your knowledge, was there ever a meeting of the limited partners of the Wandering LP in connection with the provision of the Wandering GSA from that LP to CNC?
MR. DELBLANC: Didn't you already ask him that this morning?
MS. NICHOLSON: No.
MR. DELBLANC: Or yesterday, sorry? So you are asking prior to the GSA being given on the

Wandering LP, was there a meeting?
Q MS. NICHOLSON: Yes, of the limited partners.
A And that was the March 29th GSA you are talking to?
Q Yes, I am, March 29th.
A No, there was no meeting.
Q Okay. To the best of your knowledge, Mr. McCracken, was there ever a resolution in writing unanimously signed by the limited partners of Wandering LP in connection with the granting of the Wandering GSA?
A I think I answered that yesterday, no.
Q To the best of your knowledge, Mr. McCracken, was there ever a meeting of the shareholders of the Wandering GP in connection with the granting of the Wandering GSA by the Wandering LP?
A No.
Q To the best of your knowledge, Mr. McCracken, was there ever a resolution in writing unanimously signed by the shareholders of the Wandering GP in connection with the Wandering GSA?
A No.
Q So, Mr. McCracken, at the time you executed the Wandering GSA from the Wandering LP in favor of CNC, you were aware that there was no unanimous resolution of the shareholders of the Wandering GP in respect of the Wandering GSA, correct?
A Correct.
Q Okay. And you are also aware that there was no

extraordinary resolution of the limited partners of the Wandering LP in respect of the Wandering GSA?
A Yes.
Q Mr. McCracken, I am now going to show to you the PPR searches in respect of Kilometer 147 and the -- and Peace LP and GP in both cases, the LP and the GP.
MR. S.L. DELBLANC: Do those form part of an exhibit?
MS. NICHOLSON: Yes, it is Exhibit J to the October 2 Affidavit of Barry Roman. Do you have that?
MR. S.L. DELBLANC: We have Wandering, yes.
Q MS. NICHOLSON: Mr. McCracken, I asked you some questions yesterday about the Wandering LP and the registration of the Wandering GSA. Do you remember that?
A Yes.
Q And the registration in the PPR, correct?
A Yes.
Q Are your answers in respect of the registrations regarding the Peace GSA and the Kilometer 147 GSA the same?
A Yes.
Q Thank you. And when I say the same, I mean the same as the evidence you gave with respect to the registration of the Wandering GSA, correct?
A That's correct, yes.
Q Okay. Thank you. And you will acknowledge that those

documents that are attached as Exhibit J to Mr. Barry Roman's Affidavit of October 2, 2018, those are the PPR registrations in respect -- they include the PPR registrations in respect of the Wandering GSA, the Peace GSA, and the Kilometer 147 GSA?

MR. DELBLANC: The documents speak for themselves. He is not an expert on registry searches.

Q MS. NICHOLSON: Mr. McCracken, yesterday Mr. McAllister showed you a schedule of equipment, which was Exhibit B to your Supplemental Confidential Affidavit. Do you remember that? It had some yellow on it.

A Yes.

Q And that was attached to an Affidavit -- a Confidential Affidavit that you had sworn on February 23, 2018 --

A Yes.

Q -- is that correct? And you explained, as I understand it, that all of the items which were highlighted in yellow on the exhibit that were -- that Mr. McAllister marked were the property of the 726 group pursuant -- and were rented by the various LPs pursuant to the various leases. Do you remember that?

MR. DELBLANC: He did say that. But we also had a direction from Justice Hillier that there wouldn't be any overlap in questioning, so I am just not sure if we are going to -- if Mr. McAllister covered it, and he did, and he covered it completely when --

MS. NICHOLSON: Okay. Then --

MR. DELBLANC: From start to finish.

MS. NICHOLSON: That's fine.

MR. DELBLANC: I don't think that this is appropriate.

MS. NICHOLSON: I only really wanted that to give him context for my next question, so that's fine.

MR. DELBLANC: Well, let's hope it is not on the overlap scale.

MS. NICHOLSON: No, I don't think it was.

MR. DELBLANC: Well, that was, certainly.

MS. NICHOLSON: Yes. I concede that that was, but I don't think this next question will be.

Q MS. NICHOLSON: Mr. McCracken, the sense is that there was perhaps, then, some ambiguity in terms of what was stated in the Confidential Supplement to the first Affidavit insofar as there was an indication in that Affidavit that this -- all of the equipment in the schedule -- Exhibit B thereto in the schedule was owned by CNC. And you have clarified that perhaps that was an oversight by not specifically excluding the items that are leased by the 726 group. Is that --

MR. DELBLANC: Just don't answer that. I am not sure if there is a question throughout that narrative, but Mr. McAllister covered that yesterday.

MS. NICHOLSON: I don't think he asked about

the actual Affidavit, and that is why I am asking --
MR. DELBLANC: He absolutely did. He mentioned that there was an assertion in the Affidavit as to ownership, and we left it on a different footing than that. And, I'm sorry, I don't think it is appropriate that you go back there.
MS. NICHOLSON: Okay.
MR. BIEGANEK: Off the record.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, I am turning you to your Confidential Supplement to the first Affidavit of yourself sworn on February the 23rd. In paragraph 2(b), that is Exhibit B as referred to, which create -- sets out the list that we had marked yesterday as a confidential exhibit. Do you recall that?
A Yes.
Q And from your perspective, is your evidence that the -- what was stated in the schedule, because it referred to -- there was a reference to the RAM RMP equipment, that that was excluded from being owned by CNC -- or yes, CNC and that that was your intention to convey that when you swore this Affidavit?
A The night that we did this, it was quite late. And I worked with the equipment that was going to be taken out for the Nelson transaction. Pete Robb and Susan Ramsey worked with identifying -- and again, back -- we

were told originally by our first monitor to include everything that was at every camp to make sure that we were not hiding anything. So we did that. The night that this was prepared, Pete Robb went through and identified -- or attempted to identify everything that was RAM's. And the email that he sent was with RAM Modular partnership property in -- beside the serial number. That was our way of identifying what was RAM's. Could have we done it differently? I suppose we could have, but, you know, we put this thing together in probably six hours one night. And it was a big rush to get it done, and that's what -- that's where it is, so.

Q So to the extent that this statement in paragraph 2(b) could be interpreted otherwise, it was not your intention to suggest that these were the assets -- all of them were the assets of the companies, correct?

A I think I just explained that.

MR. DELBLANC: Yes, he is saying it was excluded from the LOI, was his evidence.

Q MS. NICHOLSON: And that the assets identified yesterday in yellow were those owned by the 726 group, correct?

A I think I identified that to Mr. McAllister yesterday, and, you know, we were -- we provided RAM with all of the bills of sale, et cetera, et cetera, I think, over time that shows that. So, you know, I understand the -- sort of the intricacies of registrations and laws a little bit, but I know the intention has always been that that's RAM Modular's equipment. And I'm not sure what else to say.

Q Thank you. I am just preparing you. And you have already heard off the record that you are going to hear from Mr. Bieganek who is going to, I assume, be taking the position that, you know, this -- what you swore in the exhibit that you had attached was not accurate.

MR. BIEGANEK: Are you providing advice to Mr. McCracken on --

MS. NICHOLSON: No, I am just telling him that --

MR. BIEGANEK: Well --

MR. DELBLANC: Well --

MS. NICHOLSON: -- and I am just trying to ask --

MR. BIEGANEK: He has got very capable counsel.

MS. NICHOLSON: Yes, I understand that.

MR. DELBLANC: Thank you, Darren.

MS. NICHOLSON: Yes. No, thank you. And I am just trying to --

MR. DELBLANC: Make a note. He has explained the purpose of preparing paragraph 2(b), which was for the LOI exclusion is what he just said. So to the extent people interpret the preamble to that

paragraph -- or to that subparagraph, the first sentence of it, in a different way, that is up to them.
Q MS. NICHOLSON: Thank you. So the idea there, Mr. McCracken, is that the focus was on excluding those items that were excluded from the LOI; that was your focus.
A Our focus that night was to get everything in the Nelson transaction that was serialized into a document that we could present to the Court that showed what materials were going to go into the sale. And that was my main focus that night, as counsel's explained the rest of it, so.
Q Thank you. I am just going to try and put to you now the actual GSAs for Kilometer and Peace now, Mr. McCracken. Mr. McCracken, if I could turn you to Exhibit N to the October 2, 2018, Affidavit of Mr. Roman.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: And is this the general security agreement granted by the Peace River LP in favor of Canada North Camps dated March 29, 2017, about which we have been speaking?
A That's correct.
Q And that is your signature below?
A Yes.
Q And you are signing on behalf of the LP by the Peace River GP, correct?

A Correct.
Q And you signed this document in your capacity as director and officer of the GP?
A Correct.
Q Okay. And if we could now turn to Exhibit T as in Tom to the October 2, 2018, Affidavit of Mr. Barry Roman.
MR. DELBLANC: We have it.
Q MS. NICHOLSON: That is the general security agreement dated March 29 between the Kilometer 147 LP and CNC, correct?
A Yes.
Q It is signed by you?
A Yes.
Q And you signed in your capacity as the Kilometer 147 GP?
A Yes.
Q As an officer and a director of that entity?
A Yes.
Q And if I call the -- there is three general security agreements granted by three LPs in respect of Canada North Camps, correct?
A Yes.
Q So from my perspective -- and you can correct me if you have different information -- the form of the GSAs is the same in all cases, and the only difference is with respect to the particular LP, which is the party. Is that also your information?

A I believe that's correct.
Q Okay. So in order to try and save time, I am going to reference the Wandering GSA and then ask if you will confirm that it is applicable, the same evidence, with respect to the balance of the GSAs, all right?
A Okay.
MR. DELBLANC: Could you put me back to that exhibit, please?
MR. S.L. DELBLANC: I.
MR. DELBLANC: I have it. Thank you.
MS. NICHOLSON: Okay. Just off the record for a second.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, it is my understanding -- and thanks to the monitor's counsel who has confirmed that there is a further general security agreement dated March 29, 2017, in respect of the Bonnyville LP in favor of Canada North Camps. Is that your information as well?
A Correct.
MS. NICHOLSON: When we get a copy of that, I would like to mark that as an exhibit.
MR. DELBLANC: That's fine.
MS. NICHOLSON: And we will be collectively referring to all of the Peace River GSA, the Kilometer 147 GSA, and the Bonnyville GSA as the GSAs -- together with the Wandering GSA --

MR. DELBLANC: Sure.
Q MS. NICHOLSON: -- as the GSAs, okay? Thank you. Yesterday you advised in connection with the Wandering GSA that section 1.1 of the GSA was the -- that you would advise in the event that you learned that section 1.1 of the Wandering GSA was not the only section in that agreement dealing with the indebtedness for which security is provided. Would you kindly provide the same undertaking with respect to the balance of the GSAs?
MR. DELBLANC: Yes, if we gave that undertaking for one, we will do it for the remainder.
MS. NICHOLSON: Thank you.

<u>UNDERTAKING NO. 8</u>

IF THERE EXISTS A SECTION IN AGREEMENT BEYOND SECTION 1.1 OF GSAS (NOT INCLUDING WANDERING GSA) WHICH DEALS WITH INDEBTEDNESS FOR WHICH SECURITY IS PROVIDED, ADVISE AS TO SAME

Q MS. NICHOLSON: Do you remember, sir, of the circumstances giving rise to any indebtedness as between the LPs to CNC at the time the GSAs were signed?
A Indebtedness from the LPs to --
Q Yes.
A -- CNC? Not without going back and looking at actual ledgers. I don't have any numbers. I'm assuming that the -- you know, as part of our job that we had with

Wandering River that there would have been receivables back and forth, but I can't tell you the amounts.
Q And you can't tell me the amounts with respect to other entities --
A No.
Q -- other LPs, right?
A No.
Q And you don't know currently today what the circumstances of that are?
A Well --
Q Of -- with circumstances giving rise to indebtedness, if any, as between the LPs and CNC at or about the time the GSAs were granted?
MR. DELBLANC: In March of 2017?
MS. NICHOLSON: Yes.
MR. DELBLANC: Not today, but at this time.
MS. NICHOLSON: Yes.
A I can't tell you the exact amount if -- I'm not sure.
Q MS. NICHOLSON: Or the circumstances that may have given rise to any debt as between the LPs and CNC prior to the signing of the GSAs?
A Define debt. The LPs didn't owe Canada North debt. There may have been receivables passing between them, but that would have been it.
Q Okay. And when you talk about receivables passing between them, would you consider that to be an amount owed, then, by the LPs potentially to CNC?

A Possibly, yes.
Q And so when I -- all my questions that I just asked, let's convert the word debt into obligations owed.
MR. DELBLANC: I don't know if he is going to do the legal term here, so.
MS. NICHOLSON: No, that is why I am trying to -- I mean, I want to get him to understand that I am talking about these -- any obligations owed between the LPs to CNC.
MR. DELBLANC: At the time of March 2017. And he has already said --
MS. NICHOLSON: Or prior to then, yes.
MR. DELBLANC: Or prior.
MS. NICHOLSON: Yes.
MR. DELBLANC: I get that. But he has also said he does not --
MS. NICHOLSON: He doesn't know the amounts, doesn't know whether there was. And now I am asking if he could envision any circumstances that would give rise to that.
MR. DELBLANC: Okay. Is there some sort of event or circumstance prior to March of 2017 where the LP could actually owe money to CNC?
MS. NICHOLSON: Yes, that he can remember.
MR. DELBLANC: Okay. If you can remember that.
A Well, receivables would be the only thing that --

there's no term debt or mortgage debt or anything like that that I am aware of.
Q MS. NICHOLSON: So absent that, what do you -- what could you envision, if any?
MR. BIEGANEK: You are asking him to --
MR. DELBLANC: Yes, he can't do that. He can tell you --
MS. NICHOLSON: But does he remember?
A Well, I think I just said --
MR. DELBLANC: Why don't --
A -- I'm not -- I don't really -- I'm not -- I didn't do the books, right. Okay. So I have given you what I know, and I think that's as far as I can go.
MR. DELBLANC: I think that's fair.
Q MS. NICHOLSON: Okay. Sir, what is your information about whether the LPs consented to incurring obligations in connection with CNC?
MR. DELBLANC: Could you be more clear?
Q MS. NICHOLSON: I am trying to understand if the LPs consented to incurring obligations vis-a-vis CNC.
MR. DELBLANC: Okay. If I get this right, you are saying, did the LPs consent that they could owe money or have a debt with CNC?
MS. NICHOLSON: Yes.
MR. DELBLANC: Okay. If you can answer that. I don't know.

A I'm not sure I can. We had an operating line arranged for the partnerships based on a project-to-project basis, because we couldn't use Canada North's operating line when funds were coming through to the partnership for specific jobs. So, you know, I think that -- I thought I explained a little bit of that yesterday, but.
Q MS. NICHOLSON: That pertains to the relationship, though, between the LP and the bank, CWB; is that correct?
A Correct.
Q So there wasn't some arrangement in place as between the LPs and CNC in connection with borrowings of that kind of nature?
A We never borrowed money for the LPs or the -- other than, as we just talked about, having an operating line, which, you know --
Q But that was in connection --
A -- majority of companies have to have an operating line. We had to have an operating line.
Q And when you say we, you are talking about the LPs --
A That's correct.
Q -- and from Canadian Western Bank?
A That's correct.
Q If you could turn to paragraph -- or section 2.1 of the -- of a copy of the GSAs. If you could look at section 2.1 and just review that. Mr. McCracken, when

you signed this -- the GSAs, was it your understanding that the collateral that was the subject of these GSAs related to personal property or real property owned by the LPs?

A No, I've explained this, that it -- the intention was purely to use the receivables as -- that was the purpose of why we assigned the GSAs, was to secure the receivables for the operating line.

Q Right. But you agree with me that the language is broader than the receivables?

MR. DELBLANC: But he is not going to interpret the document. You can ask his understanding, which he has given you. And the document says what it says, so that -.

Q MS. NICHOLSON: So just to be clear, it was not your intention when you signed these GSAs to grant in favor of CNC a charge over assets that were not owned by the LP; is that correct?

MR. DELBLANC: I think what he has told you, it was not his intention to secure any assets beyond the receivables, no matter who --

MR. BIEGANEK: But the documents do speak for themselves.

MR. DELBLANC: They a hundred percent do, but you have twisted what he has said. He has said time and time again, this was meant for the AR, meant for the AR, meant for the AR.

MS. NICHOLSON: Right. But now I would like to know if his -- it was meant for the AR, that I understand. So now I would like to know if it was his intention to grant a security interest in favor of CNC in respect of property that was not owned by the LPs.
MR. DELBLANC: I don't want to belabour this. You asked that exact question yesterday, and we are back to it today. And do you not have your answer when he says the intention was to make it only AR? The default is it can't include anything else.
MS. NICHOLSON: Well, the problem is that that is not what this document says, and so we have got --
MR. DELBLANC: Well, I disagree with what the document says, but.
MR. BIEGANEK: We are having a legal argument over what the effect of that document is.
MR. DELBLANC: Yes, we are not going to do that.
MR. BIEGANEK: Right. And, you know, there is lots of law around what the Court is to glean intention from on signed documents --
MR. DELBLANC: A hundred percent, and I am --
MR. BIEGANEK: -- and I am sure that will be something that is a very live issue --
MR. DELBLANC: Right.
MR. BIEGANEK: -- in January.
MR. DELBLANC: Yes, I mean, I hesitated when

you said intention, but, you know, you could ask what his process was at the time, his understanding, what he was doing when he signed the document. And for all I know, he might have bought a car, but he thought he was charging AR. The document says what it says.

Q MS. NICHOLSON: Okay. Mr. McCracken, you told us yesterday that there were other iterations of this general security agreement. Do you recall that?

A Yes, and confirmed that with Heather Barnhouse. She recalls phoning about it.

Q That she recalls phoning to the bank about that?

A Not sure if she phoned Mr. Russell or the bank. I'm not sure which, but Shayne and I were both in her office and she recalls the conversation about the other two names on the security agreement.

Q Okay. Would you undertake to provide me with a copy of the other iterations of the security agreement?

A Well, I don't have them. They -- all the documents went to Heather, so she may have them.

Q Would you undertake to inquire of Heather with respect to the iterations of the -- prior iterations of this general security agreement?

MR. DELBLANC: We can make a reasonable request of Ms. Barnhouse to see what she may have with regard to that. And I don't think it is iterations; I think it might just be a singular, but.

MS. NICHOLSON: Okay. Thank you very much.

UNDERTAKING NO. 9

MAKE REASONABLE REQUEST OF HEATHER BARNHOUSE AS TO WHETHER THERE EXISTS PRIOR ITERATIONS OF GENERAL SECURITY AGREEMENT AND, IF SUCH EXISTS, PRODUCE A COPY OF SUCH PRIOR ITERATIONS OF GENERAL SECURITY AGREEMENT

Q MS. NICHOLSON: And do you recall receiving yourself, Mr. McCracken, any correspondence from the bank in connection with this general security agreement?

A It all went through Heather.

Q Would you inquire of --

A Heather Barnhouse.

Q -- Heather Barnhouse as to whether she has correspondence with the bank in connection with this general security agreement?

MR. DELBLANC: We will take that under advisement.

MS. NICHOLSON: Yes. Thank you.

COURT REPORTER: Sorry, and that undertaking is to just inquire of her whether she has correspondence?

MR. DELBLANC: No --

MS. NICHOLSON: Yes, and, if so, to produce the same.

MR. DELBLANC: Yes. I will certainly inquire, and I will consider our position on producing it.

MS. NICHOLSON: Thank you.

<u>UNDERTAKING NO. 10</u> (TAKEN UNDER ADVISEMENT)
INQUIRE OF HEATHER BARNHOUSE AS TO WHETHER SHE HAS CORRESPONDENCE WITH THE BANK IN CONNECTION WITH GENERAL SECURITY AGREEMENT AND, IF SO, PRODUCE A COPY OF SUCH CORRESPONDENCE

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, yesterday we discussed CWB -- that's the bank's involvement in the Wandering LP's granting of the Wandering GSA in favor of CNC, correct?

A Correct.

Q Is it your evidence that CWB's involvement as you described it yesterday was the same in respect of all of the GSAs?

A It's my belief, yes.

Q Thank you. Okay. Mr. McCracken, I earlier asked you about whether there was a meeting of the limited partners of Wandering in connection with the Wandering GSA. Do you remember that?

A I do.

Q Do you remember I asked a series of questions relating to the meeting of the limited partners and the resolution in writing by the limited partners and the meeting of shareholders of the -- of Wandering GP and the -- a resolution in writing signed by the shareholders of the Wandering GP? Do you remember I asked those questions and you gave the answers you

gave?
A Yes.
Q I would ask you to confirm that you would give the same answers in respect of the balance of the GSAs?
A Yes.
Q And in respect of the resolutions, meetings, and -- resolutions and meetings in respect of the balance of the GSAs?
MR. DELBLANC: Yes.
Q MS. NICHOLSON: Yes. Thank you very much. Mr. McCracken, I asked you about the security registrations, you will recall, in respect of the GSAs, except I didn't talk about the registration relating to the Bonnyville GSA.
A Okay.
Q Is your evidence the same with respect to the Bonnyville GSA and the registration associated with that as you have given in response to the balance of the GSAs?
A It's the same.
Q Thank you. Mr. McCracken, I would like to take you to the Exhibit Y of Taha Affidavit number 6.
MR. S.L. DELBLANC: Number 6?
MS. NICHOLSON: Yes -- actually, let's use number 7.
Let's keep going for 15 more minutes. See if we can get 15 more minutes in, is that agreeable, until

12:30, or would you like to break now? It is up to the witness.
MR. DELBLANC: How much longer do you have?
MS. NICHOLSON: I have more time this afternoon I need.
MR. BIEGANEK: Why don't we break now.
MR. DELBLANC: Yes.
MS. NICHOLSON: Sure.
(DISCUSSION OFF THE RECORD)
(PROCEEDINGS ADJOURNED 12:09 P.M.)
(PROCEEDINGS RESUMED 1:38 P.M.)
Q MS. NICHOLSON: Mr. McCracken, I would like to turn you to the recently sworn Affidavit number 7 of Jessie Taha and, in particular, Exhibit A thereto. If you turn to the third page of that document, is that your signature on behalf of Peace River Lodge GP Ltd.?
A Yeah.
Q And in respect of Peace River Lodge limited partnership as well?
A Yes.
Q Okay. And you signed this on or about July the 30th, 2015?
A Right.
Q And this is in connection with the Peace River camp?
A Yes.
Q And this is a full liability guarantee whereby the LP and the GP guarantee the obligations of CNC, and they

make that guarantee in favor of Canadian Western Bank. Is that your understanding?
A Yes.
Q If you turn to the next page, there is a certified copy of a resolution for the guarantee. Do you see that?
A Yes.
Q And that is also dated July the 30th, 2015, you will see.
A Yes.
Q Is that your signature underneath?
A Yes.
Q For the general partner of Peace River?
A Yes.
Q And on to the next page. This is a resolution for the guarantee signed by Peace River Lodge LP. Do you see that?
A Yes.
Q And that is your signature?
A Yes.
Q And on each of -- and that was signed on July 30th, 2015?
A Yes.
Q And in respect of all of those signatures, you were a director and officer of the entity for which you were signing?
A Yes.
Q On to the next page of that document. Was it your

understanding that at or about the same time, this general assignment of debts was also provided in favor of Canadian Western Bank from Peace River GP?
A Yes.
Q And that is your signature on behalf of the GP on the second page of that document?
A Yes.
Q And you signed in the capacity as director and officer of the Peace GP?
A Yes.
Q And similarly, on to the next page, this is, again, a general assignment of debts. It is signed, again, by you, this time on behalf of the LP. Do you see that?
A Yes.
Q And you signed as a -- that was signed on July 30th, 2015 --
A Yes.
Q -- as well? And the effect of the general assignment of debts -- or your understanding of that was what?
A We had to have an operating line to operate.
Q And you obtained such an operating line from the Canadian Western Bank?
A Yes, pledging the receivables.
Q That was what they had required by way of security in order to give you the operating line?
A That's my interpretation.
Q Did they ask -- they obviously requested that these be

provided on behalf of the Peace River --
A This is what we had to sign to get the operating line.
Q Thank you. When you signed this general assignment of debts that we were looking at, which is the last document in Exhibit A, you did so on behalf of the limited partnership by the general partner of Peace River GP, correct?
A Correct.
Q And in that capacity, you were an officer and director of the --
A Correct.
Q -- GP? Thank you. If you turn to Exhibits B, C -- B and C.
MR. DELBLANC: B is Bonnyville, C is 147.
Q MS. NICHOLSON: Yes. Is that your understanding, Mr. McCracken?
A Yes.
Q Did the answers that you have given in respect of the Peace LP and the Peace GP, in respect of those general assignment of debts and in respect of the full liability guarantees, apply to Exhibits B and C?
A Yes.
Q So all of the information that you have given for in relation to Exhibit A is the same in respect of Exhibits B and C?
A That is correct.
Q Thank you. Mr. McCracken, if I collectively talk about

these documents at Exhibits A, B, and C of Ms. Taha's seventh Affidavit as the guarantees and the assignment of book debts, you will understand?
A Yes.
Q Okay. You read the guarantees and the assignment of book debts before you signed them?
A Yes.
Q If we turn to the certificate in one -- and we can look at Exhibit A as the example. There is the certified copy of the resolution, and then at the bottom, there is a certificate. Do you see that?
A Yes.
Q And then you state that the undersigned secretary of the corporation hereby certifies that the foregoing resolution was passed at a meeting or signed by all directors of the corporation on or as of the 30th day of July, 2015, as in -- and is in full force and effect unamended. Do you see that?
A Yes.
Q To the best of your knowledge, Mr. McCracken, was there ever a meeting of the directors of Peace GP in respect of this Peace guarantee?
A Not a specific meeting, no.
Q Okay. To the best of your knowledge, Mr. McCracken, was there ever a resolution in writing unanimously signed by the directors of Peace GP in connection with the Peace guarantee?

A No.
Q Does the same apply with respect to the certificate given in respect of the LP?
A Yes.
Q So the information you have given with respect to the certificate that was signed by the GP is the same evidence you would give in response to the same questions relating to the certificate for the LP?
A Yes.
Q Thank you. And in respect of that document, sir -- and we are now looking at the Peace River Lodge limited partnership certified copy of the resolution for the guarantee and the certificate relating to that, in connection with that, it states that there was a meeting or signed by all of the directors of the corporation. You will acknowledge that Peace River Lodge limited partnership is not a corporation; it is a limited partnership, correct?
A Correct.
Q And so I have another question to ask as to whether or not you had a unanimous shareholders -- or pardon me, unanimous partner resolution in connection with the granting of this certificate?
A No.
Q Okay. And there was never a meeting of those limited partners in respect of the granting of the Peace guarantee, correct?

A No.
Q Now, Mr. McCracken, are your answers the same in respect of the Exhibits B and C to Ms. Taha's seventh Affidavit in connection with the Bonnyville certificate by the GP, Bonnyville GP, and the certificate by the Bonnyville Lodge LP?
A Answers are the same, yes.
Q Thank you. And the same goes for your answers in connection with the Kilometer 147 GP certificate, which is -- forms part of Exhibit C to the Taha seventh Affidavit, as well as the certificate indicated for Kilometer 147 limited partnership, correct?
A Yes.
MS. NICHOLSON: Thank you. If I can turn you to the forbearance agreement, which is Exhibit C to the Affidavit of Shayne McCracken sworn June 28, 2017.
Off the record.
(DISCUSSION OFF THE RECORD)
Q MS. NICHOLSON: Mr. McCracken, going back to the certificates that we just looked at in respect of the GP and the LPs -- do you remember?
A Yes.
Q What did you tell Canadian Western Bank about the fact that you were signing on behalf of the GPs despite the fact that there had been no meeting or resolution?
A Specific to -?
Q The granting of that -- those -- that guarantee and the

granting of the --
A In '15?
Q -- assignment of book debts. Yes.
MR. DELBLANC: What is your question? What did he tell them?
Q MS. NICHOLSON: Yes, if anything.
A I'm not sure I understand what --
Q Did you advise them --
A -- exactly you want.
Q -- that that certificate that -- was incorrect?
MR. DELBLANC: Well, it doesn't say it is incorrect. The certificate is a certificate. Did you ask him if he advised Canadian Western Bank whether there was a meeting? Is that your question?
Q MS. NICHOLSON: Yes, whether there was no resolution -- no unanimous resolution of the partners and no unanimous resolution of the shareholders. Did you tell them that?
MR. DELBLANC: Or do you recall?
A In '15, no.
Q MS. NICHOLSON: Okay. That seems to imply that you told them something to that effect at another time, or did I hear you wrong?
A The whole purpose of signing that was to get an operating line, which I have told you. So that's what we signed to get an operating line.
Q Did you tell the 726 group that you were signing that?

A No, but Barry and I had conversations about how to fund the operations.
Q Okay. Mr. McCracken, when -- if I could take you now to the forbearance agreement. We looked at this yesterday. That was signed on -- or made effective March the 10th, 2017, correct?
A That's the date.
Q At that time, CNC and the LPs, among other entities, were insolvent; is that correct?
MR. DELBLANC: Counsel, why is this not overlap from yesterday when Mr. McAllister spent a great deal of time on this document?
MR. MCALLISTER: The forbearance agreement?
MS. NICHOLSON: Forbearance agreement, he hadn't touched on --
MR. DELBLANC: Did you not? You did.
MS. NICHOLSON: Yes, I touched on it.
MR. DELBLANC: Oh, I thought it was Mr. McAllister.
MS. NICHOLSON: Yes. No.
MR. DELBLANC: Sorry, my apologies.
Q MS. NICHOLSON: It's okay. So what I said was at the time this was signed, CNC and the LPs, among other entities here, were insolvent, correct?
MR. DELBLANC: Well, that is a legal definition.
MS. NICHOLSON: They could not meet their

liabilities as they become due. That is not a --
A No, we weren't at --
MS. NICHOLSON: -- legal definition.
A -- that stage yet. We were -- we had met with the bank and went through -- discussed CNC's situation, and the forbearance letter followed.
Q MS. NICHOLSON: You are not the signatory of this agreement, correct?
A Well, I think you just said Shayne signed it.
Q That's right. There is an acknowledgement of insolvency in this document that I am just looking for at the moment. Are you familiar with that?
A I'm not sure of the date. I'm not sure --
Q The date of this document?
A No, I'm not sure --
Q Or the date of the --
A -- of the insolvency date.
Q Oh, I am talking about the -- are you making a distinction between the filing date for filing --
A Yes, that's --
Q Okay. So what I am talking about is at the time this was signed, CNC and the LPs, among others, could not meet their liabilities as they become due.
A Well, that would be fair to say, yes.
Q Thank you. And that didn't change between March the 10th and March the 29, 2017?
A Well, no, it wouldn't have -- there would have been no

significant change in two weeks.
Q Okay. And by March the 29th, 2017, were all of the leases in default?
A There was only one operating partnership camp at that time, and that was Wandering River. So there had been no -- nothing at Bonnyville and very little at Monias, and Peace River had been shut down. So technically are they in default? I suppose, if we're looking at a scheduled repayment term, but I don't -- I don't recall the exact payment terms. I mean, Barry was very -- or RAM was very lenient about repayment terms. We tried the best -- all of us tried the best to get work for it. But I'm not sure how you would define default.
Q Well, the commitments under the lease hadn't been made on the part of LPs to pay, correct?
MR. DELBLANC: You mean the monthly payments?
Q MS. NICHOLSON: Yes.
A Correct, in terms of equipment. But there's much more to the operation of the camp than just the equipment to RAM, so.
Q Fair enough. But in respect of the payments, then, there had been defaults?
A If you define it that way, yes.
Q Okay. Thank you. Just to go back, I had a question in relation to those unlimited guarantees and the assignment of book debts. Wandering did not provide that guarantee. Are you familiar with that? The

Wandering LP.
A Wandering was the last camp that we put in, so I'm not sure what date we would have put that in. That may have been -- that may have been the reason. It may not have been there yet.
Q Could you explain that a bit more?
MR. DELBLANC: The camp wasn't functioning at that -- wasn't set up yet.
Q MS. NICHOLSON: Back in 2015 when all these others were signed, and --
A I think it was just starting.
MR. DELBLANC: I think that is what he is saying.
Q MS. NICHOLSON: I see. And so subsequent to that, did you -- were you asked to --
A Don't recall.
Q And if I just finish my question. But thank you for the answer, because I am sure you are anticipating what I'm saying is that you don't recall whether you were asked on behalf of Wandering LP to sign a full indemnity guarantee and an assignment of book debts in the same way that you did so with the other LPs, correct?
A By CWB?
Q Yes.
A Not that I recall, no.
Q You don't recall being asked to by CWB?

A Well, if it wasn't signed, then obviously I hadn't been asked.
Q Okay. Thank you. Mr. McCracken, what did the LPs receive from CNC in exchange for granting the GSAs to CNC?
A Could you repeat that?
Q Sure. Maybe I will ask it a little bit differently. Did CNC advance money to the LPs in exchange for granting the GSAs?
A Canada North -- I would have to defer that to my financial people, exactly how that went, because we did have some operating funds with -- because of those guarantees that I made for the partnerships. But at some point in time, of course, there wasn't enough revenues coming in from the partnerships. So at that point, CNC would have advanced. But I can't tell you the amounts or the times.
Q Okay. Would you undertake to make an inquiry to determine whether CNC advanced money to the LPs, some or all of them, in exchange for obtaining the GSAs?
MR. DELBLANC: Could you put it to a date certain, please? Just so that we don't end up with an argument about past conversation.
Q MS. NICHOLSON: Yes. On or about the time that the GSAs were granted, which they --
MR. DELBLANC: March 2017.
Q MS. NICHOLSON: -- stated to be March 29th,

2017, did CNC advance monies to the LPs in exchange for granting the GSAs.

MR. DELBLANC: We will make our best efforts.

MS. NICHOLSON: Thank you.

UNDERTAKING NO. 11

MAKE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHETHER ON OR ABOUT MARCH 29, 2017, CNC ADVANCED MONIES TO SOME OR ALL OF THE LPS IN EXCHANGE FOR OBTAINING OR GRANTING GSAS

Q MS. NICHOLSON: Do you know whether the LPs received anything from CNC in exchange for granting the GSAs to CNC?

MR. DELBLANC: Is this not the same question except the flip side?

MS. NICHOLSON: There might be other things other than money, right?

A Same answer.

MR. DELBLANC: We will make our best efforts.

MS. NICHOLSON: You will undertake to inquire and advise?

MR. DELBLANC: Okay. You are looking for something other than money now?

MS. NICHOLSON: If there was.

MR. DELBLANC: Like, baked goods or something?

MS. NICHOLSON: Sure. I am just trying to get at the notion of consideration and --

MR. DELBLANC: Fair enough. So you want it

from --
A Are you thinking like, services, like --
MR. DELBLANC: No, that's okay. We will figure it out.
MS. NICHOLSON: Okay. Thank you.

UNDERTAKING NO. 12

MAKE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHETHER THE LPS RECEIVED SOMETHING OTHER THAN MONEY FROM CNC IN EXCHANGE FOR GRANTING THE GSAS TO CNC

Q MS. NICHOLSON: So, Mr. McCracken, on March the 29th, 2017, you were aware that 726 had a claim for and was an unsecured creditor of the limited partners for these unpaid lease payments?
A Yes.
Q Okay. And did you understand that by granting the GSAs that CNC's position vis-a-vis the LPs would be improved to a secured creditor?
MR. DELBLANC: That is a legal question that he is not going to answer.
MS. NICHOLSON: That is a question of fact.
MR. DELBLANC: Well, he is not going to answer it, because I think it is a legal question. You are talking about priorities, you are talking about him --
MS. NICHOLSON: No --
MR. DELBLANC: -- signing a document that put somebody ahead of another. I'm sorry, I have a different view of it than you do, counsel.

Q MS. NICHOLSON: Did you understand that prior to signing the GSAs that CNC had no security from the LPs in respect of any monies owing to it?
MR. DELBLANC: Wait a minute. Can you run that question by me again?
MS. NICHOLSON: I am trying to understand if --
MR. DELBLANC: I am trying to understanding your question.
MS. NICHOLSON: Yes, fair enough. The LPs other than the GSAs -- the GSAs that we have been speaking about that were in favor of CNC, so prior to --
MR. DELBLANC: Of March 2017.
MS. NICHOLSON: On March 29th, which were granted. So prior to that --
MR. DELBLANC: Prior to that.
MS. NICHOLSON: -- did CNC hold any security from the LPs in connection with any obligations owed to CNC by the LPs.
MR. DELBLANC: Okay. Do you understand the question?
A Well, I think I know --
MR. DELBLANC: No, essentially what you are saying, was there something akin to a GSA in place between the LPs and CNC prior to the GSA of March 29th, 1917?
MR. S.L. DELBLANC: 2017.

MR. MCALLISTER: 2017.
MR. DELBLANC: Did I say 1917?
(DISCUSSION OFF THE RECORD)
MR. DELBLANC: Did I get the question right?
Q MS. NICHOLSON: Basically, but you said something or -- anything like a GSA. I am trying to understand if there was any security that CNC held in respect of any indebtedness that the LPs owed to it prior to the granting of the GSAs, March 29, 2017.
A Not that I'm aware of. We -- I mean, as a partnership, we operated, you know, on a handshake basis and tried to make sure we paid the bills and we operated. But in terms of security, no, not that I can think of.
Q Okay. Mr. McCracken, before executing the forbearance -- or before the forbearance agreement was executed on the part of the -- all of the LPs and GPs with the exception of Wandering, before -- or at that time and before that was signed, did you obtain a resolution -- or yes, a resolution under the limited partners LPAs in respect of the limited -- the partners to authorize the signing of this forbearance agreement?
A I got the forbearance agreement on a Friday at 4 o'clock, and we had to have it signed by Monday at noon, and no, there was barely time to get counsel, let alone get resolutions from partners. You have to remember, at that time, we were trying to save our business.

Q Mr. McCracken, under the USAs that we looked at previously -- you recall?
A I recall.
Q Yes. Were shareholders' resolutions obtained under the USAs in connection with the signing of the forbearance agreement?
MR. DELBLANC: I think he has already answered the question.
A I thought I answered it.
MR. DELBLANC: Yes. He just said no.
Q MS. NICHOLSON: He answered in connection with the limited partnership agreements in connection with the partners. Now I am asking the question for the --
A For the rest of the companies?
Q -- USAs. Yes.
A I'm the only shareholder in most of the rest of those companies, so I'm not sure --
Q No, I am talking about the GPs and the --
A Oh.
Q Yes. I am talking about GPs --
A The same answer.
Q Same answer, so there was no unanimous shareholders' resolution in connection with the USAs for the GPs, correct?
A Same answer, yeah.
MR. DELBLANC: Same answer for the third time.
Q MS. NICHOLSON: Okay. Do you recall that this

agreement contemplated the signing of a receivership order to be held on certain terms, Mr. McCracken?

MR. DELBLANC: It states what it states, counsel.

Q MS. NICHOLSON: Was that document, a consent receivership order, provided?

MR. DELBLANC: Do you have something to show him?

MS. NICHOLSON: No, I am just asking if he provided such a thing.

A Whatever I signed in the forbearance agreement was what I signed.

MS. NICHOLSON: Just off the record.

(DISCUSSION OFF THE RECORD)

Q MS. NICHOLSON: Mr. McCracken, we have had the benefit of an off-the-record discussion wherein it is my understanding that a consent receivership order was, in fact, signed in connection with this forbearance agreement. Is that also your information?

MR. DELBLANC: He just said he signed whatever is in this document to get the forbearance. So if that is there, I think he has answered your question. And if you want to find it and point it to him --

Q MS. NICHOLSON: Well, it is an attachment. I am just wondering if he -- did your counsel sign such a thing, did you sign such a thing, do you know?

A My counsel was away for the weekend, so I didn't have

the benefit of my regular counsel. So George Akers substituted for Heather Barnhouse on the weekend of that, so I signed the forbearance agreement. I'm not sure that my counsel signed it.
Q I think it -- yes, and you signed the forbearance agreement on behalf of certain of the entities, CNC, correct?
A That's what it says, yeah.
Q And Campcorp USA Inc., correct?
A All of those things that are listed, yes.
Q And D.J. Catering Ltd., correct?
A Correct.
Q And the rest were signed by your wife, Shayne McCracken, correct?
A It would appear so, yes.
Q Do you know in what capacity Shayne McCracken signed on behalf of Peace River LP?
A The document was presented to us; we signed it. I'm not sure of the particulars of who signed for what.
Q Okay. You mean other than in respect of what you have said already about yourself?
A Correct.
Q And the consent receivership order, about which we have been speaking, I am still trying to understand if, to the best of your knowledge, you know that that was provided on your behalf.
A Well, I think that's what Mr. Russell just affirmed.

Q And that was in respect of CNC and Campcorp Structures and D.J. Catering; is that correct?
A Yeah.
MS. NICHOLSON: Okay. We are almost finished, so if we take two minutes or --
MR. DELBLANC: By all means.
MS. NICHOLSON: -- three minutes.
(DISCUSSION OFF THE RECORD)
MS. NICHOLSON: Mr. McCracken, I just had another question to you about the basis upon which the GSAs in favor -- or by the LPs in favor of CNC were granted. Okay. So you have got the forbearance agreement on March the 10th, 2017, and I don't see a provision in that document requiring the provision of the GSAs to CNC. Do you see a provision in that agreement, the forbearance --
A Well, it wasn't our idea if that is what you are suggesting.
Q Sure. I understand it wasn't your idea. But I didn't understand that you agreed to give them in this forbearance agreement.
A Don't think there was anything in the forbearance. It came afterwards we were asked.
Q Okay. That is important, and that is what I am trying to understand. And afterwards, you were asked, and did you feel that you were obligated in some way to provide them?

A Told, is that a better word?
MR. DELBLANC: Told by whom?
A CWB.
Q MS. NICHOLSON: Sure. And did you seek legal advice in connection with being told by CWB to sign it?
A We -- I had regular counsel back by then, but Dentons was -- I mean, Heather started doing some stuff for us, but she couldn't act on our behalf because Dentons was already working with CWB and -- a much bigger client than we are, so. That's when we had Stephanie Wanke came as our counsel, who -- incidentally, she did a great job.
I don't think we were advised one way or the other on -- by Stephanie on this. I think it would have come from Heather, and I don't think we had any choice but to sign it if we were going to carry on without going into a receivership situation.
Q So from your perspective, you weren't signing the GSAs in order to reduce your exposure on the personal guarantees?
A No, the personal guarantees were what they were. We weren't going to -- you know, there was not really anything we could do about that. But we were asked to sign the GSAs by the bank, and we consented.
Q Okay. Mr. McCracken, did you tell CWB that in relation to the guarantees that we looked at that were attached to the --

MR. DELBLANC: Taha.
Q MS. NICHOLSON: -- Taha number 7 Affidavit in Exhibits A, B, and C -- remember?
MR. DELBLANC: Yes.
Q MS. NICHOLSON: Did you tell CWB that there was no resolution of the limited partners and no unanimous shareholders' agreement -- no unanimous shareholders' resolution respecting the GP regarding the giving of the guarantees and the assignment of book debts?
A No, but we also told them there was no assets in any of the companies; it was strictly for receivables.
Q Right. Because that was a general assignment of book debts, correct?
A Receivables.
Q That is another way of -- a general assignment of receivables, if you want to call it that, right?
A It's very much my definition and my understanding; it was strictly receivables.
Q Okay. And you actually had the same understanding when it came to the GSAs --
A Yes, and --
Q -- right?
A -- because there was no assets in any of the companies.
MS. NICHOLSON: Okay. Thank you. Those are my questions, and I don't know if I will have anything further arising from Mr. Bieganek's questioning. Thank you very much.

(DISCUSSION OFF THE RECORD)

MR. BIEGANEK QUESTIONS THE WITNESS

Q MR. BIEGANEK: Mr. McCracken, you acknowledge that you are still under affirmation from yesterday?

A I do.

Q Okay. I want to start by just starting to set up and lay down some of the -- fill in a bit of the background just so we are all operating from the same premise. If I understand the circumstances correctly -- well, let me step back. All of your partnerships with -- I will call it the 726 group, looked like they were documented and established around late 2014, early 2015; is that correct?

A That'd be right.

Q And you have spent some time over the last couple of days going through the LP agreements and a bunch of ancillary documents, the master leases and so forth, correct?

A Yes.

Q And it is my understanding, based on my review of that material and my appreciation for the business of the Canada North Group over the currency of these CCAA proceedings, was that essentially Canada North Camps, if I can use that term specifically, was what I will call the central administrator for the group. So they handled the logistics, they handled the banking, they handled the bookkeeping and generally the operations for all of the many enterprises that were, at least, with respect to the camp catering business, outlined on the organizational chart that we have entered as Exhibit D-5; is that correct?

A That's correct, yeah. RAM supplied the equipment. We supplied the man power.

Q Okay. And under the limited partnership agreements, it was contemplated, then, in each case, in each limited partnership, the limited partnership would enter into operating agreements and services agreements with Canada North Camps, correct?

A Correct, yeah.

Q All right. And if I can have you turn to -- I will refer, just for reference sake, Exhibit A to Mr. Roman's Affidavit sworn on October 2nd of this year. Exhibit A is the -- I believe the Bonnyville LPA. And if you will turn to page 9 of that document, it is contemplated in subparagraph (c) that, in this case, it is CNG, they are providing the staff, labour, groceries, housekeeping, consumables as set out in the services agreement between the partnership and Canada North Camps, and the operating agreement, again, between the partnership and CNC as of that date. And those are attached as schedules to the partnership agreement. So the partnership agreement clearly contemplates the entry into of these two agreements, correct?

A Yes.
Q And I have provided to you just before the commencement of my questions, firstly, services agreements between Canada North and each one of the limited partnerships. So I think the one I have on the top of my pile is Kilometer 147.
MR. DELBLANC: We have it.
Q MR. BIEGANEK: Okay. The second one is Bonnyville Lodge.
MR. DELBLANC: Have it.
Q MR. BIEGANEK: The third is Wandering River.
MR. DELBLANC: Yes.
Q MR. BIEGANEK: And the fourth is Peace River Lodge. Do you recognize each one of those documents as the service agreements referred to in each one of the limited partnership agreements?
A Yes.
MR. BIEGANEK: Okay. Can I have each one of those entered as exhibits, please.

EXHIBIT D-17: SERVICES AGREEMENT FOR KILOMETER 147 LP

EXHIBIT D-18: SERVICES AGREEMENT FOR BONNYVILLE LODGE LP

EXHIBIT D-19: SERVICES AGREEMENT FOR WANDERING RIVER LODGE LIMITED PARTNERSHIP

EXHIBIT D-20: SERVICES AGREEMENT FOR PEACE RIVER LODGE LP

(DISCUSSION OFF THE RECORD)

MR. BIEGANEK: Now, Mr. McCracken, if I understand the circumstances correctly, in respect of each of these service agreements -- and if we looked at the document that has been entered as D-17, that would be the Kilometer 147 one, there are -- there is a compensation schedule set out in Exhibit A. And that is the compensation that CNC would receive from the limited partnership in terms of the services they provided?

A That's correct.

Q And Exhibit B is the scope of camp services, correct?

A Correct.

Q All right. And that is similar for each of the service agreements?

A Correct.

Q So Canada North gets paid for providing the service, correct?

A Correct.

Q Now, I also noted -- and you agreed -- that there were operating agreements that were entered into, and we will refer to them in the same order. So we have got Kilometer 147, Bonnyville, Peace River, and Wandering River. And in each case, Mr. McCracken, do you recognize those as the operating agreements for each of those limited partnerships?

A Yes.

Q And as I understand it, in effect, Mr. McCracken -- and please, by all means correct me if you think I am wrong -- the GPs and the limited partnerships turned over or delegated the operation of these camps under these agreements to Canada North Camps, correct?
A That's correct.
MR. BIEGANEK: All right. Can I have each of those entered as exhibits. So we will start with Kilometer 147.
EXHIBIT D-21: OPERATING AGREEMENT FOR KILOMETER 147 LP
EXHIBIT D-22: OPERATING AGREEMENT FOR BONNYVILLE LODGE LP
EXHIBIT D-23: OPERATING AGREEMENT FOR WANDERING RIVER LODGE LP
EXHIBIT D-24: OPERATING AGREEMENT FOR PEACE RIVER LODGE LP
(DISCUSSION OFF THE RECORD)
Q MR. BIEGANEK: Now, Mr. McCracken, I appreciate the agreement does speak for itself, so I am not going to take you to a specific provision. But my understanding of how the operating agreements worked --
MR. DELBLANC: Which one are you on, counsel?
MR. BIEGANEK: Well, we can look at Kilometer 147.
MR. DELBLANC: Well, I just don't --
MR. BIEGANEK: They are all the same, but --

MR. DELBLANC: Are you in the operating --
MR. BIEGANEK: Yes. Kilometer 147 we can look at if we need to.
MR. DELBLANC: Okay. No, I just wasn't sure which bundle you were on.
Q MR. BIEGANEK: But it is -- Canada North, under these agreements, controlled all revenue and paid all of the expenses. Is that your understanding?
A Correct.
Q And there would be a periodic accounting between Canada North and the limited partnerships; is that correct?
A Yeah, Bruce Pennock did the accounting, and Barry was provided -- you know, was -- whenever he needed it, we would try to provide it as best we could.
Q And when there was more revenue than expenses, the partnership would get the profit, correct?
A In theory. There weren't many instances of that, but.
Q Fair enough. But that was the theory, right?
A Theory, yeah.
Q And if there was more expenses than revenue, there would be no distributions to the partnership, correct?
A That's correct.
Q But Canada North would have to somehow fund and finance that cost?
A It did.
Q And it did that through the operating line that you referred to today -- this morning when you were going

through your evidence, correct?
A Yeah.
Q All right. Now, just to complete the picture, I have provided you and your counsel with Exhibit A to an Affidavit of Jessie Taha which was sworn back on the 29th day of June of 2017.
MR. DELBLANC: Could you give me the date again, please?
MR. BIEGANEK: The Affidavit --
MR. DELBLANC: Oh, it's right there. Sorry.
MR. BIEGANEK: -- is right on the front. Yes.
MR. DELBLANC: Got it. Thank you.
Q MR. BIEGANEK: Okay. So this is -- now, as I understand it, sort of an amended or updated -- I will call it a commitment letter from Canadian Western Bank dated June 29th, 2016. And it outlines the -- as at that date, the demand operating facility that was being made available to, in this instance, three borrowers, and that would be Canada North Camps, D.J. Catering, and Campcorp. Do you understand that to be the case?
A That's correct.
Q All right. And this was -- or represents one document as at that date that outlined the financing facilities available to Canada North Camps, in part, to assist them in funding the ongoing operations of the four limited partnerships that we have been discussing over the last couple of days; is that correct?

A Correct.
Q And is it your understanding, Mr. McCracken, that the receivables that were generated by each of the limited partnerships would be considered by the bank in calculating how much of that credit was available to Canada North in any given month?
A Correct.
Q And is it your understanding, Mr. McCracken, that the bank wanted and obtained security in those receivables through the general assignments of book debts that you went --
A Right.
Q -- through just a few moments ago?
A Correct.
Q Since that is already marked as an exhibit, we don't need to mark it. Okay. Now, you did indicate briefly -- and I appreciate that we are not to till soil that has already been tilled, but you did indicate that -- briefly earlier this afternoon that you did have a discussion with Mr. Roman about the nature of the funding that Canada North had in place to deal with the operation of these limited partnerships; is that correct?
A Yes.
Q So do I take it from that that Mr. Roman was familiar with the funding arrangements that were in place between Canada North Camps and Canadian Western Bank?

A I'm not sure that he saw all of the book details, but he got the financial statements and he knew, you know, the operational reports on a regular basis, so.
Q So he received -- when you say regular basis, what do you mean? Did he receive them monthly?
A It probably would have been every four to six months.
Q And would those operational reports have indicated the availability of financing to continue the operations for the entire group?
A I don't know if Barry ever saw all of the consolidated -- I think he did. But I mean, we knew things weren't rosy. Obviously we had three camps shut down, so, you know, it -- one, we got -- Bonnyville we got open and very little revenue. Peace River, likewise. And Monias, somewhat the same. And so, you know, there wasn't a lot to be jumping up and down about, that's for sure.
Q Okay. Was 726 and Mr. Roman, in particular, aware of the fact that Canada North Camps had a line of credit with Canadian Western Bank?
A I can't answer for Barry. I think he was aware that it was Canadian Western Bank.
Q Did you ever communicate that to him?
A We had several meetings in our offices, and I'm quite sure it -- Barry knew it was Canadian Western. But I'm not sure of the level of detail that he would have had.
MR. DELBLANC: There seems to be a little

confusion. You asked him what seemed to be one question, maybe two: Did he understand that there was some sort of a facility arrangement with CWB, and the answer was, I'm not sure if he knew it was CWB. So maybe you want to explore generally the facility.

Q MR. BIEGANEK: Well, let me start from here; none of these limited partnerships had independent operating financing, correct?

A Not according to -- according to Shayne, my wife -- we talked about it last night -- there were separate -- there were separate lines for the partnerships, but there was no -- it was based on per-contract basis.

Q So your evidence today is there were separate operating lines for each of the limited partnerships?

A My understanding is that there were -- the monies -- there were bank accounts set up and provisions. And again, we probably should have Shayne and Brian Stasynec speak to it. But we had separate bank accounts and separate ways of funding the partnerships.

Q Okay. I appreciate there would be separate bank accounts for the partnerships. You would have to put money in to distribute profit, assuming there was any, at any given moment, correct?

A Correct.

Q Based on Exhibit A to Ms. Taha's Affidavit of the 29th of June and this letter from Canadian Western Bank dated June 29th, 2016, I see only one -- well, two

demand revolving loan facilities for three borrowers, Canada North Camps Inc., D.J. Catering, and Campcorp Structures Ltd. Is it your evidence today that, aside from bank accounts, there were separate operating lines of credit available to each of the four limited partnerships that we have been discussing over the last two days?
A I will let Shayne and Brian -- you can -- we'll refer back to them to give you the specifics of how those were funded.
Q So you will --
MR. DELBLANC: We can find out. Okay. Put it to undertaking --
Q MR. BIEGANEK: You will undertake to speak with Shayne McCracken and Brian Stasynec to determine if there were separate -- we will call it operating lines of credit available to each of the four limited partnerships in question and, if there were, if you could provide us with copies of documents establishing those lines of credit.
A Correct.
MR. DELBLANC: Yes, we will do that.

<u>UNDERTAKING NO. 13</u>

INQUIRE OF SHAYNE MCCRACKEN AND BRIAN STASYNEC TO DETERMINE AS TO WHETHER THERE EXISTED SEPARATE OPERATING LINES OF CREDIT AVAILABLE TO EACH OF THE FOUR LIMITED PARTNERSHIPS IN QUESTION AND, IF SUCH

EXISTS, PRODUCE COPIES OF DOCUMENTS ESTABLISHING SUCH LINES OF CREDIT
Q MR. BIEGANEK: All right. I want to speak now to the Bonnyville Lodge limited partnership in particular. That agreement was -- well, I think we entered the amended and restated one this morning. So it was entered into in late December of 2014, and the amended and restated document was signed sometime in January of 2015, correct?
MR. DELBLANC: We have it as D-16.
Q MR. BIEGANEK: That is D-16. Okay. Now, when that limited partnership was established, was Canada North still -- or at the time, was Canada North banking with Canadian Western Bank?
A I can't answer that for sure.
Q Okay. Would Ms. McCracken know the answer to that question?
A Yes.
Q Okay. Can you undertake to speak with Ms. McCracken and determine if Canada North Camps was banking with Canadian Western Bank as at December of 2014?
MR. DELBLANC: Okay.
A Yes, I think -- Darren, my recollection is that we moved that camp from Calgary. We did the Calgary flood relief with that camp. And I'm -- you know, the best of my recollection, we were with Canadian Western, because we had to get a bump in our operating line to

deal with that. So I think it was Canadian Western.
Q MR. BIEGANEK: Okay. But you will verify that --
A Yeah.
Q -- by speaking with Shayne? All right. Thank you.
A Yeah.

UNDERTAKING NO. 14

INQUIRE OF SHAYNE MCCRACKEN TO DETERMINE AND ADVISE AS TO WHETHER CANADA NORTH CAMPS WAS BANKING WITH CANADIAN WESTERN BANK AS AT DECEMBER OF 2014

Q MR. BIEGANEK: If you could turn to -- I think even in the amended and restated, it will be 11.2 of the limited partnership agreement. There is a provision there that says, under the heading, Investigation of Authority. Do you see that there, sir?
MR. DELBLANC: We have it.
A Yeah.
Q MR. BIEGANEK: Now, again, I appreciate the document speaks for itself. It is my understanding and appreciation that each one of the limited partnership agreements contains the same provision. You don't have to answer it right now, but if you want to undertake and review it over the break and let me know and confirm that each of the limited partnership agreements contains the same clause at 11.2. Can you do that for me?

MR. DELBLANC: Yes, we can have a look. Thank you.

UNDERTAKING NO. 15

REVIEW RECORDS TO DETERMINE AND ADVISE AS TO WHETHER EACH OF THE LIMITED PARTNERSHIP AGREEMENTS CONTAIN THE SAME CLAUSE AT 11.2

Q MR. BIEGANEK: Now, Bonnyville did not involve a lease with representatives of the 726 group. Is that your understanding, Mr. McCracken?

A Yes.

Q Okay. And in fact, if I understand the evidence correctly, there was a sale of assets from Bonnyville to -- or pardon me, from Canada North to 726 for a sum of $20 million; is that correct?

A That's correct.

Q And you indicated you were going to confirm that CWB was the lender at that time. I am wondering if, while you are doing that, you can confirm to me whether CWB had a general security agreement in place over the assets of Canada North as at December of 2014. Can you do that too?

A Yes.

UNDERTAKING NO. 16

DETERMINE AND ADVISE AS TO WHETHER CWB HAD A GENERAL SECURITY AGREEMENT IN PLACE OVER THE ASSETS OF CANADA NORTH AS AT DECEMBER 2014

Q MR. BIEGANEK: Okay. Now, can you recall today, Mr. McCracken, whether Canada North -- assuming that there was security in place, and I believe there was -- obtained a letter of release from the Canadian Western Bank in respect of the sale of the units to the 726 group?

A I can't remember.

Q Okay. Would Ms. McCracken know or Mr. Stasynec?

A It's possible. We'd have to ask.

Q Okay. Can you inquire of either of them or Ms. Barnhouse, because I understand she was involved, to determine if a letter of release of interest was obtained from Canadian Western Bank in respect of the assets which were sold to the 726 group in 2014?

A I think it could have been Gord Plewes at that time.

Q Well, Gord Plewes was at Dentons, correct?

A Yeah.

Q And Dentons would still maintain the file, correct?

A Yeah.

Q Okay. So if you could -- the inquiry will be generally of the Dentons law firm to determine if they have any record of a letter of release being obtained from Canadian Western Bank over those assets.

A Okay.

UNDERTAKING NO. 17

INQUIRE OF SHAYNE MCCRACKEN, BRIAN STASYNEC, OR DENTONS LAW FIRM TO DETERMINE AND ADVISE AS TO WHETHER A LETTER OF RELEASE OF INTEREST WAS

OBTAINED FROM CANADIAN WESTERN BANK IN RESPECT OF ASSETS WHICH WERE SOLD TO THE 726 GROUP IN 2014

Q MR. BIEGANEK: And in respect of that sale, it was $20 million?
A 20, yeah.
Q Plus GST?
A Yeah.
Q Okay. And did any of those funds go to pay down the debt of Canadian Western Bank?
A As far as I know, they did, yes.
Q Would you be able to obtain an accounting of where those funds went?
A Yeah.
Q Okay. Can you do that for me, please?
A Yeah.
MR. DELBLANC: Just so we are not going to be checking every utility bill or something, why don't we say we will let you know how much went to CWB?
MR. BIEGANEK: If any.
MR. DELBLANC: If any. I get that. But I don't want to chase down -- I don't think we are going --
MR. BIEGANEK: I think -- here, why don't -- we are still on the record. I would say this: If monies were used to generally cover operational expenses, then just give me a global number.
MR. DELBLANC: Fair enough.

MR. BIEGANEK: But I would like to have -- I don't need the nickel and dime --

MR. DELBLANC: Right.

MR. BIEGANEK: -- accounting. Just it is a general question, because it sparked some curiosity. Let's put it that way.

MR. DELBLANC: No, I get it. I understand. It could be a number of ledgers, you know, and I just --

MR. BIEGANEK: Yes. I mean, we know the money went to a Royal Bank account. From there, we don't, so.

MR. DELBLANC: We will figure it out.

UNDERTAKING NO. 18

IF MONIES WERE USED TO GENERALLY COVER OPERATIONAL EXPENSES (IN RESPECT OF SALE OF ASSETS TO 726 GROUP OF $20 MILLION), PROVIDE A GLOBAL NUMBER OF SUCH MONIES

Q MR. BIEGANEK: All right. Now, in respect of the Bonnyville limited partnership in particular, Mr. McCracken -- and you have confirmed for me there was no leaseback with 726 in respect of those assets, correct?

A Correct.

Q It was, what I have called, an earn out, so if $20 million in partnership distributions went to the 726 partner, then at that point, the assets would be

transferred to the partnership.
A Back to the partnership, yeah.
Q Okay. Now, I want to have you turn back to the limited partnership agreement -- or you have got the amended and restated one there. I believe it will be the same provision, 14.1, paragraph 14.1. Again, that, if I believe correctly, speaks to the contributions of Canada North Group. And item D -- you see that there -- it says, start up losses, installation, and setup costs and equipment, linens, disks, et cetera.
When you are referring to equipment, can you recall today what specifically the equipment is that is being referred to in that agreement?
A There would have been kitchen, well sites, dorm. We had to hook up to city services, sewer. We had quite a bit of work to do to the site, because it wasn't -- we had to step the camp up into two sections. So it was -- it was quite a job to -- we actually had to step the kitchen up and down where it was located.
Q And when you say step up, you mean -- does that have to do with the elevation of the kitchen?
A Yeah, there was -- like, from back to front, there was -- I don't know -- 12 feet, and so we ended up in the middle having to step the kitchen, so.
Q And so --
A So anyway, there was quite bit of cost to doing that.
Q Okay. What does the reference to disks refer to?

Linens, I can understand. Disks, I am not sure.
A I am not sure of that. I think that might have been --
MR. DELBLANC: Typo, maybe?
A No, I think --
MR. DELBLANC: Desks?
A -- it might have been a -- yeah, a spelling in dishes, et cetera, instead of disks. But linens, dishes, that would have made sense, but.
Q MR. BIEGANEK: So in this particular instance, linens and dishes would have been supplied by Canada North Group?
A That was part of the sale.
Q Okay. Well, I am just trying to -- Article 14 refers to commitments by partners. 14.1 is commitments by CNG, and that is the items listed in paragraphs A through F.
A Yeah.
Q Then there is commitments by 726, right? And the commitments by 726 include the provision of the equipment, which is in 14.2(b), which is the sale. That is the equipment you sold to them, correct?
A Correct.
Q All right. So my assumption reading this is that the reference in 14.1(d) is for something a little different than what was sold -- or in addition to what was sold.
A No, there was a sale. There was -- it's not a flat

line transaction. Like, as time went along, there was additions to the partnership. So Canada North did contribute extra things later, but it wouldn't have been a significant amount of material. Most of the -- most of the equipment came from Calgary from the flood relief, so -- and I think we put nine or -- no, ten, dorms in at Bonnyville, so. And I don't think we added anything after that, Darren. I think it was just -.
Q I am just trying to get to an understanding and appreciation of what the objective was at the time the agreement was entered into in late December, early January -- late December '14, early January of '15. And it is fair to say you just don't recall today; is that --
A Well, I recall parts of it. But specifics of additional things that Canada North contributed, I am just trying to get my head around what those were.
Q Okay. And would Shayne or anyone --
A No, I would probably know that better, because I was in the field more than anybody else.
Q Would you have records that you could look at?
A Yeah, we can -- we can look at our asset -- we can try and go back and look at our asset list from that, that time.
Q If you could do that, please. Just use your best efforts. I am not --
A Yeah.

Q -- going to ask to see -- use your best efforts to determine what, as part of Article 14.1(d), was being provided to the Bonnyville partnership at the time the agreement was entered into.
MR. DELBLANC: Okay. We will do that.
A Yeah.

UNDERTAKING NO. 19

USE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHAT WAS PROVIDED TO BONNYVILLE PARTNERSHIP AT THE TIME AGREEMENT WAS ENTERED INTO (IN RELATION TO ARTICLE 14.1(D) OF LIMITED PARTNERSHIP AGREEMENT)

Q MR. BIEGANEK: And in respect of the item at subparagraph (e), there were some Jack-and-Jill dorms that were provided as well?
A Mr. McAllister talked about those six dorms the other -- that were out at the Edmonton yard.
Q Okay. And they were never actually delivered to the Bonnyville site?
A No, they had quite a bit of work to be done on them. So, you know, I think if we would have put those into place, we would have had to spend a couple hundred thousand dollars each. And so, you know, we made that decision jointly, Barry and ourselves, not to do it.
The other thing that we were looking at in Bonnyville, because of the size of the site, and because the original plan was to put a two-storey camp in there similar to Peace River, but we didn't end up

using those dorms there.

Q All right. With respect to -- and I appreciate you have given extensive evidence on this already, but I would have you turn to the bill of sale that was done for this transaction. And it is about midway through Exhibit B to Mr. Roman's Affidavit sworn October 2.

MR. S.L. DELBLANC: D or B?

MR. BIEGANEK: B as in Bob.

MR. DELBLANC: What are you looking for, counsel?

MR. BIEGANEK: The bill of sale.

MR. DELBLANC: There we go. We got it.

Q MR. BIEGANEK: All right. That bill of sale lists all of the units that were acquired by 726 Remote Accommodations through this transaction. And you have already given evidence of what was included in that, but did Canada North conduct an inventory of what was in those units at the time it did this sale, or did it maintain an inventory?

A Well, like I said, what -- it came from Calgary from the relief. And it would have been pretty well equipped, because we had to meet the government standards in Calgary for not only the kitchen -- kitchen was really high priority for them, but the dorms had, you know, everything, bedding, TVs, et cetera. And the rec, the same thing. The rec was a family place, so there was lots of, you know, good rec

equipment. I don't have a specific list, Darren, of what went in there, but it was well equipped.
Q That is all I wanted to know, if there was a specific list. So you don't have one?
A Not that I could lay my hands on today, but I can go back and look, yeah. Because we might've had one when we moved it out of Calgary. I can look and see.
Q Well, if you can do that for me --
A Yeah.
Q -- and produce it through your counsel. Just use best efforts. I don't need you to do --
A Yeah.
Q -- any more than that.

UNDERTAKING NO. 20

USE BEST EFFORTS TO PRODUCE A COPY OF INVENTORY LIST DONE BY CANADA NORTH IN RELATION TO BILL OF SALE WHICH LISTS ALL UNITS ACQUIRED BY 726 REMOTE ACCOMMODATIONS (RELATING TO EXHIBIT B IN AFFIDAVIT OF BARRY ROMAN SWORN OCTOBER 2)

Q MR. BIEGANEK: All right. Wandering River, that partnership setup was a little different. This one had a lease agreement in place, correct?
A Yeah, they were a little different in respect to the disposition of equipment. The equipment was never planned to be part of the ownership, whereas Monias, it was, because we had -- we had a partnership with Heart Lake and -- Canada North had a partnership with Heart

Lake. And, of course, in the oil business, you have to -- you have to work with First Nations to get work. So we brought Chief Monias in to both of those partnerships.

Q Right. And that is why he is a partner in the Wandering River piece and in the --

A Yeah.

Q -- Kilometer 147 piece, correct?

A Yeah. And Heart Lake itself was a partner, and they shared in some of the profits on the catering side, both -- in both camps.

Q Okay. Now, in this particular instance, we have a master lease agreement, which has been entered, I think, Exhibit -- it is Exhibit F in Mr. Roman's Affidavit. And then the equipment schedule has been entered as Exhibit D-9 in these proceedings; that is equipment schedule 001.

MR. DELBLANC: Okay. We have it, Exhibit D-9, and we have Exhibit F to the Affidavit.

Q MR. BIEGANEK: All right. I primarily want to refer to D-9.

MR. DELBLANC: We have it.

Q MR. BIEGANEK: Okay. Now, the payments in respect of D-9 are outlined almost right in the middle of the page. There is a monthly rate for paying on that equipment, correct?

MR. DELBLANC: You are looking at schedule A?

MR. BIEGANEK: I am looking at equipment schedule number 1, the first page of --
MR. DELBLANC: The very first page. Okay. We have it now, yes. It's here somewhere. Can you see that, Paul?
A Yeah.
Q MR. BIEGANEK: Okay. And so there were two rates there. One appears to be what I will call an active rate, and the other is a standby rate for downtime. Is that a fair statement?
A Yeah.
Q And they are significant monthly amounts. Is that also a fair statement?
A Yes.
Q So it is $297,600 a month plus tax when -- during the 12-month TransCanada guarantee period is what it says, yes?
A Yeah.
Q And then it is 193,800 per month plus GST when there is a down period, correct?
A Correct.
Q Now, rent was paid to 726 Remote, was it not?
A There was some rent paid, but there was some unpaid. I can't give you the exact breakdown of what was -- what was and what wasn't. But the last year, the Wandering River Waschuk job, there was not full rent paid for sure.

Q I have -- and I should have brought a second copy of it. We will get a copy made at the break. I have got the Wandering River Lodge limited partnership accountant-prepared financial statements for the year ended September 30th, 2015. Mr. McCracken, I will have you take a look at that, and then I will have a question for you in respect of one of the notes.
MR. BIEGANEK: Do you mind if I look over your shoulder and pose the question, Mr. Delblanc?
MR. DELBLANC: Not at all.
Q MR. BIEGANEK: Rather than slow things up. There is a note to these financial statements, Mr. McCracken. It is note number 3, which is on the second-last page of the document that I have. They are not paginated. Related party transactions and balances. It shows 726 Remote Accommodations' rental expense included in cost of sales as at the date of the statement, September 30th, 2015, of $2,367,000. Do you see that there?
A You bet, yeah.
Q Does that sound about right for what would have been paid for that 10 or 11 months that the --
A Yeah, well --
Q -- agreement had been in place?
A Yeah, these are audited financial statements from Bruce Pennock. Oh, these are the unaudited.
Q They are review engagement --

A Okay. Well, I mean, Bruce prepared them. I am sure they're accurate.

MR. DELBLANC: Okay. Can we enter that as the next exhibit, please.

EXHIBIT D-25: SEPTEMBER 30, 2015, FINANCIAL STATEMENTS FOR WANDERING RIVER LODGE LP

(DISCUSSION OFF THE RECORD)

Q MR. BIEGANEK: Mr. McCracken, Ms. Nicholson asked you a number of questions today about whether directors' -- unanimous directors' resolutions were obtained for the entry into of the GSAs with Canada North or the guarantees with Canadian Western Bank. Can you recall today whether there was a unanimous resolution given by the directors of the Wandering River general partner and for the entry into of the master lease agreement with 726 Accommodation?

MS. NICHOLSON: Can I just clarify that? You had talked about directors' resolutions, or are you speaking of shareholders' resolutions? Because that is --

MR. BIEGANEK: 4.1 of the USA speaks to unanimous directors' resolutions being required. It doesn't say anything about shareholders' resolutions.

A Well, the documents were signed. I'm not sure I fully understand. You are asking if there was a special resolution written to sign it?

Q MR. BIEGANEK: Was there a special resolution that authorized the GP to enter into that master lease agreement?

A I don't think so. I think we just signed it.

Q Okay. Thank you. And you have already given an undertaking earlier today to inquire about obtaining the minute books from Heather Barnhouse, so I won't delve into that. If there was one, I presume it would be in those minute books.

A If I could just go back to your question, your previous question, briefly. When we ran the Wandering River jobs and -- I think it's fair to say that Barry Roman and myself did most of the paperwork and did most of the -- Chief Monias, at the time, was quite -- and this is confidential information, please.

MR. DELBLANC: We should probably not say it, then, if it is personal or something of --

A Okay.

MR. DELBLANC: You can just say he is not engaged or something. That's fine.

A Okay. Yeah, he wasn't engaged, and neither was Phil Harrison, but -- you know, leave it at that.

MR. DELBLANC: That's fine.

Q MR. BIEGANEK: So they weren't actively involved in the day-to-day operation of the business. Would that be a fair statement?

A That would be fair statement, yeah.

Q All right. But I take it by your evidence that

Mr. Roman was a little more actively involved than just a leaseholder?
A Yeah, Barry and I had conversations quite regularly.
Q And if I -- because I do note that on Exhibit D-22, 726 is actually a named party on the operating agreement, but it is not on any others. So I just assumed for a second there that it might be on Wandering River -- actually, it is also on Peace River. But anyway, we will get to that. So you are saying that in respect of the Wandering River partnership, Mr. Roman had some involvement in day-to-day operations?
A I wouldn't say day-to-day operations, but in the big picture, Barry definitely had -- was aware of, you know, the jobs we were chasing and the work we were trying to secure.
Q He played more of a role than just a financier?
A Mentor. Barry has a very long and -- just background in modular. I admire him, and I think that, you know, I've learned a lot. This hasn't always been a -- you know, a positive outcome for either of us with what we've tried to do here. But yeah, Barry's got a lot of experience and a lot of things to teach.
Q When did you first get to -- or when did you first meet Mr. Roman?
A I first met Mr. Roman in Calgary when we first started to do the Calgary relief camp for the flood victims of High Prairie -- or High Level.

MR. DELBLANC: High Prairie.
A High Prairie, yeah.
MR. DELBLANC: High River.
A High River, yeah. I'm sorry.
MR. DELBLANC: Pardon me.
A No, that's all right. It's my brain that's -.
Q MR. BIEGANEK: Okay. Moving on. Peace River. Now, that one I think you gave evidence on this morning. You had set that up to try and provide services to Shell for a project that they had anticipated starting up in the Peace River area but subsequently pulled out of; is that correct?
A Yeah. Again, Mr. Roman did most of the negotiations with Shell and was instrumental in, you know, picking the location. We were the builder and, of course, helped install the camp and the little bit of operating that was done there. We did that.
Q And that is a fairly -- well, it's a brand new camp -- well, maybe not now, but it was at the time, correct?
A Yeah, it's a high-end camp, that one.
Q All of the construction of the units was conducted by Campcorp in their U.S. operation?
A Yeah.
Q Now, the limited partnership agreement -- or the amended and restated limited partnership agreement is found at Exhibit K to Mr. Roman's Affidavit sworn on October 2nd. Do you have that in front of you?

MR. DELBLANC: I have Exhibit K, but it doesn't say amended and restated.
Q MR. BIEGANEK: Pardon me, you're right. Peace River Lodge partnership agreement. I stand corrected. If you can turn to page 9 of that document, Mr. McCracken, there includes the commitments by Canada North Group at Article 14.1. You see that?
A Yes.
Q And we have the same sort of language that we had in the Bonnyville one in subparagraph (b), start up losses, installation, and so forth. That is not what my question is pertaining to. But in sub (c), there is equipment referenced on schedule A of a master equipment lease dated effective blank between Canada North Camps and the partnership. So there was some lease arrangement entered into between Canada North and the partnership?
A We had very little -- I think we had one dorm there that we -- Canada North put in for the purpose of setting up and building the main camp.
Q Okay. Well, I have got a copy of a document called, Master Lease Agreement. Do you recognize that document, Mr. McCracken?
A It's got my signatures on it, yes.
Q And that has your signatures both on behalf of Peace River Lodge LP and Canada North Camps?
A Yeah.

Q All right. And there is, as with other -- well, is this a form that was used by 726 that you had opted for this particular purpose?
A I can't recall the rationale for it, but it's definitely my signatures.
Q Okay. But the document form itself is -- was it a Canada North form or was it a 726 form?
A I believe it's 726, but I could stand to be corrected there.
Q And then you will see equipment schedule number 1 is on the second page. Again, those are your signatures, Mr. McCracken?
A Yeah, they are.
Q Okay. And if we look at schedule B attached, it doesn't -- there doesn't appear to be any equipment that is listed, but it refers to a value, a foregone profit on build, $1,712,000 U.S. Do you see that?
A Yeah, so what we did there is we built that facility at our cost. And our contribution to the partnership, per se, was going to be that 1.7 million.
Q All right. And according to the second page of this document, the equipment schedule number 1, there was a monthly payment of $47,593.60 per month plus GST to be paid over a period of 45 months. Do you see that?
A Yes.
Q So the contribution to the partnership was foregoing the profit on the understanding that the amount would

get paid out over time; is that fair?
A Fair.
MR. BIEGANEK: Okay. Can that be entered as the next exhibit, please.
<u>EXHIBIT D-26</u>: MASTER EQUIPMENT LEASE AGREEMENT BETWEEN PEACE RIVER LODGE LP AND CANADA NORTH CAMPS INC.
MR. BIEGANEK: Just off.
(DISCUSSION OFF THE RECORD)
Q MR. BIEGANEK: Do you have a copy of Exhibit D-10 in front of you, Mr. McCracken?
A Yes.
Q Okay. This is the master equipment lease agreement between Peace River Lodge and 726 Remote, and it includes a number of equipment schedules. But if you can turn to equipment schedule number 2, 002.
MR. DELBLANC: We have it.
Q MR. BIEGANEK: And the second page of that document refers to -- well, is the -- what I will call the schedule A and schedule B that is referenced in the schedule. Schedule A confirms there is no additional equipment being added to the lease. Do you agree with that?
A That's what it says, yeah.
Q Okay. And schedule B refers to various site and set-up work and attaches a list of items. And that is -- that list of items is attached. Do you see that?

A Correct.
Q And that lists all the costs that were incurred to make up the value that is listed in -- under the heading, Equipment Value, on page 1 of that equipment schedule number 2, correct?
A Okay.
Q Any equipment that is named on this sheet that is attached as exhibit -- schedule B is not actually added to the lease. Is that a fair statement?
A Fair statement.
Q All right. In terms of -- we talked a lot about small wares over the last couple of days. And call me thick or dull; I just want to have a better appreciation of what your understanding is, a person who works in this industry, of what small wares are. Can you tell me that in your own language?
A Well, in camp vernacular, it's bedding, dishes, pots and pans. Not always televisions, because a lot of times now, TVs are part of what's provided by the -- whoever's providing the equipment. But shovels, you know, catering supplies in order to do the catering job is our vernacular for small wares.
Q Okay. But it wouldn't include -- it would not include furniture; that would normally be included as part of what you have called the unit; is that fair?
A Normally part of the unit.
Q And light towers wouldn't be considered small wares?

A It's not -- they're expensive. It's not a small item, you know. But sometimes it's included in that vernacular, yes. Depends what the client wants to be able to bring in to the rental program or to the lease program for the equipment.
Q Would that normally be noted somewhere, that light towers would be added to the obligation or to the equipment list? I mean, dishes to serve 150 people are one thing; light towers of a certain size and number is something else.
A Yeah, it depends. Like, sometimes they're detached, sometimes light towers are built right onto the structure.
Q If they were built right onto the structure, would that come -- would that be part of the description of --
A Well, they have to be --
Q Just let me finish so that the court reporter can get one of us at --
A Apologize.
Q Would that form part of the description of the unit?
A Not always, because they have to be -- they have to all be taken down to be transported so you're legal.
Q Okay. Kilometer 147. If I can have you turn to -- I am going to refer to a document -- or to an Exhibit R. This is Exhibit R of Mr. Roman's October 2nd Affidavit. The first -- and I think it was included as the Exhibit D-11. So let's look at D-11. That might be a

little easier. Attached to equipment schedule number 1, which is marked as 11 B, is a list of equipment. And then schedule B to that list of equipment is a summary of the 726 investment. And so if I understand correctly, this is everything that 726 supplied to the partnership at that time and put on lease with the partnership. Is that your understanding?

A Yes.

Q And that included 2,500 for access -- access mats?

A Yes.

Q And some contribution to site set-up costs?

A Yes.

MR. BIEGANEK: Now, if you have Mr. Roman's Affidavit in front of you, Exhibit R -- they are not paginated, and it is buried fairly deep in here. It is a document that looks like this, Sigurd.

MR. DELBLANC: It is in this exhibit?

MR. BIEGANEK: Yes, it has got a Canada North logo on the bottom, about two-thirds of the way down the page or three-quarters of the way down the page, with a Mike McInnis note on it.

MR. DELBLANC: I will get there. Am I in the right exhibit?

MR. BIEGANEK: It is right in the smack-dab --

MR. DELBLANC: Do I have the right -.

MR. BIEGANEK: Got it?

MR. DELBLANC: We have it, sir.
Q MR. BIEGANEK: Okay. At the top of the document -- and it says, Schedule A, Capital Contributions, and it looks like it has got -- well, it has got several columns, but at the far left-hand side, it lists the asset. The next column is asset value; then CNC, who I take to be Canada North Camps; then RAM I take to be a member of the 726 group. And we have Monias and CNC RAM again. So this schedule, as I understand it, lists the relative value of contributions to the 147 -- Kilometer 147 partnership; is that correct?
A Yes.
Q And if I am reading this chart correctly, the contribution of CNC was just over $7.6 million, correct?
A That's what it says, yeah.
MR. DELBLANC: Can we go off the record for a second.
MR. BIEGANEK: Sure.
(DISCUSSION OFF THE RECORD)
Q MR. BIEGANEK: Then the contribution from RAM is listed as $15,837,725; is that correct?
A Yes.
Q All right. Now, on this list, it shows that in respect of the Kilometer 147 camp, we have got steps, landings, and walkways supplied by Canada North Camps, correct?

A Correct.
Q And there is nothing showing for a value in the RAM column, correct?
A Correct.
Q And similarly, there are 250 car plugs on pedestals supplied by Canada North.
A Correct.
Q Nothing for RAM. And the same --
MR. DELBLANC: No, not -- sorry, counsel. Car plugs, you have 250,000. And then if you go to CNC, it says, 150,000. And then if you go to the last column --
MR. BIEGANEK: CNC RAM, 100,000. Okay.
MR. DELBLANC: So I am not sure what happened there, but there is something there for RAM.
Q MR. BIEGANEK: Mr. McCracken, do you know if there was a joint sort of contribution of car plugs from those parties?
A I think it came because the -- Monias started out a Kingdom Camp. We had a different partner other than Chief Monias. And that would have been some of the materials that came from Kingdom in the first year that we operated. And I can't remember who the pipeline company was at the time, but -- my memory fails me there. But they probably -- you know, there was assets that came into the partnership the second year.
Q All right. To the best of your recollection,

Mr. McCracken, does this sheet -- we will call it a spreadsheet, or this schedule for capital contributions accord with your recollection of what each of the partners contributed to this particular partnership setup?
A I'm sure it does.
Q Okay. Now, still keeping with this exhibit, and if you go back one, two, three, four -- call it five pages --
MR. DELBLANC: I think we have it.
Q MR. BIEGANEK: -- this is a purchase order listing the buyer as Reliant Asset Management and the seller, Canada North Camps Inc.
MR. DELBLANC: We have it.
Q MR. BIEGANEK: And it is dated effective September 29th, 2013. All right. So this document refers to a four-unit recreational facility and a six-unit recreational facility. Do you see that, sir?
A I do, yeah.
Q And this was a purchase order that was issued in respect of -- what I will call the construction of those two items; is that fair?
A Fair, yeah.
Q Okay. Now, the serial number for the six-unit recreational unit is -- the serial numbers are set forth in that document?
A Okay.
Q Yes? So you have got FX6UR20319 001 to 006, correct?

A Yeah.
Q All right. And that is the serial number for the six units that were to be constructed, right?
A Correct, yeah.
Q Now, those six units actually went to Wandering River; is that your understanding?
A Yeah, I think that was our conversation from yesterday, wasn't it?
Q Yes. And I just want to take you to that, because I need to clarify a point. If you have Mr. Roman's Supplementary Affidavit sworn November 27, 2008 -- do you got it?
MR. DELBLANC: Yes.
MR. BIEGANEK: Okay. And then turn to Exhibit B to that document.
MR. S.L. DELBLANC: D?
MR. BIEGANEK: B as in Bob.
Q MR. BIEGANEK: This is an email from Mr. McInnis to Mike Roman and Barry Roman regarding the six-unit rec facility, and this is where it appears that the Romans are advised that the item in question was shipped to Wandering River. Can you tell me if a response was ever received to this email, Mr. McCracken?
A I can't tell you.
Q Okay. The lease was never actually amended, was it, the master lease agreement and the equipment

schedule --
A In terms of what equipment was where?
Q Correct.
A Possibly not. I don't know for sure.
Q Okay. I haven't been able to see any evidence that the lease agreement was changed or that a new invoice was provided. So if you can, can you undertake to review your records to determine if that -- the lease agreement in question between 726 and the Kilometer 147 partnership was ever amended to change the serial numbers and description of the six units in question? Can you do that for me?
A Yes.

UNDERTAKING NO. 21

REVIEW RECORDS TO DETERMINE AND ADVISE AS TO WHETHER LEASE AGREEMENT BETWEEN 726 AND KILOMETER 147 PARTNERSHIP WAS EVER AMENDED TO CHANGE SERIAL NUMBERS AND DESCRIPTION OF SIX UNITS IN QUESTION (RELATING TO EXHIBIT B OF SUPPLEMENTARY AFFIDAVIT OF BARRY ROMAN SWORN NOVEMBER 27, 2008)

MR. BIEGANEK: Okay. Why don't we take five.
(DISCUSSION OFF THE RECORD)
Q MR. BIEGANEK: Mr. McCracken, you acknowledge that you are still under your affirmation?
A I do.
Q Okay. I have four general ledger reports here. The first is for Wandering River LP. And just for the

record, the documents show the drawn off of the general ledger for 1851239 Alberta Ltd., which is now Canada North Camps. So the first document I have in front of you, I think, is the Wandering River general ledger. It shows a balance owing to Canada North of $159,123.46. Do you have information available to you today to suggest that there is another number which represents the amount owing to Canada North by Wandering River LP?
A I do not.
MR. BIEGANEK: Can I have that entered as the next -- well, I will go through them all, and then we will enter them at the end. How does that sound?
MR. DELBLANC: Whatever you want.
Q MR. BIEGANEK: Okay. The next general ledger report I would like to refer you to is the one for Peace River Lodge.
MR. DELBLANC: Okay.
Q MR. BIEGANEK: And that shows a balance owing to Canada North Camps of $1,116,897.75. Do you see that there, Mr. McCracken?
A I do.
Q Do you have any information available to you today to suggest that the amount owing to Canada North by Peace River Lodge LP is anything other than the amount showing on the general ledger?
A I do not.

Q The next one I would like to refer you to is the Bonnyville LP. Do you have that in front of you?
A I do.
Q And that general ledger report indicates a balance owing to Canada North Camps of $842,763.34. Do you have any information available to you today, Mr. McCracken, to suggest that there is an amount other than that which is owing to Canada North Camps --
A I do not.
Q Okay. Thank you. And finally, the last one is for Monias Lodge. The amount indicated there is $1,236,788.24. Do you have any information available to you today, sir, to suggest that the amount owing to Canada North Camps by Monias Lodge is anything other than the $1,236,788.24 amount?
A I do not.
MR. BIEGANEK: All right. May I have those entered as the next four exhibits, please.

EXHIBIT D-27: GENERAL LEDGER REPORT, AMOUNTS OWING BY WANDERING RIVER LP

EXHIBIT D-28: GENERAL LEDGER REPORT, AMOUNTS OWING BY PEACE RIVER LODGE

EXHIBIT D-29: GENERAL LEDGER REPORT, AMOUNTS OWING BY BONNYVILLE LP

EXHIBIT D-30: GENERAL LEDGER REPORT, AMOUNTS OWING BY MONIAS LODGE

(DISCUSSION OFF THE RECORD)

Q MR. BIEGANEK: All right. Mr. McCracken, we have entered as Exhibit D-1 the -- one of the confidential exhibits to your first -- I guess the proper way to describe it is it is an exhibit to the first -- to the Confidential Supplement to your first Affidavit sworn in the CCAA proceedings, we have marked that as Exhibit D-1 Confidential. That is the asset listing that was referred to yesterday and again this morning. Now, this asset listing was prepared in February of 2018?
A That's correct.
Q Okay. And contains the initials -- so if we look at the first page under the highlighted items, RMP -- I am just trying to set the table here for a few questions. And those initials, you say, represent assets that were owned by RAM or 726, correct?
A Correct.
Q All right. Now, that wasn't the first asset list that was prepared in respect of these proceedings, was it, Mr. McCracken?
A No.
Q All right. So I have given your counsel a copy of -- I have the entire Affidavit, but I don't think we will need it. It is the Confidential Supplemental Affidavit of Shayne McCracken sworn June 28, 2017, and that was -- and the binder I have given you includes Exhibits A to D to that Confidential Supplement. That

Affidavit, sir, as I understand it, was sworn in support of the companies' application for protection under the *Companies' Creditors Arrangement Act.* Is that your understanding?
A Correct.
Q Okay. And your wife was authorized on behalf of the companies to swear this Affidavit?
A Correct.
Q Now, if you can turn to page 2, paragraph 5 refers to an Exhibit A, which is a draft summary desktop appraisal report of, it says, specified property of Canada Northern (sic) Camps Inc., prepared by Suncorp, and it appraises the specified equipment of Canada North Camps Inc. Do you see that?
A I do.
Q And the values expressed there is $142,601,000. Do you see that?
A I do, yeah.
Q Okay. Now, if you turn to Exhibit A, that is the summary desktop appraisal of specified property of -- and that is prepared by Suncorp. If you turn to -- it looks like page -- well, in this Affidavit, there is actually -- it looks like it is paginated. So on the bottom right-hand corner, there is page numbers. Do you see those there?
MR. DELBLANC: Yes, we do.
Q MR. BIEGANEK: Okay. Page 19.

MR. DELBLANC: We have it.
Q MR. BIEGANEK: Now, I didn't get a chance to highlight your copy, but I will show you my two pages that I highlighted. I didn't have a chance to go through it all. But if you can look at those two pages that I am passing you -- that is pages 19 and 20 from that Confidential Affidavit -- you will see that there are assets that are highlighted that appear to be the same assets that were highlighted in the first several line items in the Bonnyville list which is on Exhibit D-1. Do you see that, Mr. McCracken?
A I do.
Q And do you agree that the assets that I have highlighted are the same as are listed on Exhibit D-1?
MR. DELBLANC: We would have to check it, but if you are telling me that is the case, subject to us at some point looking at it, we can carry on with that assumption.
Q MR. BIEGANEK: Okay. Is there any indication on the appraisal by Suncorp that those assets are not owned by Canada North Camps?
A On the appraisal?
Q Yes.
A No.
Q Okay. Is there anything in the Confidential Affidavit of Shayne -- and I appreciate you may not have had an opportunity to review it -- that gives an indication

that there are assets listed in the appraisal which are owned by third parties?
A No, but we were told to include everything in the assets that were at the camps.
Q Told by whom?
A By -- originally by Jonathan who was our chief restructuring officer. The first appraisals that were done were based on value of the camp as an operating entity; had nothing to do with the equipment. It didn't matter who owned the camp; it was what the camp was worth.
Q Okay. Well, let me just back up a little bit. This Affidavit was sworn on June 28th, 2017. Do you agree with me?
A That's what it says, yeah.
Q And on that date, the companies had not yet received an initial order under *Companies' Creditors Arrangement Act*, correct?
A I can't recall the date that we actually started that process, but our equipment list, as I mentioned before, was our insurance list.
Q Okay. Well, just -- I am trying to set some dates so I have a better appreciation, okay?
A Okay.
Q Do you agree with this, Mr. McCracken, and that is: Jonathan Solroush and the REL Group were not appointed chief restructuring officer until the Court appointed

them pursuant to the initial order granted in these proceedings?
A That's correct, yeah.
Q All right. So the appraisal that is attached to Shayne's Affidavit of June 28th, 2017, bears a date of January 19th, 2017, so several months prior to the Affidavit and several months prior to Mr. Solroush's appointment as chief restructuring officer, correct?
A True, yeah.
Q So you are telling me that -- by your statement, that the asset list that you gave to Suncorp Valuations was based on your insurance list?
A That's right.
Q Okay. Did you tell Suncorp Valuations that some of those assets on your insurance list were leased or belonged to third parties?
A No, we did not.
Q All right. And so they took the information that you provided and provided this -- it was a desktop appraisal, correct?
A That's correct.
Q Okay. And this appraisal was used to assist the companies in obtaining protection under the CCAA, correct?
A Correct.
Q All right. Now, after the appointment, Jonathan, that is, Mr. Solroush -- he was with REL Group, right?

A Correct.
Q Him and his team went to work and did a number of things, including having you establish these equipment lists and, as well, setting up an investment solicitation and sales process, correct?
A Correct.
Q And as part of that, they would have circulated asset lists to the monitor and possibly the company that was assisting you with the ISSP, that was Peters & Co., correct?
A Correct, yeah.
Q And Peters & Co. are out of Calgary?
A Yes.
Q And they were initially engaged by the REL Group to assist Canada North in finding either investment or a sale, correct?
A Yeah.
Q All right. And as part of that process, you took steps to finalize asset lists?
A Correct.
Q I am providing you with a copy of an email from Heather Brodie to Matt McCulloch dated September 29th, 2017. Heather Brodie was an employee with the REL Group, did you understand?
A Correct.
Q And she was assisting in putting together the ISSP process?

A Correct.
Q And this email looks like it was forwarded by Heather Brodie but was sent originally to a number of people at Peters & Co. Do you see that?
A Correct.
Q And the equipment list is attached, and that equipment list was prepared by Canada North?
A Pete Robb prepared it, yes.
Q Okay. And Pete Robb was an employee at the time?
A Yeah.
Q All right. Does Pete Robb still work with you at your new company?
A He does.
Q And I have -- this time, I was able to highlight most of the same items that are found on Exhibit D-1. Can you take a look at this list, Mr. McCracken?
MR. DELBLANC: Just one second. You want to compare them?
MR. BIEGANEK: Well, you can compare them. Yes, please. Do you need another copy there?
MR. DELBLANC: I'm okay.
Q MR. BIEGANEK: I have done my level best to highlight on the August 2017 list those items that were highlighted by Mr. McAllister on the document that has been marked confidential as Exhibit D-1. Can you compare the two, sir, and does it appear that I have highlighted the same items that you have noted in

Exhibit D-1 -- or that were highlighted in Exhibit D-1?
A Yes, it appears the same.
Q Okay. You will note in this document, this asset list dated August 2017, Mr. McCracken, that nowhere do the three initials RMP appear beside the documents -- or beside the line items that have highlighted -- is that a fair statement?
A Correct, yeah.
MR. BIEGANEK: Now, this list does not contain values, so I have no objection to this email and this list being entered as the next exhibit.
MR. DELBLANC: Okay.
EXHIBIT D-31: EMAIL AND ASSET LISTING DATED AUGUST 2017
Q MR. BIEGANEK: Now, I didn't see any, but are there any notations in this August 2017 asset listing indicating that, at least, the items that I have highlighted were leased or owned by third parties?
A No.
Q Was there any communication in writing or otherwise made to Heather Brodie or Jonathan Solroush providing a list of equipment that was leased or owned by third parties?
A No.
Q All right. The next item I want to refer you to is Affidavit of Shayne McCracken. This is the Confidential Supplement to the sixth Affidavit. This

was sworn on October 24th, 2017, and, in paragraph 3, notes that it is an appraisal which includes equipment of a few companies: Canada North Camps, D.J. Catering, Campcorp Structures, and 1919209 Alberta Ltd. Do you see that?
A Yes.
Q And Mirterra Corp was the company engaged to provide the appraisal? Yes?
A Yes.
Q And Mr. Ron Victor was the principal of Mirterra, correct?
A Correct.
Q And did you meet with Mr. Victor at any time to --
A Never did.
Q Okay. And he went out and conducted an appraisal of the equipment, to your knowledge?
A Correct.
Q And that appraisal was then attached as an exhibit to this Affidavit and, once again, relied upon in court for the benefit of the company in the CCAA proceedings, correct?
A Correct.
Q And I have, again, the schedule that is appended -- this one does has values, so it is still confidential -- appears to be very similar to the confidential exhibit that has been entered as D-1 in these proceedings. It is exhibit -- as part of

Exhibit B. Do you have that in front of you, Mr. --
MR. DELBLANC: Which one did you want, counsel?
MR. BIEGANEK: Tab B.
MR. DELBLANC: Of this Affidavit?
MR. BIEGANEK: Yes.
MR. DELBLANC: Okay. Let me find it. Just go off the record for a second.
(DISCUSSION OFF THE RECORD)
MR. DELBLANC: We have found Exhibit B to this Supplemental Affidavit -- Affidavit, I should say.
Q MR. BIEGANEK: Okay. Again, this schedule appears very similar to exhibit -- the Confidential Exhibit D-1. Would you agree with that, Mr. McCracken?
A I do.
Q And this was also prepared by Canada North?
A Yes, Pete Robb again.
Q Okay. And you will note -- again, we can compare the first 17 line items. They are all Bonnyville. And you have given evidence earlier that they were owned by RAM -- or 726. You will agree that in respect of this particular listing, the initials RMP do not appear beside those items, correct?
A Correct.
Q And there is nothing in this Affidavit that I can see which suggest that any of the assets on this list are leased or owned by third parties. Do you agree with

that?
A Correct.
Q Now, from a timing perspective, we had your filing, which we will call June, July of 2017. We went through a few extensions, the ISSP process, and then we will call it the Brian Nelson offer finally came -- found some legs, and the parties were working towards doing that deal in January and February of this year, correct?
A Correct.
Q And the document that has been marked as Exhibit D-1 and kept confidential was an updated listing when you were advising the Court what was going with the transaction to Nelson and what was staying behind. Is that --
A That's correct.
Q That is a --
A Yeah.
Q -- fair statement? Okay. And then that transaction was approved and the parties were working towards closing it, correct?
A Correct.
Q And as part of the closing of that transaction, one of the conditions was that yourself and Shayne would be released from some obligations under some guarantees, correct?
A Correct.

Q And that is because Mr. Nelson didn't want -- work -- to work with you when you had those over your head, correct?
A Correct.
Q So those proposals were made, agreed to by creditors, and approved, and that all had to be done before this transaction could close, correct?
A Correct.
Q All right. And do you recall, sir, that the transaction closed on or about the 4th of May of 2018?
A Correct.
Q So just a few days prior to that, there was an email that was sent to your counsel, Stephanie Wanke, by myself. I will give you a couple copies. There is some concern raised about some discussions that may or -- appear to have been held about whether there were assets that were on the appraisal list that were or were not the assets of Canada North. And I am going to quote the third paragraph. It says:

> Based on our discussions -- and certainly it has been my understanding along with the monitor's understanding that all of the assets listed on the appraisal were assets belonging to Canada North. Ms. McCracken has confirmed that; however, there is some volume of equipment, so it is a little disconcerting that the company may not know where it is.

Now, do you recall receiving or seeing this email, Mr. McCracken?
A I do not.
MR. BIEGANEK: Okay. Can I have that marked as Exhibit A for Identification, please.
MR. DELBLANC: That's fine.
EXHIBIT A FOR IDENTIFICATION: EMAIL TO CANADA NORTH COUNSEL, RE: ASSETS, DATED APRIL 27, 2018
Q MR. BIEGANEK: I did this out of sequence, but I am going to take you back to February. That is an email from Stephanie Wanke to Chuck Russell dated February 22nd, 2018. The subjects says, Canada North Residual Equipment. And this appears to be an email to Mr. Russell attaching a residual equipment list with Ron Victor's appraisal numbers, which will be left in Canada North Group for realization. Do you see that, sir?
A I do.
Q Have you seen that email before?
A No, I haven't.
Q Okay. Before we get to marking it, let's see that there is an asset list that is attached to that. Do you have that, Mr. McCracken?
A I do.
Q And if you look at the first page of that, again, the first 17 items are the Bonnyville ones we have looked at before. This list includes the initials for RMP.

Do you see that?
A I do.
Q And you will -- again, was this list prepared by Canada North, Brian Robb -- or Pete Robb?
A Pete Robb, yeah.
Q Okay. And this is -- this shows -- this list appears to be as of the same date as the document we have marked as Exhibit D-1. Do you note that? December 21, 2017.
A Yes.
Q Now, this list that we have here, attached to this email, has a notation at the top. It says:

> Asset totals in this schedule are different from totals in the appraisal report as this listing excludes Berland and Simmonette assets, which will be used in a sale and leaseback transaction.

Do you see that?
A Yes.
Q But it doesn't contain a specific note to the effect that it also excludes or should exclude leased or third party owned assets. Do you agree with that statement?
MR. DELBLANC: It doesn't appear to be there, the note you are speaking about.
Q MR. BIEGANEK: All right. Do you recognize the asset list, Mr. McCracken?
A Yes.

Q And you acknowledge that the asset list is an asset list that was prepared by Canada North?
A Yes.
MR. BIEGANEK: Okay. Can I split this document in two, then, and mark the email as Exhibit B for Identification and the list -- but maintain confidentiality in respect of it -- as Exhibit -- I think we are up to 32.
MR. DELBLANC: You want to be -- confidentially that to be 32 Confidential then, right?
MR. BIEGANEK: 32 Confidential. Yes.
MR. DELBLANC: That's fine. Okay. So you have got a For Identification, B.
MR. BIEGANEK: Yes.
MR. DELBLANC: And you have got a D-32 Confidential.
MR. BIEGANEK: Correct.

<u>EXHIBIT B FOR IDENTIFICATION</u>: EMAIL FROM STEPHANIE WANKE TO CHUCK RUSSELL, RE: ASSET LIST, DATED FEBRUARY 22, 2018

<u>EXHIBIT D-32 CONFIDENTIAL</u>: ASSET LIST ATTACHED TO EMAIL MARKED AS B FOR IDENTIFICATION DATED FEBRUARY 22, 2018

(DISCUSSION OFF THE RECORD)
MR. MCALLISTER: So for the purposes of D-1 Confidential, I confirm that it is a portion of the Exhibit -- sorry, Darren?

MR. BIEGANEK: B.
MR. MCALLISTER: B to the Confidential Supplement to Paul McCracken's first Affidavit.
MR. BIEGANEK: And in terms of partial, just so we are clear, it is the first three pages of that.
MR. MCALLISTER: That is correct, yes.
MR. DELBLANC: Thank you, counsel.
Q MR. BIEGANEK: Okay. The next document I want to show you, and you probably -- this is an email. Again, this one is from Stephanie Wanke to a number of parties. I will give you two there so we each have one. You can ignore the first -- the top piece, but starting about two-thirds of the way down the page, Mr. McCracken, this is an email dated Monday, April 30th, 2018, from Stephanie Wanke to Matt McCulloch, who is the monitor; to Shayne McCracken; to yourself; Nigel Mbanga -- is that how you pronounce that -- Brian Stasynec; Kim Capjack; and copied to myself; Dan McCulloch; Heather Barnhouse; and Stuart Clinton regarding a number of preclosing transactions. Do you recall receiving this email, sir?
A Yes.
Q Okay. And if you turn the page to paragraph number 4, there is a heading there that says, Moving Assets. And if you look at the third paragraph under that heading, it says:
Note: Darren had raised a concern that items

on the appraisal were owned by third parties. I have confirmed with Shayne that this isn't the case. It is the case that there are third party-owned assets on various properties, but they are not listed in the appraisal.

Do you see that, sir?

MR. DELBLANC: I didn't get where you were. I'm sorry, and I -- there? Okay. I see. You are down at the bottom of paragraph 4?

MR. BIEGANEK: Right, the third paragraph under heading 4.

MR. DELBLANC: I got it. Thank you.

Q MR. BIEGANEK: Do you see that, Mr. McCracken?

A I do.

Q Okay. And the appraisal that she was referring to was the asset list, a part of which has been marked as Exhibit D-1 Confidential, the other has been marked as D-32 Confidential; is that correct?

A With the exception of the RAM Modular property items on that list.

Q You will agree with me, sir, that there is nothing in this email that says the RAM Modular items on the list or the items marked with RMP are RAM's, and they are not our property? Do you see that anywhere in this email?

A It's not listed here, no.

Q Okay. And are you aware of any written communication from Canada North Camps at all from either yourself or any other representatives of that company as it then was to the monitor or the monitor's representatives whereby you were advising that there were items on the appraisal list that were the property of third parties or RAM in particular?

A When Pete Robb presented -- sent those to Stephanie, that's what he put on there, was the abbreviation. And at the bottom of the email, he put what that was for.

Q Can you produce that email for me, please?

A I will try, yes.

COURT REPORTER: I'm sorry, that was an email in relation to --

MR. DELBLANC: To the --

A What the abbreviation -- what RAM Modular partnership meant on the exclusion of equipment of my Affidavit.

MR. BIEGANEK: So you are undertaking to provide me with that email to --

A I will.

MR. DELBLANC: We will make our best efforts to find it, of course.

Q MR. BIEGANEK: And you are saying that there was an email sent to her sometime either during the day of April 30th or prior to that that indicated that the initials RMP on what we have marked as D-1 and what is marked as D-32 meant that those assets were owned by RAM?

A That's right.

UNDERTAKING NO. 22

MAKE BEST EFFORTS TO PRODUCE A COPY OF EMAIL SENT TO STEPHANIE WANKE FROM PETE ROBB SENT AT OR PRIOR TO APRIL 30, 2018, WHICH STATES INITIALS RMP ON EXHIBIT D-1 CONFIDENTIAL AND D-32 CONFIDENTIAL MEANT THAT SUCH ASSETS WERE OWNED BY RAM

A And I would also like to note that that night I was working on excluding all the Nelson items for Berland and Simmonette. Pete and Susan were working on excluding those out of the master list and identifying whatever RAM properties there were. I'm not sure why Shayne stated that, because she was aware that that's what we had done in item 4 with your note.

Q MR. BIEGANEK: Okay. I didn't see an email coming back from you or anybody else on this list to Matt, myself, Dan, or Heather or Stuart correcting that statement.

A Correct, I did not reply. I probably should have, but Shayne was doing all the communications with Matt. We wanted to make sure just one person was dealing with the monitor.

Q Right. Do you have any written communication to Matt McCulloch that confirms that there were assets on this list that we have marked -- let's refer to D-32 Confidential -- that were the property of third parties or leased?

A Only what I have just told you.
Q So only that there was some initials on here that he is supposed to guess at what they mean?
A No, Pete Robb put an identifier in the bottom of the email that stated what that meant.
Q Okay. And that is not this email?
A Not here, no. Not -- this was your -- or Stephanie's email.
Q Right. So who did Mr. Robb send that email to?
A Pete sent that to Stephanie.
Q Okay. Who else did he send it to?
A Stephanie alone.
Q And was that copied to you?
A No.
Q Okay. How do you know he sent it?
A Because he told me he did.
Q And how do you -- and did he tell you exactly what it said?
A He did.
MR. BIEGANEK: All right. I would like to enter --
A And again, I'd like to go back to the fact -- that night, I was working on excluding equipment, putting together a list for the Nelson transaction.
Q MR. BIEGANEK: I understand that, Mr. McCracken. The fact of the matter remains that throughout this proceeding, there were a number of

parties who are under the impression that assets on lists that were provided throughout were the property of Canada North. And --

A We were told to put all equipment on lists. And the -- most of the refinancing that we would possibly get would be based on what the -- not so much what the equipment value was, because there's tons of equipment out there. It would be based on what the camp itself could do, IE, Simmonette could do so much. I think we had separate appraisals, which REL threw out; they didn't like them. But we were told equipment -- we probably weren't going to get financed just with equipment.

Q Okay. I appreciate that, but you also gave me evidence that you never told REL that there were assets on the list that were leased, correct?

A That's because Jonathan told us to put everything on the list no matter who owned it.

Q That is a little more broad than the statement you gave me earlier. Did you note on the list that other than -- until February of 2018, there is nothing on the list that demarcates assets as belonging to somebody else?

A That's correct.

MR. BIEGANEK: All right. Can I have this April 30th, 2018, email entered as the next exhibit, please.

EXHIBIT D-33: EMAIL FROM STEPHANIE WANKE TO MATT MCCULLOCH ET AL, RE: CNC - PRE-CLOSING TRANSACTIONS, DATED APRIL 30, 2018

(DISCUSSION OFF THE RECORD)

MR. DELBLANC: Mr. Bieganek, this last exhibit, the email from Stephanie Wanke dated April 30th, 2018, seems to be in response to something from the monitor. I don't know the date of that, what he would have sent, and it looks like he may have provided an attachment to his email, if it was an email. I wonder if we could get whatever was sent by the monitor so we know what this is responding to.

MR. BIEGANEK: I have no problem with that.

MR. DELBLANC: Thank you.

Q MR. BIEGANEK: You will agree with me, Mr. McCracken, that there was no Affidavit sworn by you or Shayne McCracken in these proceedings which indicated that the items marked on Exhibit D-1 Confidential and D-32 Confidential with the initials RMP were assets that belonged to RAM or the 726 group. You will agree with that?

MR. DELBLANC: That explicit statement?

MR. BIEGANEK: Yes.

MR. DELBLANC: Yes. Okay.

A Well, yes, except I explained what -- how the equipment list was prepared. And at the end of the day, I didn't prepare the Affidavit that I signed. That was

Stephanie who prepared that, so it is what it is.
Q MR. BIEGANEK: But you signed it and you swore to it?
A I signed it.
Q All right. And you had the ability to instruct counsel to correct any misapprehensions or misstatements in the Affidavit?
A Correct.
Q And didn't do that?
A I did not.
MR. BIEGANEK: All right. Just give me a couple minutes to go through my notes, and then I think I will be in a position to adjourn.
(DISCUSSION OFF THE RECORD)
Q MR. BIEGANEK: I just want to go back and touch on one thing. This is relative to your testimony that you gave earlier today about the provision of the GSAs to CNC by the limited partnerships. And I appreciate there has been a lot of soil tilled on this piece, but I don't recall if there was an answer or an undertaking given in respect of it. You indicated that Heather Barnhouse insisted that they get signed. Do you know, Mr. McCracken, if the bank -- either bank representatives or bank counsel sent any written request to Ms. Barnhouse asking for CNC to shore up its position vis-a-vis the limited partnerships or take those GSAs?

A I don't know that.
MR. DELBLANC: You are talking about the March --
MR. BIEGANEK: The March 29th --
MR. DELBLANC: Subsequent to the forbearance?
Q MR. BIEGANEK: Correct. So you are already speaking to Ms. Barnhouse about a few items. Can you ask her if she received any written requests from the bank --
A Yes.
Q -- to have --
MR. DELBLANC: With regard to the GSAs?
Q MR. BIEGANEK: Specific -- just the GSAs.
MR. DELBLANC: Okay. We will make those inquiries and see what we come up with and, once we get something, if we get it, we will consider our position on --
MR. BIEGANEK: All right.

UNDERTAKING NO. 23

INQUIRE OF HEATHER BARNHOUSE TO DETERMINE AND ADVISE AS TO WHETHER HEATHER BARNHOUSE RECEIVED WRITTEN REQUESTS FROM BANK REPRESENTATIVES OR BANK COUNSEL WITH REGARD TO GSAS

MR. BIEGANEK: Subject to receiving the undertakings and any answers arising from those, I am adjourning my questioning.
MR. DELBLANC: Thank you.

MS. NICHOLSON FURTHER QUESTIONS THE WITNESS

Q MS. NICHOLSON: I just have a couple things that I could -- only two. They relate to the GSAs -- or pardon me, the guarantees and the GSAs and the assignment of book debts. And I just wanted to be clear that no unanimous directors' resolutions were obtained by the GPs in connection with the granting of those.

MR. DELBLANC: I think you asked him that.

MS. NICHOLSON: I think I did, but I wanted to be sure.

MR. DELBLANC: Yes, you did. And he signed them too.

Q MS. NICHOLSON: No, we know that. And also no unanimous resolutions were signed by the --

MR. DELBLANC: You asked that again.

Q MS. NICHOLSON: -- limited partners in connection with the granting of those GSAs and the assignment of book debts and the guarantees --

MR. BIEGANEK: You asked that.

Q MS. NICHOLSON: -- correct?

MR. DELBLANC: You asked that.

MS. NICHOLSON: I just wasn't sure, because we handled it in two chunks. So I just wanted --

MR. DELBLANC: No problem. And if it turns out --

MS. NICHOLSON: -- to be sure I --

MR. DELBLANC: And if it turns out we -- you didn't, just send me a letter and we will respond that way.

MS. NICHOLSON: Thank you very much. I am adjourned also subject only to these undertakings.

PROCEEDINGS ADJOURNED:

4:53 P.M.

Certificate of Transcript

I, the undersigned, hereby certify that the foregoing is a complete and accurate transcription of the proceedings taken down by me in shorthand and transcribed by means of a computer-aided transcription to the best of my skill and ability.

Dated at the City of Edmonton, Province of Alberta, this 9th day of December, 2018.

Briana Nicoll, CSR(A)

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For convenience, the undertakings and/or objections have been summarized and indexed into the following list to be used at the discretion of counsel.

EXHIBITS

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BARRISTERS • SOLICITORS

Bryan & Company

GEORGE J. BRYAN Q.C. 1900-1975

December 12, 2018

Via email

Dear Counsel:

Re: 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 Holdings Ltd.

Further to the cross examination of Affidavit of Paul McCracken on December 4th and 5th, 2018, please find the following responses to undertakings.

1. IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 17.2 OF WANDERING LPA IN RELATION TO BORROWING OR GRANTING SECURITY, ADVISE AS TO SUCH PROVISION

No additional provision has come to my attention beyond what is in article 17.2

2. RECEIVE INQUIRIES BY MS. NICHOLSON OF REQUEST FOR RECORDS AND CONSIDER PRODUCING A COPY OF SUCH RECORDS IN RELATION TO WANDERING LP AND WANDERING GP

I will receive inquiries by Ms. Nicholson and consider producing a copy of such records

3. MAKE INQUIRIES ON BEHALF OF MR. MCCRACKEN TO DENTONS OR ELSEWHERE WITH A VIEW TO TRY TO SECURE MINUTE BOOKS RELATING TO ALL LPS AND GPS AND, IF SUCH MINUTE BOOKS ARE REQUESTED, CONSIDER MAKING SUCH MINUTE BOOKS AVAILABLE FOR REVIEW

Denton's has the minute books.

4. IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 4 OF UNANIMOUS SHAREHOLDERS' AGREEMENT INVOLVING BONNYVILLE PROJECT IN RELATION TO HOW DIRECTORS COULD BORROW FROM AND GRANT SECURITY TO OTHERS, ADVISE AS TO SUCH PROVISION

No additional provision has come to my attention beyond what is in article 4

5 IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 4 OF UNANIMOUS SHAREHOLDERS' AGREEMENT INVOLVING KILOMETER PROJECT IN RELATION TO HOW DIRECTORS COULD BORROW FROM AND GRANT SECURITY TO OTHERS, ADVISE AS TO SUCH PROVISION

No additional provision has come to my attention beyond what is in article 4

6. IF ANY OTHER PROVISION COMES TO THE ATTENTION OF PAUL MCCRACKEN BEYOND WHAT IS IN ARTICLE 4 OF UNANIMOUS SHAREHOLDERS' AGREEMENT INVOLVING PEACE RIVER PROJECT IN RELATION TO HOW DIRECTORS COULD BORROW FROM AND GRANT SECURITY TO OTHERS, ADVISE AS TO SUCH PROVISION

No additional provision has come to my attention beyond what is in article 4

7. MAKE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHETHER ANY LEASE PAYMENTS WERE MADE UNDER THE KILOMETER LEASE AND, IF SO, ADVISE AS TO THE AMOUNT OF SUCH PAYMENTS AND ADVISE AS TO WHEN SUCH PAYMENTS WERE MADE

No lease payments were made under the Kilometer lease.

8. IF THERE EXISTS A SECTION IN AGREEMENT BEYOND SECTION 1.1 OF GSAS (NOT INCLUDING WANDERING GSA) WHICH DEALS WITH INDEBTEDNESS FOR WHICH SECURITY IS PROVIDED, ADVISE AS TO SAME

No additional provision has come to my attention beyond what is in article 1.

9. MAKE REASONABLE REQUEST OF HEATHER BARNHOUSE AS TO WHETHER THERE EXISTS PRIOR ITERATIONS OF GENERAL SECURITY AGREEMENT AND, IF SUCH EXISTS, PRODUCE A COPY OF SUCH PRIOR ITERATIONS OF GENERAL SECURITY AGREEMENT

The request has been made of Heather Barnhouse. Have not received a reply at this time.

10. (TAKEN UNDER ADVISEMENT) INQUIRE OF HEATHER BARNHOUSE AS TO WHETHER SHE HAS CORRESPONDENCE WITH THE BANK IN CONNECTION WITH GENERAL SECURITY AGREEMENT AND, IF SO, PRODUCE A COPY OF SUCH CORRESPONDENCE

The request has been made of Heather Barnhouse. Have not received a reply at this time.

11. MAKE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHETHER ON OR ABOUT MARCH 29, 2017, CNC ADVANCED MONIES TO SOME OR ALL OF THE LPS IN EXCHANGE FOR OBTAINING OR GRANTING GSAS

No money was advanced to the partnerships in exchange for the GSA's. We thought that the GSA's were part of CWB confirming that they had priority over each partnerships receivables so their receivables could be margined.

12. MAKE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHETHER THE LPS RECEIVED SOMETHING OTHER THAN MONEY FROM CNC IN EXCHANGE FOR GRANTING THE GSAS TO CNC

The LPs didn't receive anything for the GSA's. As stated above we thought that the GSA's were part of CWB confirming that they had priority over each partnerships receivables so they could be margined.

13. INQUIRE OF SHAYNE MCCRACKEN AND BRIAN STASYNEC TO DETERMINE AS TO WHETHER THERE EXISTED SEPARATE OPERATING LINES OF CREDIT AVAILABLE TO EACH

OF THE FOUR LIMITED PARTNERSHIPS IN QUESTION AND, IF SUCH EXISTS, PRODUCE COPIES OF DOCUMENTS ESTABLISHING SUCH LINES OF CREDIT

There was one line of credit. Each partnership had to sign documents allowing CWB to have security over the its marginable receivables. The level of the line of credit was determine by the marginable receivables of Canada North / DJ / Campcorp and the partnerships. We do not have copies of the partnership security documents. We have asked Heather Barnhouse if she has copies but have not received a reply at this time.

14. INQUIRE OF SHAYNE MCCRACKEN TO DETERMINE AND ADVISE AS TO WHETHER CANADA NORTH CAMPS WAS BANKING WITH CANADIAN WESTERN BANK AS AT DECEMBER OF 2014

Canada North banked with CWB at December 2014.

15. REVIEW RECORDS TO DETERMINE AND ADVISE AS TO WHETHER EACH OF THE LIMITED PARTNERSHIP AGREEMENTS CONTAIN THE SAME CLAUSE AT 11.2

Have been unable to review each partnership agreement to determine if they all contain the same clause at 11.2

16. DETERMINE AND ADVISE AS TO WHETHER CWB HAD A GENERAL SECURITY AGREEMENT IN PLACE OVER THE ASSETS OF CANADA NORTH AS AT DECEMBER 2014

We do not keep copies of GCA's in our offices. A request has been made of Heather Barnhouse but we have not received a reply at this time.

17. INQUIRE OF SHAYNE MCCRACKEN, BRIAN STASYNEC, OR DENTONS LAW FIRM TO DETERMINE AND ADVISE AS TO WHETHER A LETTER OF RELEASE OF INTEREST WAS OBTAINED FROM CANADIAN WESTERN BANK IN RESPECT OF ASSETS WHICH WERE SOLD TO THE 726 GROUP IN 2014

A request has been made of Heather Barnhouse with regards to a letter or release of interest was obtained from CWB but we have not received a reply at this time.

18. IF MONIES WERE USED TO GENERALLY COVER OPERATIONAL EXPENSES (IN RESPECT OF SALE OF ASSETS TO 726 GROUP OF $20 MILLION), PROVIDE A GLOBAL NUMBER OF SUCH MONIES

General operation expenses covered from sale of 726 assets

Payroll	500,000
CRA	1,600,000
Equipment Rental	720,000
Vendor payments	300,000
Accounting	37,000
Operating Line payment	3,084,000
General operating funds left in CWB	6,920,000

Bryan & Company LLP
PH (780) 423-5730 FAX (780) 428-6324
2600 Manulife Place 10180–101 ST., Edmonton, AB T5J 3Y2

19. USE BEST EFFORTS TO DETERMINE AND ADVISE AS TO WHAT WAS PROVIDED TO BONNYVILLE PARTNERSHIP AT THE TIME AGREEMENT WAS ENTERED INTO (IN RELATION TO ARTICLE 14.1(D) OF LIMITED PARTNERSHIP AGREEMENT)

We have no record of what additional items, if any, were provide to the Bonnyville Partnership at the time the agreement was entered into.

20. USE BEST EFFORTS TO PRODUCE A COPY OF INVENTORY LIST DONE BY CANADA NORTH IN RELATION TO BILL OF SALE WHICH LISTS ALL UNITS ACQUIRED BY 726 REMOTE ACCOMMODATIONS (RELATING TO EXHIBIT B IN AFFIDAVIT OF BARRY ROMAN SWORN OCTOBER 2)

Inventory list for Bonnyville Sale attached

21. REVIEW RECORDS TO DETERMINE AND ADVISE AS TO WHETHER LEASE AGREEMENT BETWEEN 726 AND KILOMETER 147 PARTNERSHIP WAS EVER AMENDED TO CHANGE SERIAL NUMBERS AND DESCRIPTION OF SIX UNITS IN QUESTION (RELATING TO EXHIBIT B OF SUPPLEMENTARY AFFIDAVIT OF BARRY ROMAN SWORN NOVEMBER 27, 2008)

No amended lease agreement was found which amends the serial numbers of the six units in question

22. MAKE BEST EFFORTS TO PRODUCE A COPY OF EMAIL SENT TO STEPHANIE WANKE FROM PETE ROBB SENT AT OR PRIOR TO APRIL 30, 2018, WHICH STATES INITIALS RMP ON EXHIBIT D-1 CONFIDENTIAL AND D-32 CONFIDENTIAL MEANT THAT SUCH ASSETS WERE OWNED BY RAM

Pete Robb is looking for the email but has not provided it at this time.

23. INQUIRE OF HEATHER BARNHOUSE TO DETERMINE AND ADVISE AS TO WHETHER HEATHER BARNHOUSE RECEIVED WRITTEN REQUESTS FROM BANK REPRESENTATIVES OR BANK COUNSEL WITH REGARD TO GSAS

The request has been made of Heather Barnhouse. Have not received a reply at this time.

Yours truly,

BRYAN & COMPANY LLP

Stefan Delblanc
SD/th

Enclosure

ANSWER TO UNDERTAKING NO. 20
PAUL MCCRACKEN

BILL OF SALE

THIS BILL OF SALE made effective December __, 2014.

BY:

CANADA NORTH CAMPS INC.
an Alberta corporation
(the "Vendor")

- in favour of -

726 REMOTE ACCOMMODATIONS, LTD.
a British Columbia corporation
(the "Purchaser")

IN CONSIDERATION of payment of the sum of Twenty Million ($20,000,000.00) Dollars, plus GST by the Purchaser to the Vendor, the receipt and sufficiency of which is hereby acknowledged by the Vendor, the Vendor absolutely transfers and conveys unto the Purchaser the equipment, installation, setup and startup costs, more particularly described on Schedule "A" attached hereto (collectively the "Equipment").

1. The Vendor covenants with the Purchaser that:

   (a) it is now rightfully and absolutely possessed of the Equipment and has the right to transfer and convey the Equipment to the Purchaser;

   (b) the Purchaser shall enjoy quiet possession of the Equipment;

   (c) the Vendor will do and execute all such further acts, deeds and assurances with respect to the Equipment that the Purchaser may reasonably request;

   (d) the Equipment is free from any charge, lien, claim, mortgage, security interest or encumbrance of any kind; and

   (e) the Equipment is transferred on an as-is, where is basis, with no representations or warranties of any kind.

2. This Bill of Sale shall be governed by the laws of the Province of Alberta.

3. This Bill of Sale may be executed in counterparts and each such counterpart shall together constitute one and the same document. An executed copy of this Bill of Sale transmitted by email or facsimile shall have the same force and effect as an originally executed document.

IN WITNESS WHEREOF the parties hereto have executed this Bill of Sale as of the date first written above.

CANADA NORTH CAMPS INC.

Per: ______________________

726 REMOTE ACCOMMODATIONS, LTD.

Per: ______________________

SCHEDULE "A"

EQUIPMENT

See attached

Schedule A

Bonnyvile West

SERIAL NUMBERS

3 WELLSITES

116 Wellsite

118 Wellsite

201323001SSSL Wellsite

22 UNIT KDR

CCSLKS076 Kitchen Storage

260072575 Kitchen

260072576 Kitchen

260072577 Kitchen

CCSLKD077 Kitchen Diner

CCSLKD078 Kitchen Diner

CCSLKD079 Kitchen Diner

FX11UD201318001 Diner

FX11UD201318002 Kitchen Diner

FX11UD201318003 Kitchen Diner

FX11UD201318004 Diner

FX11UD201318005 Diner

FX11UD201318006 Diner

FX11UD201318007 Diner

FX11UD201318008 Diner

FX11UD201318009 Diner

FX11UD201318010 KDR Diner

FX11UD201318011 Diner

FX4UK201324001 Kitchen

FX4UK201324002 Kitchen

FX4UK201324003 Kitchen

FX4UK201324004 Kitchen

1 DORM

FX30201305001 Dorm 30 Room

FX30201305002 Dorm 30 Room

FX30201305003 Dorm 30 Room

FX30201305004 Dorm 30 Room

FX30201305005 Dorm 30 Room

FX30201305006 Dorm 30 Room

FX30201305007 Dorm 30 Room

FX30201305008 Dorm 30 Room

6 J&J DORMS

Bonnyville West

SERIAL NUMBERS

270085789 FH J&J Dorm 1
265085790 FH J&J Dorm 1
265085791 FH J&J Dorm 1
270085792 FH J&J Dorm 1
270085793 FH J&J Dorm 1
265085794 FH J&J Dorm 1
265085795 FH J&J Dorm 1
270085796 FH J&J Dorm 1

270085798 FH J&J Dorm 2
260585799 FH J&J Dorm 2
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265085812 FH J&J Dorm 3
265085813 FH J&J Dorm 3
270085814 FH J&J Dorm 3

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270085819 FH J&J Dorm 4
270085820 FH J&J Dorm 4
265085821 FH J&J Dorm 4
265085822 FH J&J Dorm 4
270085823 FH J&J Dorm 4

Bonnyville West

SERIAL NUMBERS

270085825 FH J&J Dorm 5
265085826 FH J&J Dorm 5
265085827 FH J&J Dorm 5
270085828 FH J&J Dorm 5
270085829 FH J&J Dorm 5
265085830 FH J&J Dorm 5
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270085837 FH J&J Dorm 6
270085838 FH J&J Dorm 6
265085839 FH J&J Dorm 6
265085840 FH J&J Dorm 6
270085841 FH J&J Dorm 6

Installation, setup and startup costs

ORIGINAL
JUDICIAL CENTRE OF EDMONTON
FILED
DEC 14 2018
Clerk of the Court

COURT FILE NUMBER: 1703 12327

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 HOLDINGS LTD.

Questioning of **BARRY ROMAN** pursuant to Rule 6.8 of Alberta Rules of Court, taken at the offices of Duncan Craig LLP, Barristers & Solicitors, 2800, 10060 Jasper Avenue, Edmonton, Alberta, commencing at 8:30 a.m., on December 6, 2018.

See next page for appearances.

D.C. McAllister
McAllister LLP
2500, 10155 - 102 Street
Edmonton, Alberta T5J 4G8
780.425.2500

For 726 Modular Finance Ltd., 726 Remote Accommodations, Ltd., and Reliant Asset Management, LLC

C. Nicholson
Z. Han
Jensen Shawa Solomon Duguid Hawkes LLP
800, 304 - 8 Avenue S.W.
Calgary, Alberta T2P 1C2
403.571.1520

For 726 Modular Finance Ltd., 726 Remote Accommodations, Ltd., and Reliant Asset Management, LLC

C. Russell, Q.C.
McLennan Ross LLP
600, 12220 Stony Plain Road
Edmonton, Alberta T5N 3Y4
780.482.9200

For Canadian Western Bank

D.R. Bieganek, Q.C.
Duncan Craig LLP
2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
780.428.6036

For Ernst & Young as Monitor

S.L. Delblanc
Bryan & Company LLP
2600, 10180 - 101 Street
Edmonton, Alberta T5J 3Y2

For Paul McCracken

Sharon Hayes, CSR(A)

Court Reporter

(PROCEEDINGS COMMENCED AT 8:30 A.M., DECEMBER 6, 2018)

BARRY ROMAN, SWORN, EXAMINED BY MR. BIEGANEK:

Q Good morning, Mr. Roman.

A Good morning, sir. How are you today?

Q Not too bad, thank you. How about yourself?

A Fine, thanks.

Q Good. You are here today to be questioned on a few affidavits that you have sworn in Court of Queen's Bench of Alberta Judicial Centre of Edmonton Action 1703 12327, and just for clarity sake, the affidavits that I'm going to refer you to today are your affidavits sworn on October 2nd, 2018, which is a two-volume tome, potentially an affidavit which you swore on November 20th, 2018, which would allow you or if the Court granted that relief, to file a supplemental affidavit which you swore on November 27th, 2018. Do I have those three affidavits noted correctly, sir?

A I believe you do, yes.

MR. BIEGANEK: Now, Mr. McAllister, just for the record, the copies that I have with me today are unfiled, but I understand that the -- not the October one, but the November ones are now filed; is that correct?

MR. McALLISTER: That is correct, yes.

MR. BIEGANEK: Thank you.

Q MR. BIEGANEK: Mr. Roman, you confirm that you

took an oath to tell the truth this morning?
A Yes.
Q You understand that there are legal obligations upon you to tell the truth while you're under oath?
A I do.
Q Now, there are three corporations that you're noted as being an officer and director of, 726 Remote Accommodations, Ltd., 726 Modular Finance Ltd., and Reliant Asset Management, LLC. Is that correct?
A Correct.
Q For the purposes of this questioning today, I will refer to 726 Remote Accommodations, Ltd. as 726 Remote or Accommodations, and you'll understand --
A I will.
Q -- that I'm referring to that company?
A I will.
Q And for 726 Modular Finance Ltd., I'll refer to them as Finance or 726 Finance, and you'll understand I'm referring to that company?
A Yes.
Q With respect to Reliance Asset Management, LLC, I'll simply use your definition, RAM, and you'll understand I'm referring to that company?
A Yes.
Q I understand that 726 Remote and 726 Finance are British Columbia corporations?
A Correct.

Q And who are the shareholders and directors of those companies?

A Myself and two officers of Wafra investment firm, which funds our business.

Q Can you name those individuals?

A Mr. Tone and Mr. Gontar.

Q Can you spell those for the record, please?

A I think Tone is T-O-N-E, and Gontar is G-O-N-T-A-R.

Q Is Wafra also a shareholder of that enterprise?

A Through another company called RAM Ventures, yes, they are. Individuals of Wafra are shareholders of RAM Ventures, which owns a majority stake in Reliant and the subsequent 726 companies.

Q Are the shareholdings the same for 726 Finance?

A Yes. Both of the 726 companies are wholly owned by Reliant.

Q Okay. Reliant is a US company?

A US LLC.

Q What state is it incorporated in?

A Delaware.

Q I could have guessed. In terms of RAM, who are the shareholders and directors of that company?

A Of RAM, the officers are my brother, Michael Roman, and myself. Directors also include Mr. Tone and Mr. Gontar and I believe one other individual at Wafra, but I don't recall his name. It's not active.

Q All right. Do you have a shareholder's stake in RAM?

A I do.
Q What about your brother?
A He does.
Q I take it Wafra is also a shareholder in that enterprise, in RAM?
A As I mentioned, Wafra is a -- formed a company called RAM Ventures, which is a shareholder in that company.
Q What's the split, approximately?
A As of today, there are a number of options, but none -- not exercised as of now. It's 65 percent RAM Ventures and 35 percent my brother and myself.
Q Okay. What's your personal professional background, sir?
A Undergraduate in Economics, master's in Finance from Northeastern University in Boston. Worked at Bank of Boston as a commercial loan officer for a few years. Started a company called Resun, which was a national modular building company in the States. Since, it has become ModSpace. And then president and founder with my brother, Reliant Asset Management.
Q When did you start Reliant Asset Management?
A 2010.
Q Now, in terms of the businesses of each of the three companies that we have here, let's start with RAM. Is it -- I don't want to put words in your mouth or guess, but would I call that the holding company?
A That would be accurate.

Q Then there are a series of operating entities underneath?
A Yes.
Q In terms of 726 Remote, what is its primary business?
A It is an owner and lessor of commercial modular buildings in Canada, primarily remote housing and kitchens and assets of that nature. Only in Canada.
Q In terms of -- it's a British Columbia corporation. What jurisdictions in Canada does it operate in?
A 99 percent Alberta.
Q Okay. 726 Finance, what is its primary business?
A It's exactly the same.
Q So there's no real difference?
A In fact, if I may, the way we are funded from the Wafra investment firm is through a series of investment tranches, if you will. So if we require money to make investments in assets, we go to them and they provide a pool of money. Each pool of money is set up in a separate special purpose corporation so that the assets purchased by that pool of money can be tracked independently. In the United States, we have seven SPVs, SPV 1, 2, 3, 4, 5, 6, 7, various tranches of money.
Q SPV being special purpose vehicle?
A Special purpose vehicle, correct. Placeholder name, if you will.
Q Yes.

A Immaterial to anyone in the business except for us and our accounting of those assets purchased under those tranches of monies.

In Canada, we have two tranches of money, the first one being 726 Finance. That tranche of money bought assets not in question here and then bought some in what turned out to the Monias transaction, and then that ran out of money, and we set up another corporation called Remote Accommodations 726 with the next tranche of money, if you will.

Q Okay.

A So they are, you know, in essence, separate accounting legal vehicles but interchangeable in how they do business. In essence, almost invisible.

Q All right. But I'm a lawyer, so I get a little picky sometimes. To the outside world, there is a difference between 726 Remote and 726 Finance, correct?

A They have different names.

Q But they're also different legal entities, correct?

A Correct.

Q To the extent that there's paper documentation establishing who the lessor or owner is of particular pieces of equipment, that would presumably be in the name of one or the other corporation, correct?

A That's correct.

Q And then you're talking about what you do internally is you're just keeping it separate on the books because of the funding that comes in from Wafra Capital -- through Wafra Capital Partners; is that a fair statement?

A That's correct.

Q That was leading me into my next series of questions. I take it that you -- when I say you, it's you or your brother or your 726 enterprise -- don't have an interest in Wafra Capital Partners; it's the other way around?

A Correct.

Q They own the interest in your enterprise. In terms of the funding, you've given me some information about that, but when you put paper on -- and I'll talk generally -- put paper on or buy assets, are there specific assignments or any documentation which assign a certain bundle of assets or paper to a particular fund or to a particular company?

A When funds were originally used by one of the SPVs, either the two 726 Canadian ones or the US ones, the initial expenditure of funds buys specific assets.

Q Okay. So the fund flows into 726 Remote, as an example, and it's already noted as between 726 and the funder that this money is going to buy these assets, and those assets are expected to be in that SPV?

A Not necessarily. The initial funding is as described. However, because these buildings are fungible, they are multiple assets that can be taken apart, many times both in Canada and in the States one initial funding from an initial SPV may then be broken up and transferred to other SPVs with internal memos, if you will.

Q Okay.

A So that it can be tracked, but it's basically in a different SPV.

Q And the transfer is done for what purpose?

A Because, for example -- easy example. If I did 10 school buildings at one location initially funded by one of the SPVs, they leased for two or three years. I received them back as it happens, and then they went off into different locations. A different location may be majority or significantly owned by a different SPV. I would then transfer those -- we would have those assets then transferred to that SPV so they can be billed and accounted correctly at one company.

Q Would there then be new -- I'll call it new paper, if you will, entered into with -- if it's another entity that takes it over, or would the paper that you have with the originating entity be the paper that stays in place?

A There's internal memos that would indicate the transfer, but because all of the money comes from the same person, it's not as important, if you will.

Q For your purposes.

A Correct. There is typically a memo transfer of assets from one entity to another so that we can track where

they are.
Q Canada North, when did you first get to meet or when did you first meet Paul McCracken?
A In -- I believe sometime in mid-summer of '14.
Q Okay.
A Maybe a little earlier.
Q My understanding from him is that it occurred sometime -- well, as a result of the floods which occurred down in southern Alberta. There was -- you had some assets there, and he got to meet you through that; is that fair? Correct?
A I -- yes.
Q At some point, you engaged in discussions with Mr. McCracken about doing business together?
A Correct.
Q So how did these discussions come about? Whose idea was it to engage in business with one another?
A It was joint.
Q Okay. The discussion entailed setting up some camps?
A Initially entailed us leasing assets to them or one of their entities to then sublease to oil and gas companies for either part of a camp or -- initially it wasn't a whole camp. It was just parts of ones.
Q Okay. As part of your leasing arrangements or discussions, would you have done some due diligence on the Canada North Group?
A Yes.

Q Did they have to make a funding application to your organization?
A I reviewed their financials.
Q Can you recall if they were consolidated financials at the time?
A I believe so, but I cannot recall.
Q Okay. Did you put together a due diligence package or have ready access to that package still today?
A I do not.
Q What would have happened to that information?
A I still have some financial statements from them, yes.
Q Okay. What period of time would those financial statements be for, Mr. Roman?
A I believe their year end was September 30th, and I believe I have seen fiscal year end 2013, 2014, and 2015, I think, later on.
Q These partnership arrangements -- and I'll get to those in a minute -- went into place late 2014, early 2015?
A Correct, end of '14, early '15, yes.
Q The discussions started in the summertime?
A Correct. Yes, fall.
Q Can you undertake for me, Mr. Roman, to review your records and produce for me the financial statements and any other financial information that you have in your possession pertaining to the Canada North Group arising out of these discussions; in particular, the financial statements you've just referred to?

A Yes.
Q Along with any other documents that you have pertaining to Canada North's financial status as at that time?
MR. McALLISTER: Best efforts.
(DISCUSSION OFF RECORD)
MR. BIEGANEK: Do you want to confirm that, Mr. McAllister?
MR. McALLISTER: Again, to confirm the undertaking, 726 group will have a look at its records and on a best efforts basis produce the 2013 through 2015 financial statements provided by Canada North Group, along with any other finance strength-related documentation it can find leading up to and including December 2014.

UNDERTAKING NO. 1:

MAKE BEST EFFORTS TO PRODUCE THE 2013, 2014, AND 2015 FINANCIAL STATEMENTS PROVIDED BY CANADA NORTH GROUP, ALONG WITH ANY OTHER FINANCE STRENGTH-RELATED DOCUMENTATION LEADING UP TO AND INCLUDING DECEMBER 2014

Q MR. BIEGANEK: Now, in respect of the partnership structures, who proposed that the venture be set up through partnership mechanism?
A I do not recall if it was their attorneys or our folks.
Q Okay. But ultimately, there were four partnerships or limited partnerships that were established, and I think the four of them were, just so we're clear on the

record, we started with Bonnyville Lodge limited partnership, Kilometer 147 limited partnership, Wandering River Lodge limited partnership, and Peace River Lodge limited partnership, correct?

A That's correct.

Q In each instance, there was a general partner established which had a similar name to the partnerships themselves, and there were documents prepared, so limited in respect of each, a limited partnership agreement, a unanimous shareholders agreement for the general partner, and service agreements and operations agreements for the operation of each of the camps that were established under those partnerships. Is that a fair description of the paper that was involved?

A That's correct.

Q The general understanding -- and we'll get to a little more of the specifics shortly -- was that there would be some contribution of assets or funding by the 726 group, some assets by the Canada North Group, some expertise by some other parties like Chief Monias in some respects, and that the Canada North Group would be responsible for the day-to-day operations of the camps.

A That's correct.

Q That's a very general description, but that's my understanding of the arrangement.

A That is correct.

Q Okay. Now, when you were having the discussions with Mr. McCracken, did he provide you with information with respect to the funding arrangements that Canada North had in place with its banker?
A He did not.
Q So did you have discussions with Mr. McCracken about how Canada North would be able to fund on an ongoing basis the day-to-day operations and functions of each of these camps established under these partnerships?
A Yes. The discussions were related to the financial statements earlier mentioned, and they had substantial net worth and appeared to be very viable, and I was led to believe that they had plenty of available cash to uphold their side of the transaction.
Q Again, I appreciate you're going from memory. Did the financial statements disclose any short-term or long-term liabilities to any lender?
A They probably may have. I have no recollection if there was one or who it was.
Q Did the name Canadian Western Bank ever come up in your discussions with Mr. McCracken, first of all prior to your entering into these arrangements?
A No.
Q Did you at some point understand that the Canada North Group was obtaining financing from the Canadian Western Bank during the course of your involvement with Mr. McCracken?

A I first even heard the name Canadian Western Bank in probably end of, you know, spring of 2017.
Q In what context did that -- did you become aware of Canadian Western Bank's involvement?
A In conversations with Paul McCracken that they were having financial troubles and they had personally guaranteed debts to that bank. That's the first I heard of it.
Q Now, turning to the establishment of these partnerships -- for that, you'll need your larger tome.
A And my glasses.
Q And your glasses. You mentioned attorneys or legal counsel. At the time the documentation was first done up, were 726 and Canada North represented by the same counsel, or did you have separate counsel from the outset?
A The documents were drafted by Heather Barnhouse at Dentons, but we were represented by Stikeman.
Q So Stikeman would review the paper, provide comment, and anything like that.
A Correct.
Q Okay. In terms of some of the arrangements, each partnership seemed to have been -- there was a general idea, but they each had variations on the theme what was being provided; is that a fair statement?
A Yes.
Q Now, in terms of Bonnyville, that's the first one in

your affidavit. Whether it's the first in time, I'm not entirely sure, but we'll go in the order that you presented them. The agreement that you've put in your affidavit bears a date of December 10th, 2014, and as we entered yesterday an amended and restated Bonnyville agreement, did you have the amended and restated agreement in your possession, or do you recall?
A I have no recollection.
Q Okay. Now, in respect of this transaction, this involved an acquisition of several assets from Canada North Group and payment of $20 million plus some tax on that and then the placement of these assets within the partnership, correct?
A When we made the acquisition, the assets were already set up and the camp was set up.
Q Okay. Mr. McCracken wasn't clear on that yesterday, or at least didn't make that clear. But your understanding was the camp had already been moved to the Bonnyville location and was already set up?
A Correct.
Q And you had taken a look at it, I presume, before you did the acquisition?
A I had.
Q The only documentation that at least is in your affidavit in respect of the acquisition in terms of contract documents is the bill of sale.
A Correct.

Q There were no other asset acquisition documents done up. Was there an asset purchase agreement done?
A No.
Q No asset purchase agreement?
A No.
Q When did you go to review the property?
A I believe in the fall or early winter of 2014.
Q In this particular instance -- and this is probably more curiosity than anything -- there was no lease agreement that was done up between the partnership and the 726 entities? It was just straight partnership. What was the rationale for that?
A Because the camp was already built and the assets were there, we did not provide additional assets to the camp, and since it was all built, we simply -- we were asked by Paul if we would buy it. We decided to do so, and it was set up in, as you say, an unusual arrangement where the first 20 million of proceeds from the camp were to come to us after paying expenses. The next 8 million was to go to Canada North, and then it was, I think, split after that.
Q The 8 million to Canada North was based on the agreed upon land value for the land upon which the camp was situated?
A The land and assets and setup and whatever was there, yeah.
Q So you got the -- I'll use vernacular terms for the

moment. You've got the modular units, and your claim is including -- if they were furnished, they came as a full package, right? That's your claim? And the contribution from Canada North was the land and the setup and the things that go with that, if I might.

A That's accurate.

Q All right. If we look at page 9 of the agreement which is found at Exhibit A to your October 2nd agreement, that's article 14, and the top of the page is 14.1. 14.1 is the contributions to be made by that limited -- the Canada North limited partnership which, for the record, is Canada North Group LP Holdings Ltd., and the contributions listed there include the proportionate share of the initial working capital, which is not significant, the land owned by CNG or its affiliate, staff, labour, groceries, housekeeping, and then there's the reference to the service -- services agreement and the operating agreement. The startup losses, installation and setup costs, equipment, lands, disks, et cetera, that's what you're referring to in terms of the setup costs?

A Yes.

Q And installation of some dorms at 3 million, which I understand didn't happen?

A Yes. We, in essence, pre-funded $3 million, as you can see from Section C there -- E, I'm sorry, that at some point, if the camp had the -- had customers that needed additional capacity, we would install those six Jack and Jill dorms on that site, and they would do the installation because they were already prepaid $3 million from us.

Q And that 3 million was part of the 20 million?

A It was.

Q Okay. And then the commitments by 726 -- and for the record, the limited partner is 726 Remote -- was, again, the proportionate share of working capital, the listed equipment valued at 20, and I take it that the reference there to the six J and J dorms, is that the reference to the $3 million in pre-funded J and J dorms, or is that something else?

A No, the J and J dorms were part of the 20 million. The 3 million was to install them at some later date.

Q All right. Got you. But they were purchased as part of the original?

A The dorms were purchased as part of the -- it was on the bill of sale.

Q All right. Was it your understanding that the camp itself was owned by Canada North Camps at the time you did this transaction?

A Yes.

Q Now, as part of your due diligence for the acquisition, are you aware of whether your counsel, Stikeman's, undertook any searches to determine whether or not the camp assets at Bonnyville were free and clear of

encumbrances?
A I do not know.
Q Would you be able to make inquiries of them to determine if they conducted any of those searches?
A Unfortunately, some of the Stikeman people are no longer there, and we're having difficulty contacting them.
Q Right. But Stikeman's does still have your files, as you understand it?
A I would assume so. I don't know how they organize or how long they hold things.
MR. McALLISTER: I have the file.
MR. BIEGANEK: All I'm interested in is to determine if, at or around the time the partnership agreement for Bonnyville was entered into and the purchase transaction took place, if there was on the file a personal property registry search in respect of the vendor, so the Canada North Group or any member of that Canada North Group, and if there was such a search done, if you could produce that for me from those files.
MR. McALLISTER: I'll take that under advisement.

UNDERTAKING NO. 2: (TAKEN UNDER ADVISEMENT) ADVISE WHETHER, AT OR AROUND THE TIME THE PARTNERSHIP AGREEMENT FOR BONNYVILLE WAS ENTERED INTO AND THE PURCHASE TRANSACTION TOOK PLACE, THERE

WAS A PERSONAL PROPERTY REGISTRY SEARCH IN RESPECT OF THE VENDOR, AND IF THERE WAS SUCH A SEARCH DONE, PRODUCE SAME

Q MR. BIEGANEK: Yesterday we entered as exhibits in Mr. McCracken's questioning -- and I do appreciate we've got a pile of paper here, Mr. Roman -- the services agreements and the operation agreement for each of these entities for the operating agreement. For the record, they were entered as -- the services agreement was entered as Exhibit D-18 and the operating agreement was entered as Exhibit D-22. I just want you to identify those documents, sir, if you can, for me.

A They appear to be the correct documents.

Q You've seen those before?

A Yes, sir.

Q And you're familiar with them?

A Yes, sir.

Q Were they documents that 726 or RAM had utilized previously?

A No.

Q Okay. But these were the two documents that were referred to in the limited partnership agreement as the ones to be entered with Canada North for the provision of services in the operation of the camp?

A Yes.

Q 726 Remote is listed as one of the parties on this operating agreement. Can you recall why 726 would have

been listed as a party in respect of this particular camp?
A I do not.
Q But your understanding of the operation of the operating agreement itself was that, in essence, the full operation of the camp was delegated to Canada North, Canada North was to receive all the revenue, pay all the expenses, and to the extent there was profits, Canada North would distribute those to the GP for distribution in the partnership?
A Exactly.
Q And if there were no profits made and there were losses sustained, Canada North would continue to hold the revenue until such time as the losses were covered?
A Correct.
Q All right. What length of time did the Bonnyville camp operate, or did it?
A It was operational when we acquired the camp.
Q M-hm.
A The Bonnyville area was very, very busy up until around that date, unfortunately, and it had a fairly minor usage through the spring and summer of '15, and that was about all.
Q Was there ever a partnership distribution or a profit distribution to 726?
A No.
Q And the notion or at least the understanding, as I read

it from the partnership agreement, was that upon 726 -- the 726 limited partner receiving 20 million in distributions, then title to those assets would transfer to the partnership?
A Not quite. I believe the 20 million had to be recovered by 726 group and then 8 million recovered by Canada North, and then it was transferred.
Q So both of those items had to be --
A I believe so.
Q That's your understanding?
A That's my understanding.
Q In respect of the interest that 726 had in that partnership and the interest it had in those assets, am I correct in my understanding, sir, that there was no financing statement registered or personal property registry in favour of 726 against those assets at the time the partnership agreement was entered into?
A As I now know, yes.
Q Did you, at any time, have discussions with your legal counsel about whether or not that should have been undertaken?
MR. McALLISTER: That's privileged.
OBJECTION NO. 1
Q MR. BIEGANEK: In respect of the directors of Bonnyville Lodge GP Ltd., the general partner, I understand there were four; there was yourself, your brother Michael, and Mr. and Mrs. McCracken. Is that

your understanding?
A That's my understanding.
Q The registered office for the GP was the Dentons office in Edmonton?
A I have no recollection of that. If you say so.
Q Did you understand that Dentons would be the legal counsel for the limited partnership?
A Dentons prepared virtually all of those documents.
Q Okay. But they were vetted by your counsel?
A They were.
Q In your supplemental affidavit that you swore on November 27th -- you might need that.
MR. McALLISTER: Yes.
Q MR. BIEGANEK: And I'd like you to, if you can, at the same time, if you've got paragraph 14 on page 9 of the limited partnership agreement before you as well.
MR. McALLISTER: Yes, both are before the witness.
Q MR. BIEGANEK: I think you gave me evidence already that the Canada North side was to provide the startup costs and equipment and sundries. That was one of their contributions in the LP agreement. Then in paragraph 15 of your supplemental affidavit, you include a claim for equipment installation, setup, and startup costs as well. Now, I take it that your view of things is that you paid $20 million plus tax for

what you considered to be a complete camp; is that your understanding?
A Yes, yes.
Q But you agree with this statement -- and I think we need to turn to the bill of sale, which is about midway through Exhibit B --
MR. McALLISTER: Yes.
Q MR. BIEGANEK: -- of your first affidavit. The basis of the claim for the balance of assets is the last line on the line page of the schedule. Is that a fair statement?
A Partly. There's also discussion in page 1 of the bill of sale about equipment installation, setup, startup, if you see in paragraph 1. In consideration, it indicates all those same items.
Q In the preamble.
A In the bill of sale.
Q Right. But they just transferred to you the setup -- all the installation, setup, and startup costs for which you paid?
A An operational camp.
Q Right. But you'll agree with me that the only items that are actually listed on schedule A are specific -- specific trailer units, correct?
A And the comment at the end.
Q But the comment at the end doesn't include any other descriptors other than that?

A Correct.
Q Now, with respect to the funding of this acquisition, that's in Exhibit B to your affidavit, the first affidavit, and I'm looking at a string of emails starting almost immediately after, so it's about --
MR. McALLISTER: I've got it.
Q MR. BIEGANEK: It's probably the fourth page there. The top of the page has Hesselink, Ann. Do you see that? Right at the bottom of the page is an email from FX Operations to it looks like a David Tipple and a John Frey. Do you see that? And it looks like the wire is from or to the benefit of Modular Funding Ltd. What is that company?
A Modular Funding is the company Wafra used to fund Canadian investments.
Q This funding was to the credit of which of the 726 entities?
A Remote Accommodations, I believe.
Q Okay. Is there an internal memorandum or document that will confirm that?
A I would expect so.
Q Could you review your records and produce a copy of that for me, please?
A I will attempt to do so.
MR. McALLISTER: That's fine.

UNDERTAKING NO. 3:

PROVIDE THE INTERNAL MEMORANDUM OR DOCUMENT

CONFIRMING THE FUNDING WAS TO THE CREDIT OF REMOTE ACCOMMODATIONS

(DISCUSSION OFF RECORD)

Q MR. BIEGANEK: So Bonnyville was already an established camp. The next one we have in the order of appearance in your affidavit, in any event, is the Wandering River one, and in this particular instance, we do have a lease arrangement. Can you explain to me the difference or the rationale for using the lease arrangement in the Wandering River instance?

A When this opportunity came to us, it was specifically tied to a contract with TransCanada to construct the Grand Rapids Pipeline or northern bitumen line, I believe. And the schedule of assets required were what was required to fulfill TransCanada's need for this contract, and there were both active periods, if you will, and sort of standby rents.

Q The limited partnership agreement is found at Exhibit E of your October 2nd affidavit, and the partnership contributions there were listed at, again, page 9, article 14.

MR. McALLISTER: Yes, before the witness.

Q MR. BIEGANEK: Once again, in this particular instance, there's a provision of land through the -- I'll call it the Canada North connection and one other who is a partner in at least that land ownership. The contribution of what I'll call the operational

logistics for the camp by Canada North and 726 was providing equipment as listed on a master lease; is that correct?
A That's accurate.
Q The lease in question, the master equipment lease agreement is found at Exhibit F?
A That's accurate.
Q Just so I'm clear and we have it clear for the record, the methodology utilized by 726 to address the leases is enter into a master equipment lease agreement, and then as equipment is added, use equipment schedules, and those may be numbered sequentially, if there are multiples; is that fair?
A That's accurate.
Q Again, those lease equipment schedules have additional schedules to them as well so there's one schedule which lists assets and the one which lists value. Is that a fair general description?
A Yes.
Q Now, in respect of the equipment that was to be provided, in this instance, to the Wandering River limited partnership, that equipment is generally outlined in the documents that are attached as Exhibit G to your affidavit; is that correct?
A That's accurate, yes.
Q Now, just looking at the first page in Exhibit G, that list of assets, am I correct in my understanding that

this is not an internal 726 document?
A It is not.
Q And this was not a document that was in existence at the time the paper was created; is that --
A That's accurate.
Q This is a summary of the personal property registry searches, I believe, that were likely undertaken by legal counsel?
A Appears to be.
Q So in terms of the actual equipment schedule, at least the first one, I believe we entered that as Exhibit D-9 in Mr. McCracken's questioning. Do you have that handy?
MS. NICHOLSON: Yes. Off the record for a second.
(DISCUSSION OFF RECORD)
Q MR. BIEGANEK: You have Exhibit D-9 in front of you?
MR. McALLISTER: It's before the witness.
Q MR. BIEGANEK: Equipment schedule number 1 actually lists the payment terms and the equipment value, and schedule -- one of the schedules to that document -- I think it's the last one, schedule B -- lists the equipment that was put on this lease, correct? Equipment and other values?
A Equipment that we owned, yes.
Q You indicated that there were two payment rates, and

those are listed about halfway down the first page of equipment schedule number 1, correct?

A That's correct.

Q It's $297,600 per month plus tax for a 12-month TransCanada guarantee period and a variable monthly rate during the 30-month down period based on occupancy, but in no event less than $193,800 per month.

A That's correct.

Q Payments were made under this arrangement?

A Some payments were made, yes.

Q Are you able to provide me with a list of those payments in total?

A Not offhand, but I could look for that.

Q Could you undertake to do that?

A Yes.

MR. McALLISTER: We'll take that under advisement.

MR. BIEGANEK: Why?

MR. McALLISTER: Because I want to consider it.

UNDERTAKING NO. 4: (TAKEN UNDER ADVISEMENT) PROVIDE A LIST OF THE PAYMENTS MADE UNDER EQUIPMENT SCHEDULE NUMBER 1 IN RELATION TO WANDERING RIVER LODGE

Q MR. BIEGANEK: Which entity made the payments? Did they come from Canada North or did they come specifically from Wandering River Lodge limited

partnership?
A I do not know.
Q Would you have access to records which confirm that?
A I'm not sure.
Q Okay. Well, as a secondary undertaking in respect to the first one, can you review records and use your best efforts to determine who made the payments on the lease?
A I can.
MR. McALLISTER: Okay. Again, it's kind of a sub, so we'll take it under advisement as well.
<u>UNDERTAKING NO. 5</u>: (TAKEN UNDER ADVISEMENT) MAKE BEST EFFORTS TO DETERMINE WHO MADE THE PAYMENTS ON THE LEASE RELATING TO EQUIPMENT SCHEDULE NUMBER 1 IN RELATION TO WANDERING RIVER LODGE
(DISCUSSION OFF RECORD)
Q MR. BIEGANEK: Now, in respect of this particular transaction with Wandering River Lodge, there's a flow of funds summary included in Exhibit G. It's about midway through, right ahead of a -- it looks like this.
MR. McALLISTER: Yes, it's before the witness.
Q MR. BIEGANEK: First of all, you'll agree with me that I think the lease in this case and the lessor is listed as 726 Remote Accommodations Ltd., correct? The lease -- just double check the lease --

A This is an internal document.
Q I understand that. I just want -- the lease is with 726 Remote Accommodations, correct?
A Correct.
Q This is a flow of funds summary. This is an internal document prepared by 726?
A Yes.
Q And this outlines the flow of funds in respect of this particular transaction; is that fair?
A This was provided to demonstrate proof of payment, in essence.
Q I understand. I'll get to that. It looks like the invoices were to 726 Modular Finance Canada, according to this summary.
A Correct.
Q And the funding came in to the credit of 726 Modular Finance Canada?
A I don't know.
Q Would you have internal records to confirm which of the two 726 entities received the funding?
A I can attempt to find it.
Q Can you undertake to use your best efforts to determine that for us and provide confirmation of that, to the extent it's not already in your affidavit?
MR. McALLISTER: Yes, we'll give that undertaking.
A I believe Modular Finance Canada was the Wafra entity

that was originating the funding.
Q MR. BIEGANEK: All I'm trying to get to is the chain of title.
A I think it went from Wafra right to Atco, for example.
Q But it was -- this happens to indicate it's to the -- there's an invoice generated to the company that's not listed as the lessor.
A I understand.
Q There's payment that's made. There's a gap -- there appears to be a gap in the paper is all I'm saying. So I want to know who got the funding, which of the two entities received the funding. That's the first piece. Secondly, is there anything in writing between 726 Modular and 726 Remote Accommodations which transfers an interest in those assets to 726 Remote Accommodations?
MR. McAllister: Yes, we'll give that undertaking.

UNDERTAKING NO. 6:

MAKE BEST EFFORTS TO DETERMINE WHICH OF THE 726 ENTITIES RECEIVED THE FUNDING RELATING TO EQUIPMENT SCHEDULE NUMBER 1 IN RELATION TO WANDERING RIVER LODGE AND ADVISE IF THERE IS ANYTHING IN WRITING BETWEEN 726 MODULAR AND 726 REMOTE ACCOMMODATIONS WHICH TRANSFERS AN INTEREST IN THOSE ASSETS TO 726 REMOTE ACCOMMODATIONS

Q MR. BIEGANEK: With respect to the -- do you have Exhibit D-9 again?

MR. McALLISTER: Yes.

Q MR. BIEGANEK: The schedule B is the equipment that 726 Remote Accommodations claims entitlement to, and I'll get to the equipment swap in a minute, but on the lease document, this is the list of equipment, correct?

A Yes.

Q There's been no amendments to this lease document in terms of the list of equipment?

A No.

Q The Wandering River general partner that was established had what I understand to be the following directors, and that was Phil Harrison, Paul McCracken, Chief Monias, and yourself; is that your understanding?

A I believe that's accurate, yes.

Q There were, as I understand it, restrictions on what directors could and could not approve in terms of each of these limited partnership general partners under the terms of the USA?

A Correct.

Q We spent a lot of time yesterday going through that. In respect of the lease that was taken out by 726 Remote Accommodations, can you recall, Mr. Roman, if there was a unanimous director's resolution signed by the members of the board authorizing the entry into of that lease?

A The entry into the original lease?
Q Yes.
A I will have to check. I believe so, but I don't know.
Q Well, if you could review your records and if you're able to locate such a written resolution, produce it for me. Alternatively, if there was a meeting, whether by telephone, in person or otherwise --
A To enter into the lease is what you're asking about?
Q Correct, and that was unanimously approved by each of those directors.
A Okay.
MR. McALLISTER: We will give that undertaking.

UNDERTAKING NO. 7:

ATTEMPT TO LOCATE AND PRODUCE A WRITTEN RESOLUTION AUTHORIZING ENTERING INTO THE ORIGINAL LEASE

(DISCUSSION OFF RECORD)
Q MR. BIEGANEK: On the Peace River matter now, as I understand it from Mr. McCracken, the idea behind establishing this camp was to deal with a major project that Shell was intending to undertake near Peace River, Alberta, correct?
A That's accurate.
Q Am I correct in my understanding that you had a part in those negotiations?
A I met with the people at Shell, yes.
Q So this partnership was established to build a camp to service that particular contract?

A Correct.
Q Which ultimately never actually came to fruition?
A That is correct.
Q In this particular instance, the limited partnership agreement is exhibited at Tab K of your first affidavit?
MR. McAllister: Yes, it's before the witness.
Q MR. BIEGANEK: Here, the only parties involved would have been 726 and the Canada North Group, correct?
A Correct.
Q And the contributions to -- the commitments, if you will, by each of the partners are outlined in article 14 of the document? Do you see that?
A Yes.
Q Yesterday, we entered into evidence as an exhibit a copy of that limited partnership agreement which had the blanks filled in. Do you have that handy? I only had the one copy, Ms. Nicholson?
MS. NICHOLSON: It's Exhibit D-15.
MR. BIEGANEK: For the record, it was entered as Exhibit D-15. I think the dates were penned in there, if I'm not mistaken, and it's January 23rd, 2015.
MR. McAllister: Yes, sir.
Q MR. BIEGANEK: There's a lease referred to with respect to the CNG partnership, and that lease was

also entered into evidence yesterday, if I can lay my hands on it, and that was a lease involving -- whereby Canada North Group would receive -- the partner would receive some level of payment over time for its deferred profit on the construction of the units?

A Correct.

Q And it was your understanding and agreement that -- or understanding with him as a partner that that was satisfactory?

A Yes.

Q The commitments of 726 again took the form of a master equipment lease agreement. I think there were three schedules to this particular one and, if I'm not mistaken, it was entered as Exhibit D-10.

MR. McALLISTER: While we're locating D-10, are you done with D-9?

MR. BIEGANEK: Yes.

MR. McALLISTER: Okay. I've got D-10 here.

Q MR. BIEGANEK: Mr. Roman, we've provided you with a copy of the document that's been entered as Exhibit D-10. That's the master equipment lease that's referenced in clause 14.2(b) of the limited partnership agreement?

A Yes.

Q The understanding that I have is that the Canada North construction company Campcorp was manufacturing the dorms that were to be placed on the Peace River site?

A Correct.
Q And that those dorms were being acquired by 726, and then those units would be placed on site and this lease would evidence the arrangement for repayment on those units; is that correct?
A That's accurate.
Q There was a $1 option under the terms of this arrangement such that if the lease payments were all made over the term that the partnership would obtain title to the units in question?
A Correct.
Q Now, there is an equipment schedule attached to that -- two or three equipment schedules. The first one, which Mr. McAllister has in hand, lists the specific equipment. Do you agree with that statement, sir?
A Yes.
Q Then the subsequent two schedules, if you look at I think it's equipment schedule number 2.
A 2, yes.
Q Just lists value; is that a fair statement, sir?
A It is.
Q So the list of items that are attached to that schedule which Mr. McAllister has in his hand, if you flip through the list, that list is put there solely for the purpose of evidencing value; is that a fair statement?
A Yes, the way it was arranged, they would provide services or subcontract the services. They then would

claim that they paid those bills and we reimbursed.
Q And the value was then added to, if you will, the lease for the equipment that was listed on the first schedule.
A Yes, sir.
Q But it doesn't represent an addition of additional collateral.
A Not serial numbered dorms, but there are still assets, things.
Q Okay. But you'll agree with me that schedule -- that the facing page of that document says there's no new equipment added?
A I agree.
Q And that is a 726 form, correct?
A That's correct.
Q Now, the limited partnership agreements does not actually speak to the entry into of an operations or services agreement, but we do know there were an operations and services agreement for this particular camp, and is it your understanding and was it your agreement that Canada North would, as with the other camps, operate and run the camp, take all the revenue, pay all the expenses?
A Correct.
Q In respect of the general partner for the Peace River Lodge, that's Peace River Lodge GP Ltd., there were, again, four directors; yourself and your brother

Michael and Mr. and Mrs. McCracken. Is that your understanding?
A That's my understanding, yes.
Q In respect of this particular lease agreement, sir, do you know if there was a unanimous directors resolution authorization this entry?
A The entry of the lease?
Q The entry of the lease.
A I do not know.
Q Can you, as with the last LP, undertake to review your records and, if you have a copy, produce same for me?
A Sure.

UNDERTAKING NO. 8:

ATTEMPT TO LOCATE AND PRODUCE A WRITTEN RESOLUTION AUTHORIZING ENTERING INTO THE ORIGINAL LEASE RELATING TO PEACE RIVER LODGE

Q MR. BIEGANEK: Now, this camp never opened, did it?
A It was briefly operational for fire workers and things like that. It had maybe 50, 60 people in it for a few months.
Q Did 726 receive any lease payments?
A No.
Q Did you have discussions with Mr. McCracken about utilization of the camp for fire purposes?
A Yes.
Q Did you have discussions about whether lease payments

would be made as a result of that occupation, or was it just a best efforts basis?
A It is best efforts basis.
Q The next partnership --
MR. McALLISTER: Just before we move on, are we done with D-15 and D-10?
MR. BIEGANEK: Yes.
Q MR. BIEGANEK: The next partnership agreement that we have is found at Exhibit Q. That's the amended and restated Kilometer 147 limited partnership agreement. Again in respect of this particular agreement, Chief Monias is listed as a partner, correct?
A Correct.
Q The commitments and contributions for each of the partners are again found at article 15?
A The same as before.
Q What was the purpose behind setting up this particular partnership for this camp?
A As all the others, to lease to oilfield workers to make a profit.
Q Was there a specific contract in respect of this camp as there was with Wandering River and Peace River?
A No, no.
Q This would have been more of an open camp?
A That's the correct terminology, yes.
Q Set up on I'll call it a speculative basis?

A You could say that.
Q As it turns out, all of these were?
A As it turns out. Certainly like to turn back time a little about.
Q There's a lot of people in this province that would.
A I'm sure there are.
Q In terms of the commitments in respect of the Canada North side, it was once again primarily the operations, and in respect of the 726 side, there was another master equipment list?
A Yes. They did have equipment at this camp, however, in addition to ours.
Q That doesn't appear to be set out in this, but was this camp already set up or did it get established during the course of your negotiations?
A Negotiations.
Q There was another party involved in this, Kingdom Properties?
A It was the land holder of the MLL on which the property -- camp was sitting.
Q If we turn to Exhibit R again, the next exhibit, this listing is not an internal 726 document; is that correct?
A I believe that's correct.
Q So if we turn to -- flip through the first three pages, we have then the master equipment lease agreement that's dated January 12th, 2015, between Kilometer 147

LP and 726 Remote Accommodations?
A That's correct.
MR. BIEGANEK: Just off the record.
(DISCUSSION OFF RECORD)
Q MR. BIEGANEK: Thank you, counsel. So the master lease agreement and the equipment schedules were marked as Exhibits D-11A through E in Mr. McCracken's questioning. You have that document in front of you, Mr. Roman?
A I do.
Q You recognize that as the master equipment lease agreement and schedules referred to in the limited partnership agreement?
A Yes.
Q The equipment -- if we looked first at the equipment schedule number 1, which I think would be Exhibit 11B?
A B, yes.
Q There is an equipment schedule A for 726 Remote at Monias Lodge that's attached to that, and that lists the equipment that 726 placed on site?
A Yes.
Q Now, in your supplementary affidavit -- maybe put that in front of him.
MR. McALLISTER: Yes.
Q MR. BIEGANEK: You have included with that what you've described as an amended equipment list. Do you have that in front of you?

MR. McAllister: It's before the witness.
Q MR. BIEGANEK: When was that amended equipment list prepared?
A I don't know.
Q Was this prepared by 726?
A It looks the same to me.
Q No, it's not.
MR. McALLISTER: I believe that there's a difference in schedule B.
MR. BIEGANEK: Right.
A Okay.
Q MR. BIEGANEK: Where schedule A appears to be the same, there's an amendment for schedule B. Now, as I understand, again, the operation of your documents -- when I say yours, I'm talking about 726.
A Internal.
Q Your equipment schedule number 1 has a list of equipment which is usually noted as schedule A and then a value establishment which is listed as schedule B, correct?
A Correct.
Q So are we to take it that the claimed equipment under your lease is the schedule A in your November 27th affidavit, Exhibit A, with the value listed in B?
A Which is which again?
Q Well, you've indicated in your affidavit, in your second affidavit, that the items listed in schedule A

represent -- Exhibit A represent an amendment to the original lease with the Monias Lodge -- pardon me, I've got the wrong camp. I'll go back to that.
A Okay.
Q I was up late and up early. My apologies.
A So we're not talking --
Q We won't talk about that for a moment. We'll go back to --
A The same camp.
Q -- D-11. Different camp. We're at Kilometer 147.
A It's the same thing.
(DISCUSSION OFF RECORD)
Q MR. BIEGANEK: Now that I've been corrected in my approach, if we turn to -- if you've got your supplementary affidavit in front of you, paragraph 15(c) refers to Exhibit A to the supplementary affidavit. Exhibit A is an amendment to schedule B of equipment schedule number 1, which was included as one of the documents marked as Exhibit R to affidavit number 1. Right? Exhibit R to affidavit number 1, we've now pulled out the documents and made Exhibit D-11.
A Right.
Q So in terms of Exhibit D-11, I'm referring you to the schedule B that is the last page of D-11B. Am I to take it from your November 27th affidavit that this schedule B that you've appended as part of Exhibit A

replaces that schedule B in that exhibit?
A All of the serial numbered assets as we look at them are on both.
Q Yes.
A The larger one has setup and soft costs added to it.
Q Okay. But that's just costs, correct?
A It may include also some ancillary items as well we acquired as the camp was being put in.
Q Right. But you'll agree with me that as your documents set it out, to the extent there is actual equipment to be added to the lease, it would be listed in schedule A?
A Serial numbered equipment, yes.
Q That's your evidence, but in terms of your actual documents, they say that schedule A refers to equipment. It doesn't differentiate.
A That's right.
Q But this new schedule represents the value schedule that should be attached as B in the document we marked as D --
A Including miscellaneous equipment, yes, and soft costs, correct.
Q It's your position that that miscellaneous equipment now forms part of the lease; am I correct in that?
A That is correct.
Q Even though that miscellaneous equipment is not listed in schedule A to equipment schedule number 1.

A Yes.
Q All right.
(ADJOURNMENT)
Q MR. BIEGANEK: Mr. Roman, you acknowledge you are still under oath?
A I am.
Q Now, you have your October 2nd affidavit in front of you?
MR. McALLISTER: Yes, that's that one.
Q MR. BIEGANEK: It might be easier if I just flip these to you to take a look at. I'm looking at an invoice that's included in that bundle from Campcorp Canada, invoice number 59641103 and --
MR. McALLISTER: Can you say that -- 59641103?
MR. BIEGANEK: Correct. You have that?
MR. McALLISTER: Yes.
Q MR. BIEGANEK: This is an invoice to Reliant Asset Management, but as I understand it, the lease in this particular instance is once again with 726 Remote Accommodations. So these appear, at least on the face of the invoice, to have been sold, these units, in any event. There's a few others in this bundle, invoice to Reliant Asset Management, and then the funding is undertaken and paid through Wafra and Modular Funding. I asked the question before by way of undertaking in terms of which special purpose vehicle actually received the funding for the purchase. Do you know

that today, sir?
A I believe Remote Accommodations.
Q What I'm going to ask you for is if you can go back and review your records and provide me with the --
A I'll attempt to do so.
Q -- the internal documentation that establishes who -- which of the entities received the funding?
A Just for that specific invoice?
Q Well, for any invoices in this Exhibit R that refer to an entity other than 726 Remote Accommodations or -- and I'm not talking about the Alta-Fab invoices. I'm just speaking to those that were generated by Campcorp, and most of them appear to be to Reliant Asset Management.
MR. McALLISTER: If I can be of some assistance. If you go seven pages down, there's a Reliant Asset Management letter here.
MR. BIEGANEK: Correct.
MR. McALLISTER: Original investment, 726 Remote Accommodations. And this talks about a wire in the amount of $748,624.04 payable to Royal Bank credit of Campcorp.
MR. BIEGANEK: Yes.
MR. McALLISTER: Which that total lines up --
MR. BIEGANEK: I understand that. I understand that. But the original invoice is to Remote -- to RAM.

MR. McAllister: To RAM, yes.
MR. BIEGANEK: So what I'm primarily concerned about is how it is that the -- well, I see that the invoice gets paid through a series of wire transfers from a fund.
MR. McALLISTER: Okay.
MR. BIEGANEK: What I need to see is the internal documentation which establishes that title actually made it to 726 Remote.
MR. McALLISTER: If I could ask the witness, though, would you have anything beyond this?
A I doubt it.
MR. BIEGANEK: I'd want him to double-check and confirm that.
MR. McAllister: That's fine.
A We recognize the invoice as what it is, what it was paid for, even though it was written off.
Q MR. BIEGANEK: I understand how you do it from an accounting purpose. The legal effect of that for third parties might be a little different, so we need to get to the bottom of it.
MR. McALLISTER: I just want to -- if you could set out the clear terms of the request for the undertaking.
Q MR. BIEGANEK: In respect of the invoices that were generated by, in particular, Campcorp of Canada or to the extent there's any in that bundle that deal with

Campcorp USA which indicate that Reliant Asset Management is being invoiced for what appear to be -- we'll just call it units because there are various descriptions.

MR. McAllister: Sure.

MR. BIEGANEK: To the extent that there are those invoices, what I would like Mr. Roman to do is to review the records in the possession of the 726 group to -- and provide me with any, assuming he finds them, that indicate or confirm a transfer of that obligation or title to the assets that are invoiced to 726 Remote Accommodations Ltd.

MR. McALLISTER: Beyond what's already been produced?

MR. BIEGANEK: Beyond what's already been produced.

MR. McALLISTER: That's fine.

UNDERTAKING NO. 9:

ATTEMPT TO PROVIDE ANY RECORDS THAT INDICATE OR CONFIRM A TRANSFER OF TITLE TO THE ASSETS THAT ARE INVOICED TO 726 REMOTE ACCOMMODATIONS LTD.

Q MR. BIEGANEK: Again, in respect of this particular lease, if I'm not mistaken, there was a $1 option to purchase if the payments were made; is that correct?

A Correct.

Q Now, with respect to this particular general partner, I

understand that the directors of Kilometer 147 GP Ltd. were Paul McCracken, Morris Monias -- it's listed as two Morris Moniases. Did he have a son of the same name?
A No.
Q And Barry Roman.
A Not that I know of.
Q Were there only three directors for this one?
A I don't recall. But if you say so, then I concur.
Q Do you recall, Mr. Roman, whether there were any unanimous directors resolutions authorizing the entering into of the master lease agreement between 726 Remote and this limited partnership?
A I don't recall.
Q If you'll undertake to review your records and determine that.
A I will.
MR. McALLISTER: That's fine.

UNDERTAKING NO. 10:

ADVISE WHETHER THERE WERE ANY UNANIMOUS DIRECTORS RESOLUTIONS AUTHORIZING THE ENTERING INTO OF THE MASTER LEASE AGREEMENT BETWEEN 726 REMOTE AND THE KILOMETER 147 PARTNERSHIP

Q MR. BIEGANEK: Now, I've generally taken you through the partnerships and the arrangements. We had a discussion off the record about whether there were closing books for any of these transactions. Do you

recall whether there were closing books for each one of those transactions?
A You know, I believe we have a notebook that it was provided with, in essence -- the essence of a closing book. Not a typical closing book that you would have seen in a transaction, but we do have binders that appear to look like closing books.
Q Were they prepared by legal counsel or were they internally prepared by 726 based on -- when I say 726, I'm referring generally to the three companies -- based on electronic documents that were sent your way or in some fashion?
A I believe yes, the electronic documents that were then copied and put into a binder.
Q What I'd like to ask you to produce for us is in respect of each of these limited partnership transactions that were set up, if you've got binders or documents, if you could provide those complete sets to us. In digital format is fine.
MS. NICHOLSON: This is for Monday, right?
A Scanning hundreds of pages.
Q MR. BIEGANEK: If you have them and you're able to provide them, just let us know what your timing is on them. I'm not going to hold you in contempt for not meeting it.
A Most of it, you would have.
MR. McALLISTER: We'll put together what we can.

UNDERTAKING NO. 11:

PROVIDE THE BINDERS SIMILAR TO CLOSING BOOKS FOR EACH OF THE LIMITED PARTNERSHIPS THAT WERE SET UP

Q MR. BIEGANEK: Now, in respect of each one of these transactions, there's a lot of money that's flowing, right, and when you originally looked at putting these deals together with the Canada North Group, was there a commitment letter or any type of document or agreement that was given to the Canada North Group or issued to them from either 726 or through Wafra that outlined here is what we're prepared to do and the terms upon which we're prepared to do it?
A No.
Q As between 726, RAM, and Wafra, is there any sort of -- other than what you've already provided to us, is there any sort of underwriting document that gets submitted to them that outlines the terms and conditions under which the deal is going ahead?
A Could you please ask that again?
Q Is there a -- you met with Mr. McCracken. There was the genesis of an idea, and actually more than a genesis, but an actual setup of four limited partnerships and clearly a lot of legal work and, I'm sure, some decent sized bills from the Dentons and Stikeman's firms in putting these deals together. Your funder is Wafra, correct? And yes, they've got an interest in your enterprise, but they're still a funder

through whatever funds they accessed money through. My understanding is that in the normal course of events, there would at least be some sort of request for money, and that request may or may not be accompanied by a series of documents and an analysis on why this represents a good investment.

In respect of each one of these, either individually or globally, was there any sort of submission made to Wafra or to the board internally at Reliant Asset Management to say -- to outline this is the nature of this transaction and this investment, these are the terms we're looking at, we're submitting this for approval of the board or of the funder or whatever. Were there those types of documents that were put together and submitted?

A Yes.

Q You would still have access to those documents?

A Possibly.

Q Those would be submitted on a per transaction basis, so for each one of the GPs?

A For each funding, they're submitted. So more than just by transaction. By each funding.

Q Okay. So the extent --

A We're buying assets, holding assets.

Q So Bonnyville is probably the easier example because that was one tranche for a big chunk of money, but in some of these others, there were a few tranches?

A Several, yes.
Q What I would -- am I correct in my understanding that that material has not yet been produced in this affidavit?
A No, and I don't know if it will be. I believe it might be confidential stuff.
Q Well, I'm going to ask for production of that by way of undertaking.
A I'll have to talk to counsel about it.
Q And to the extent there is a request to maintain confidentiality with respect to that, we can accommodate that.

MR. McALLISTER: Well, given my client's comments, I'll take it under advisement and I'll let you know shortly.

MR. BIEGANEK: Just so we're clear on the request, the undertaking request is to produce each of the funding request submissions that were made with respect to each of the fundings that were undertaken in respect of the four limited partnerships that are the subject matter of this application.

MR. McALLISTER: Thank you.

<u>UNDERTAKING NO. 12</u>: (TAKEN UNDER ADVISEMENT) PRODUCE EACH OF THE FUNDING REQUEST SUBMISSIONS THAT WERE MADE WITH RESPECT TO EACH OF THE FUNDINGS THAT WERE UNDERTAKEN IN RESPECT OF THE FOUR LIMITED PARTNERSHIPS

Q MR. BIEGANEK: Now, with respect to these limited partnerships and the general partners, do you recall if there was ever a regular meeting, whether in person or by telephone, of the directors of these enterprises?
A They -- once they were set up, you mean?
Q Yes.
A There was never a meeting.
Q Did you ever receive a request from legal counsel for the general partners to review financial statements and sign off on directors resolutions?
A No.
Q Mr. McCracken indicated yesterday that you had some involvement or at least were familiar with the day-to-day operations of these camps; is that correct?
A No.
Q How often would you come up and meet with Mr. McCracken and go through the operations of the business enterprise?
A I would travel to Edmonton and/or one or two of these camps three or four times a year.
Q Okay. Did Mr. McCracken or anybody at Canada North Group provide you -- when I say you, I mean 726 generally -- with periodic reports on operations?
A No.
Q So nothing really in writing?
A The only -- I would say what I recall, most of the

communication was about potential clients of the various camps that they were talking to or working with or potential oil projects that were allegedly to be undertaken where we might have clients. So it was primarily sales type information on what potentially could go in a camp.

Q But are you saying that he never provided you with an operational report on the camps?

A No.

Q You're not --

A I'm saying yes.

Q He never did provide you with --

A I don't remember -- I don't recall getting any operational reports.

Q Did he give you any financial reports or copies of financial statements?

A We did get some financial statements, yes.

Q Other than the ones you already referred to?

A Yes.

Q So to the extent that you've got financial statements for each of these limited partnerships other than the three year ends that we already discussed, 2013, '14, and '15, if you have copies of those, if you could provide them to us, please.

MR. McALLISTER: That's fine.

UNDERTAKING NO. 13:

PROVIDE COPIES OF ANY FINANCIAL STATEMENTS FOR THE

LIMITED PARTNERSHIPS OTHER THAN THE YEARS 2013, 2014, AND 2015

Q MR. BIEGANEK: I may have touched on it but didn't deal with it directly, and if I already have, I apologize, I'm going to ask it again. Going back to the Bonnyville transaction, do you recall or do you know, Mr. Roman, if your legal counsel at the time made a request in writing or otherwise to the Canadian Western Bank to release interest in any collateral they might hold against the Canada North assets that were purchased?

A I personally had never heard of Canadian Western Bank. I don't know if counsel had done anything along those lines or not.

MR. BIEGANEK: Okay. Off the record.

(DISCUSSION OFF RECORD)

Q MR. BIEGANEK: Arising from our conversation off the record, I've asked for an undertaking based on my understanding that Mr. McAllister has possession of the Stikeman file, that he review that file and determine if a communication was made from Stikeman's to the Canadian Western Bank requesting the Canadian Western Bank release its interest in the assets which were the subject matter of the Bonnyville transaction.

MR. McALLISTER: What I can do is to review it and provide -- indicate whether or not there is anything with which I have been provided, bearing in mind that as per our discussion off the record, I don't believe I have the complete file. I can look at the materials with which I have been provided, and if there are any communications in that file to Canadian Western Bank, I'm happy to provide them. I'm going to take that under advisement for the time being, and we'll let you know right away. But again, I don't want any sort of absence to imply that I have the complete file, which we know not to be the case.

MR. BIEGANEK: I understand that, and I accept your qualification. How's that?

MR. McALLISTER: Thank you.

UNDERTAKING NO. 14: (TAKEN UNDER ADVISEMENT) PROVIDE ANY COMMUNICATIONS TO CANADIAN WESTERN BANK IN THE PORTIONS OF THE STIKEMAN FILE THAT HAVE BEEN PROVIDED

Q MR. BIEGANEK: Mr. Roman, I'm going to ask you questions now with respect to your supplemental affidavit sworn November 27th, 2018.

MR. McALLISTER: Yes.

Q MR. BIEGANEK: Starting at paragraph 16, this is with reference to what you call the equipment swaps at Kilometer 147 LP, and that relates to what you've described or defined as the FX 6 dorms, correct?

A Yes.

Q For the record, that's a 6-unit recreation dorm?

A Yes.

Q And you've listed the serial numbers in paragraph 17, correct?
A Yes.
Q I am correct in my understanding that the dorms which were invoiced to the 726 group are the dorms which are listed in this affidavit or referenced in this affidavit in paragraph 17, correct?
A So these are the ones that are on the invoice?
Q Yes. They're on the invoice and they're on your lease.
A Yes.
Q All right. As it turns out, the understanding is these units made their way to Wandering River and not Kilometer 147.
A Yes.
Q There is an email at Exhibit B to that affidavit which is from Mike McInnis which was sent to yourself and your brother in April of 2015. You have that in front of you?
A I do.
Q Where he advises of the error.
A Correct.
Q But did they ever send you an original invoice or a changing invoice with the new serial numbers on it or the serial numbers they said they had sent up to Kilometer 147?
A I don't believe so, no.
Q Was there any response given to Mr. McInnis by way of

email in response to this?
A Not that I could find. I suspect there was, but I couldn't find it.
Q All right. So as we know it today, the units that are the subject matter of the lease are Wandering River, and you don't know what serial numbers were for the units -- well, you may know now.
A I do know now.
Q But you didn't know as at April 9th, 2015, when this email was sent what the serial numbers for those units that went to Kilometer 147 were.
A As it turned out, correct.
Q And you didn't know that until very recently.
A Well, I didn't recall it until I went back and found this McInnis, and I remembered this swap. The same 6 units for a rec were replaced with another 6-unit rec. The serial numbers, I didn't know.
Q But the lease hasn't been amended?
A With additional serial numbers?
Q Correct. The lease has not been amended.
A No.
Q So the lease, as it stands, has a 6-unit rec unit, but it's for the units that are in Wandering River?
A Correct, as it turns out.
Q Now, I want to address a few things relating to this. You were aware that the Canada North Group did file for court protection under the *Companies' Creditors*

Arrangement Act back in December of 2017?
A I heard about it afterwards, yes.
Q When did you become aware of it?
A A couple of weeks after they filed.
Q So sometime in July of 2017.
A Correct.
Q That was a discussion with Mr. McCracken that came to your attention?
A I believe so, but I cannot recall the exact discussion.
Q Did you, at some point, obtain a copy of the order that was granted by the court in that matter?
A I don't believe so.
Q Okay. Did you understand, Mr. Roman, that while they weren't parties to the proceeding necessarily, at least some of the limited partnerships that 726 was partnered with were the beneficiaries of an extension of the stay of proceedings?
A I don't understand the question.
Q At the time -- do you understand how the *Companies' Creditors Arrangement Act* works?
A Similar to Chapter 11 in the States.
Q So at the time the order is granted, there's usually a halt put in place on any actions by creditors.
A Okay. I understand.
Q That was certainly the case for the Canada North Group applicants that were listed, but a number of the limited partnerships were also beneficiaries of the

halt, if you will. So Bonnyville, Kilometer 147, and Peace River were all given the benefit of a stay of proceedings so that creditors couldn't take steps against them. Did you understand that?
A No, I -- all three of those camps were, in essence, shut down, as far as I knew, and there were no debts.
Q Okay.
MR. McALLISTER: Can we just be clear on -- during which time period you're referring?
MR. BIEGANEK: Well, commencing as of the date of the order, July 6th, 2017, and that stay continues to remain in effect until this day.
MR. McALLISTER: I'm not talking about when the order was. I'm talking about his appreciation for the order.
MR. BIEGANEK: Right, and I'm trying to --
A At the time, I did not know.
Q MR. BIEGANEK: So as of July 2017, you did not know?
A No.
Q Now, I do believe that at some point, Stikeman's and perhaps you yourself were put on the service list and got notification of ongoing proceedings.
A Yes, at some point. I don't know -- recall when.
Q But you have -- would it be fair to say that certainly since December of 2017, you've been kept apprised of what's been going on in the proceedings?

A Not in a detailed level like this, but on a very general basis.
Q All right. The source of your information has been counsel or Mr. McCracken?
A No, counsel.
Q Have you had many discussions with Mr. McCracken over the course of the CCAA proceedings?
A No. A couple, but that's it.
Q Now, you made an application to the court in respect of Kilometer 147 and obtained an order allowing some property or assets to be retrieved. I believe that order was obtained in February of 2018, and I'm showing you a copy of that order. It's actually at tab -- schedule B of the Monitor's 17th report which was filed with the court on September 10th of 2018. Do you recognize that order, Mr. Roman?
A Yes.
Q That order entitled you to take -- when I say you, I mean 726 -- to take back certain listed equipment, and that equipment was listed and attached as a schedule to the order?
A Yes.
Q That schedule appears to be schedule A to the master lease equipment schedule number 1 from the lease itself.
A Yes.
Q All right. And that listed the assets that 746 was

entitled to take; is that right?
A Yes.
Q I understand that there was some security posted with the court.
A Correct.
Q Was that in the form of cash or a bond?
A Replevin bond.
Q Now, do you know, Mr. Roman, if 726 sought approval of the CCAA court to proceed with that application?
A I don't -- I do not recall.
Q Were you present when the court application was made?
A No.
Q So counsel went and then reported back to you on what had occurred?
A I guess so.
Q You swore an affidavit in support of that application on December 5th of 2017? Do you have that in front of you, sir?
A I do, yes.
Q I don't have many questions for you in respect of it. You reference the fact that the Canada North Group at paragraph 14 was -- had entered CCAA proceedings on July 6th of 2017, so certainly as at December 5th, 2017, you were clearly aware of the fact that proceedings had been --
A No, I told you in July, I knew they were --
Q All right. But had you, by this time, seen the order?

A I don't know what an order is.
Q Here.
A I don't recall seeing that or reading that, no.
Q You don't recall seeing -- I put before the witness a copy of the initial order which is filed July 6th of 2017. Do you recall ever having seen that before?
A I do not believe I've ever seen this.
Q All right. Do you know today, sir, whether counsel at the application indicated to the court that there was a stay in place in respect of actions against the -- or in respect of the Kilometer 147 partnership?
A I don't know.
Q Okay. Now, at the time this order was obtained -- and when I say this order, I'm referring to the replevin order -- had 726 taken steps to try and dissolve the partnership that was in place?
A No, we believed it was already in default.
Q Okay.
A Dissolved. We had not -- no.
Q So remember, we've got a couple of agreements in place here.
A I understand.
Q We've got at least three involving the Canada North Group. We've got the partnership agreement, we've got the unanimous shareholders agreement, and we have the lease. I take it from your evidence you assumed that the partnership is effectively dissolved because it

wasn't operating.
A Well, the leases were in default, and those were our assets.
Q Did you, at any time, issue a demand for payment under the lease?
A No.
Q Did you, at any time, issue what up in Canada we call a Section 244 Notice of Intention to Enforce Security?
A No.
Q If I understand correctly, you did not get approval of the CCAA court to go into that camp and remove those assets?
A I believe they were our assets.
Q I understand that.
A I did not, no.
Q That wasn't the question I asked you. Now, when you did go and remove assets, there were some assets that were removed that were not listed on that order, on that replevin order, correct?
A The swapped assets, yes.
Q Okay. I'm showing you an email, and I apologize for the size of the font, but it was necessary to get the schedule on the sheet. This is an email exchange between yourself and Mark Shtay of E & Y, and you understand that Mr. Shtay works for the Monitor, for E & Y?
A Yes.

Q You've had some discussions with the office regarding the claims of 726?
A Yeah, many.
Q This was an email that Mr. Shtay sent to you asking you if you know of the whereabouts of certain of the assets, and he's marked those in yellow. Do you see that? That's the September 4th, 2018, email.
A Yes, I do. I remember this.
Q And you responded to him not long after that saying the assets highlighted in yellow below are not owned by RAM. I believe they were taken from the site by CNC some time ago. I have no idea where. I do not know if they are owned by CNC or not. That's your reply, correct?
A Yes.
Q You acknowledge having received the email from Mr. Shtay and sending that reply?
A Oh, yes.
MR. BIEGANEK: Can I have that marked as the next exhibit.

<u>EXHIBIT D-34</u>: EMAIL FROM MARK SHTAY DATED SEPTEMBER 4, 2018

Q MR. BIEGANEK: Now, as it turns out, Mr. Roman, 726 did, in fact, have possession of the assets that are marked in yellow on the email, correct?
A As it turned out, yes. We knew we had a 6-unit rec. We thought it was -- we took the units that we thought

we owned that were identified, but at that time, I did not recall the swap. Or the other 2 units as well, the kitchen. Two units in the kitchen were swapped as well by Canada North.

MR. McALLISTER: Sorry, can I just get Mr. Roman to look closely at this list here? We've got the swapped units, but there's also additional units which I'd like to draw his attention to.

A Yeah, the Jack and Jills and the dorm 42 weren't ours. I knew Canada North had some assets there. That's where my comment of I thought it was removed earlier by them because I knew they had removed assets, as in the 42 and some other things.

Q MR. BIEGANEK: Your counsel seems rather eager to step in.

MR. McALLISTER: No. I just want to make sure because you had asked him whether all of the assets which are marked in yellow were moved from Kilometer 147 --

MR. BIEGANEK: I did.

MR. McALLISTER: -- to Conklin, and I just want to confirm that that is the case for all of them, because there's been a lot of attention devoted to some of these and very little devoted to the rest. So I just wanted to confirm that.

A I did not move the dorms or the Jack and Jills or this 42 dorm.

Q MR. BIEGANEK: So items number 62 and 61?
A Or 69 either. There was no map that I had with a particular serial number. I had a lot of maps there, but I don't remember any one with a serial number.
Q Just for the record, so we're clear, items 69, 62, and 61, and for the record, that said the unit description on the far left-hand side of that schedule are not in the possession of 726.
A That's correct.
Q And you did not remove them from the site?
A That's correct.
Q But in respect of the other items marked in yellow on this exhibit?
A The 6-unit rec and 2 units I found out later that we had that number of units we thought we had, but they were the wrong serial numbers, as it turns out.
Q But as it turns out, none of these items or serial numbered items are listed on the lease which --
A Yes, that's why we were confused.
Q You don't know when these units were placed on the Kilometer 147 site by CNC.
A I believe I do.
Q Okay.
A They were placed on the site at the original time because the --
Q Just a sec. Let me finish my question. Your belief is based on your discussions with who?

A The McInnis email.
Q But that just refers to the 6 dorms.
A Yes, the other 2, I don't remember ever being told that they were swapped. We had 10 units. They were 10 units. Or 12 units. Whatever the kitchen was was there.
Q But you'll agree with me that none of the units that you took on this list were properly identified by way of serial number to you by the Canada North Group?
A That's correct.
Q None of these units actually appear on the lease agreement.
A That's correct.
Q All right.
(ADJOURNMENT)
Q MR. BIEGANEK: A couple of questions. Did you notify Canada North of your efforts to remove the equipment from the Kilometer 147 camp?
A No.
Q Did you have any discussions with anybody there at the time you were removing it to come up and assist you or identify any of your assets?
A No.
Q At any time during the course of the CCAA proceedings, so since July of 2017, did you speak with the McCrackens or anyone at the Canada North Group about best methods of going about trying to identify the

equipment that was being -- in the possession of the partnerships and trying to segregate it?

A No.

Q Did you have any conversations with them at all about any --

A No.

Q Did you contact the Monitor at any time, other than recently, say, between July and February -- July of '17 and February of 2018, did you contact the monitor about trying to identify any of the equipment that was 726's?

A We had an extensive meeting with counsel with Matt and Ryan in E & Y's office on, I believe -- sometime in July where we identified our assets as we believed them on the serial numbers of the four camps, and since then, after that, we had almost daily conversations with Matt and Ryan about our assets and where they were and what -- when they were.

Q That was July of 2018, correct?

A I guess that's correct, yes. 2018, yes, you're right, sir.

Q So prior to that, though, you did not have any discussions; would that be a fair statement?

A I think that would be a fair statement.

Q Would it also be a fair statement that the conversation was perhaps prompted by the fact that you received a demand letter for payment of some $638,000? Did that prompt the discussion?

A Yes, it did.
Q All right. That came to you sometime in early July of 2018 or maybe late June?
A I can't remember when that was.
Q Okay. Now, you had indicated that you -- during the course of your testimony that you did receive the 2015 financial statements, and I happen to have at least three of them here, for the Wandering River Lodge limited partnership, the Peace River Lodge limited partnership, and the Kilometer 147 limited partnership, so I'm going to start by showing you the Kilometer 147 limited partnership financial statements.
A Which year is this?
Q This is for September 30th, 2015.
A Do you know when that was issued? They were not very diligent or timely with --
Q According to the review engagement report, it says January 25th, 2016. I'm just going to show it.
A No reason not to believe that's not accurate, but they were very late with everything. Okay.
Q Do you recall seeing those?
A I saw things like this. Whether it was this one or not, I can't recall. But I saw partnership financials from --
Q Pennock?
A -- Pennock, yeah.
Q You'll see in respect of Kilometer 147, there is a

capital lease obligation to Canada North Camps Inc. listed there of some -- something north of $2 million. Do you note that?

A I don't remember looking at this, but I'm assuming that is -- I don't know what it is.

Q Do you recall if you received these statements sometime in January of 2016?

A I might have.

Q Did you raise any issues with Canada North or the McCrackens or pose any questions as to what that capital lease obligation meant?

A May I be permitted to read note 3 which it says describes it?

Q You certainly can.

A I don't recall reading that previously, but okay.

Q Did you raise any issue with the McCrackens about the approval for that capital lease, if there was such an approval?

A No.

MR. BIEGANEK: Okay. All right. Can we enter that financial statement as the next exhibit, please.

<u>EXHIBIT D-35</u>: KILOMETER 147 FINANCIAL STATEMENT DATED SEPTEMBER 30, 2015

Q MR. BIEGANEK: The next one I'm going to show you, Mr. Roman, is the financial statement for Peace River Lodge limited partnership for the year ended September 30th, 2015. The report was issued January

25th, 2016, and I've left the document open to the notes. So there is, again, a capital lease obligation to the Canada North Group listed there. Do you recall receiving these financial statements sometime in January or February of 2016?
A I may have, but I don't recall.
Q But you, I think, did give some testimony earlier that you had received some financial statements. You have noted that the financial statements contain a note regarding the capital lease obligation?
A It says payable to Canada North Camps for camp trailers.
Q Yes.
A I do not recall what that would be.
Q Did you have any discussions with the McCrackens about those financial statements in particular that you can recall?
A No.
Q Did you raise any concern with the McCrackens about any obligations that they claimed might be owing to the Canada North Group by Peace River Lodge?
A There were discussions of -- the way the partnerships were written, as you know, is excess expenses or unreimbursed expenses were to be split 50/50. It was brought to my attention at some point -- I can't remember when -- that they were having financial difficulty and that the three, I believe, or -- because

I believe three -- not including Wandering River, but the other three -- there was obligations that 726 would have owed to the partnership to pay for that half of the reimbursement, and if I recall correctly, it was maybe two and a half million dollars, roughly, the three partnerships, when you add them up. At this point, I entered a conversation with both Shayne and Paul, I believe, indicating that they use the $3 million in the Bonnyville transaction for prepaid funding of their prepaid setup of the Jack and Jills, to use that as our contribution because it was obvious at this point we were not setting up the 6 Jack and Jills at Bonnyville. We pre-funded $3 million to Canada North and that they could then -- I gave them permission to use that to offset the monies that we owed.

Q Did you do that in writing?

A Yes.

Q Can you produce that for me, please?

A I sure can.

UNDERTAKING NO. 15:

PRODUCE THE WRITTEN DOCUMENT GIVING PERMISSION FOR CANADA NORTH TO USE THE $3 MILLION PREPAID FUNDING FOR THE SETUP OF THE JACK AND JILLS TO OFFSET THE MONIES OWED REGARDING UNREIMBURSED EXPENSES

Q MR. BIEGANEK: Now, we do know that in the case of the Peace River Lodge limited partnership, there was a deferred profit payment arrangement that Canada North had with that partnership, and that was expressed in US dollars of about 1.7 million, I believe.

A It was allegedly 20 percent of the cost of the assets that they built for us, which was their alleged deferred profit.

Q Well, it's documented.

A 20 percent. That's what it's alleged.

Q But it was documented?

A No question. Yes.

Q They were entitled to receive those payments out of that partnership --

A At the same time when we received our payment.

Q But there was still an entitlement to receive something out of it, correct?

A However, this has since defaulted.

Q The lease has defaulted?

A Correct.

Q When did that lease go into default?

A Three months after it started.

Q Okay. So sometime in early 2015?

A That would be accurate.

Q Okay. Thank you.

Can I enter those financial statements as the next exhibit.

EXHIBIT D-36: PEACE RIVER LODGE FINANCIAL

STATEMENT DATED SEPTEMBER 30, 2015

Q MR. BIEGANEK: Now, yesterday during the course of Mr. McCracken's questioning, we entered as Exhibit D-25 the financial statements for Wandering River Lodge limited partnership for the year ended September 30th, and those statements came out or the report is dated March 21st, 2016. Have you seen those before, Mr. Roman?
A I may have. I can't recall.
Q Okay. This one, for sure, we understand that there were payments made to 726 under the terms of the lease, and I believe you've given me an undertaking to give me the numbers on that. You understand that?
A That's correct.
Q Okay. If you look at note 4 in those financial statements, you'll see that under commitments, (ii), there's two paragraphs. The bottom paragraph under that heading says: The partnership is operating these commitments for camp trailers over the next three years as follows, and it lists some numbered obligations. These leases are held with limited partners 726 Remote Accommodations and Canada North Camps Inc. Is it correct that Canada North Camps also had some leased assets in there?
A At Wandering River? Yes, I believe so. I don't know how many or which ones, but I believe so. There's also Black Diamond assets there.

Q But Black Diamond is not a Canada North company.
A But they were leased to Canada North, so maybe that's what they're referring to.
Q Regardless, Canada North had either assets or leased assets there.
A That's correct.
Q And there was an expectation that those leases would be paid by the partnership to Canada North and then perhaps Black Diamond.
A Correct.
MR. BIEGANEK: Subject to the undertakings that you've provided and the answers that you may or may not provide to those, I will adjourn my questioning. Thank you for coming today.
(ADJOURNMENT)

MR. McALLISTER RE-EXAMINES THE WITNESS:

Q Mr. Róman, you acknowledge you're still under oath?
A I do.
Q So you had indicated just a few moments ago that the leases were in default, I believe it was three months after commencement.
A Correct.
Q Now, are you able to say how much is owing under the Kilometer 147 lease, approximately?
A Not really, because it was in default stat. They owed 3 or 400,000 a month, but we never collected anything.
Q Are you able to say how much was owing under the

Wandering River lease?
A Yeah, there was about 2.4 million owed from Wandering River that we believe was collected by either Waschuck or TransCanada under that contract that was not paid to us that should have been.
Q What about Peace River? Do you know how much --
A Peace River, I think the full lease payments were 6 or 700,000 a month. There was no payments ever made in default.
Q Okay. So are you able to say just how much is owing under Peace River?
A Well, that was a year ago, so there was default, and if no payments were made, default, we write off the amounts due within 12 months of not collecting them. So I have -- I'm showing on my books nothing due because it's in default and more than a year passed. We, in essence, repossessed the assets but didn't take them because there was nowhere to put them.
Q Would you have records which would reflect the amounts?
MR. BIEGANEK: I think that's going a little bit beyond redirect.
MR. McALLISTER: Fine. Thank you.

PROCEEDINGS ADJOURNED: 11:22 A.M.

Certificate of Transcript

I, the undersigned, hereby certify that the foregoing is a complete and accurate transcription of the proceedings taken down by me in shorthand and transcribed by means of a computer-aided transcription to the best of my skill and ability.

Dated at the City of Edmonton, Province of Alberta, this 9th day of December, 2018.

Sharon Hayes, CSR(A)

INDEX

BARRY ROMAN
DECEMBER 6, 2018
EXHIBITS D-34 TO D-36
UNDERTAKINGS 1 TO 15
OBJECTION 1

For convenience, the undertakings and/or objections have been summarized and indexed into the following list to be used at the discretion of counsel.

EXHIBITS

UNDERTAKINGS

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OBJECTION

NO.	DESCRIPTION	PAGE
1	AS TO QUESTION DID YOU, AT ANY TIME, HAVE DISCUSSIONS WITH YOUR LEGAL COUNSEL ABOUT WHETHER OR NOT THERE SHOULD HAVE BEEN A FINANCING STATEMENT REGISTERED OR PERSONAL PROPERTY REGISTRY IN FAVOUR OF 726 AGAINST THE ASSETS AT THE TIME THE PARTNERSHIP AGREEMENT WAS ENTERED INTO	24

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Our File: 59-87659

Your File:

December 10, 2018

To Service List

Dear Counsel:

RE: **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., 816958 Alberta Ltd. and 1371047 Alberta Ltd.
Action No.: 1703 12327

Further to the cross-examination of Barry Roman on affidavit on December 6th, 2017, please find the following responses to undertakings:

1. **MAKE BEST EFFORTS TO PRODUCE THE 2013, 2014, AND 2015 FINANCIAL STATEMENTS PROVIDED BY CANADA NORTH GROUP, ALONG WITH ANY OTHER FINANCE STRENGTH-RELATED DOCUMENTATION LEADING UP TO AND INCLUDING DECEMBER 2014:** Please find included the Canada North Group financial statements for 2013, 2014 and 2015. No further documentation regarding financial strength was provided by Canada North.

2. **ADVISE WHETHER, AT OR AROUND THE TIME THE PARTNERSHIP AGREEMENT FOR BONNYVILLE WAS ENTERED INTO AND THE PURCHASE TRANSACTION TOOK PLACE, THERE WAS ON THE STIKEMAN, FILE A PERSONAL PROPERTY REGISTRY SEARCH IN RESPECT OF THE VENDOR, AND IF THERE WAS SUCH A SEARCH DONE, PRODUCE SAME:** Refused on the grounds of relevance and privilege.

3. **PROVIDE THE INTERNAL MEMORANDUM OR DOCUMENT CONFIRMING THE FUNDING WAS TO THE CREDIT OF REMOTE ACCOMMODATIONS:** Please find included the Memo to Investors in respect of Bonnyville. Other than that and what has already been produced, no further documentation could be located at this time.

4. **PROVIDE A LIST OF THE PAYMENTS MADE UNDER EQUIPMENT SCHEDULE NUMBER 1 IN RELATION TO WANDERING RIVER LODGE:** Please find included the internal 726 Group Excel spreadsheet with records of payment and amounts outstanding for Wandering River LP.

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5. **MAKE BEST EFFORTS TO DETERMINE WHO MADE THE PAYMENTS ON THE LEASE RELATING TO EQUIPMENT SCHEDULE NUMBER 1 IN RELATION TO WANDERING RIVER LODGE:** The internal records of 726 Group indicate the payments came from Wandering River LP. Please find included a cancelled cheque from Wandering River LP to 726 Remote Accommodations Ltd.

6. **MAKE BEST EFFORTS TO DETERMINE WHICH OF THE 726 ENTITIES RECEIVED THE FUNDING RELATING TO EQUIPMENT SCHEDULE NUMBER 1 IN RELATION TO WANDERING RIVER LODGE AND ADVISE IF THERE IS ANYTHING IN WRITING BETWEEN 726 MODULAR AND 726 REMOTE ACCOMMODATIONS WHICH TRANSFERS AN INTEREST IN THOSE ASSETS TO 726 REMOTE ACCOMMODATIONS:** Based on a search of its documents currently on hand, please find included two internal funding memos with respect to some of the Wandering River equipment.

7. **ATTEMPT TO LOCATE AND PRODUCE A WRITTEN RESOLUTION AUTHORIZING ENTERING INTO THE ORIGINAL LEASE:** 726 Group could not locate any such documents in their records at this time.

8. **ATTEMPT TO LOCATE AND PRODUCE A WRITTEN RESOLUTION AUTHORIZING ENTERING INTO THE ORIGINAL LEASE RELATING TO PEACE RIVER LODGE:** 726 Group could not locate any such documents in their records at this time.

9. **ATTEMPT TO PROVIDE ANY RECORDS THAT INDICATE OR CONFIRM A TRANSFER OF TITLE TO THE ASSETS THAT ARE INVOICED TO 726 REMOTE ACCOMMODATIONS LTD.:** Please find included a bundle of documents which include:

    a. RAM Lease Investment Closing Documents Checklist;

    b. Monias Lodge Summary of Investment;

    c. Monias Lodge South Updated Memo to Investors;

    d. Monias Lodge South Transaction Summary with attachments.

10. **ADVISE WHETHER THERE WERE ANY UNANIMOUS DIRECTORS RESOLUTIONS AUTHORIZING THE ENTERING INTO OF THE MASTER LEASE AGREEMENT BETWEEN 726 REMOTE AND THE KILOMETER 147 PARTNERSHIP:** 726 Group could not locate any such documents in their records at this time.

11. **PROVIDE THE BINDERS SIMILAR TO CLOSING BOOKS FOR EACH OF THE LIMITED PARTNERSHIPS THAT WERE SET UP:** Please find attached the tables of contents of the closing binders for Wandering River, Kilometer 147 and Peace River. No closing binder was ever assembled for Bonnyville. The tables of contents have been provided as all of the documents listed therein are already in evidence. However, if any documents are desired, please let counsel know and we will provide the same.

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12. **PRODUCE EACH OF THE FUNDING REQUEST SUBMISSIONS THAT WERE MADE WITH RESPECT TO EACH OF THE FUNDINGS THAT WERE UNDERTAKEN IN RESPECT OF THE FOUR LIMITED PARTNERSHIPS (TAKEN UNDER ADVISEMENT):** Funding requests by 726 Group do not describe particulars in terms of investments, projects or for whose benefit any block of investments or tranche is being made and thus have not been produced. However, memos to investors are descriptive. In addition to that provided in response to Undertaking 9, please find included memos to investors for Bonnyville, Wandering River and Peace River (with attachments).

13. **PROVIDE COPIES OF ANY FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIPS OTHER THAN THE YEARS 2013, 2014, AND 2015:** Please find included the draft financial statements for each of the LPs, each dated September 30th, 2016 as well as Income Statements, Balance Sheets and Vendor Aged Summaries for each of the LPs as of May 31st, 2016.

14. **PROVIDE ANY COMMUNICATIONS TO CANADIAN WESTERN BANK IN THE PORTIONS OF THE STIKEMAN FILE THAT HAVE BEEN PROVIDED:** Refused on the grounds of relevance.

15. **PRODUCE THE WRITTEN DOCUMENT GIVING PERMISSION FOR CANADA NORTH TO USE THE $3 MILLION PREPAID FUNDING FOR THE SETUP OF THE JACK AND JILLS TO OFFSET THE MONIES OWED REGARDING UNREIMBURSED EXPENSES:** Please find included an email to CNC from Barry Roman and a memo from CNC regarding the summary of use of the $3 million.

Please note that the content of the responses to undertakings is commercially sensitive and as such we would ask that you keep these responses confidential.

Regards,
McAllister LLP

Per:
Darcy Christian McAllister
DCM/jm

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ANSWER TO UNDERTAKING NO. 1
BARRY ROMAN

Consolidated Financial Statements

CANADA NORTH GROUP INC.

September 30, 2013

Pennock Acheson Nielsen Devaney

Pennock Acheson Nielsen Devaney

Pennock Acheson Nielsen Devaney
Chartered Accountants

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10088 - 102 Avenue
Edmonton, Alberta T5J 2Z1

Telephone: (780) 496-7774
Facsimile: (780) 423-0582

Independent Auditor's Report

To the Shareholder of **Canada North Group Inc.**

We have audited the accompanying consolidated financial statements of **Canada North Group Inc.**, which comprise the consolidated balance sheet at September 30, 2013 and the consolidated statements of earnings, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Canada North Group Inc.** as at September 30, 2013 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Pennock Acheson Nielsen Devaney

Chartered Accountants

December 20, 2013

CANADA NORTH GROUP INC.
Consolidated Balance Sheet
As at September 30, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	$ 3,522,517	$ 699,423
Accounts receivable	22,089,055	17,395,340
Accrued receivables and work in process	3,481,201	789,880
Inventories	3,145,382	825,564
Prepaid expenses	753,095	304,057
	32,991,250	20,014,264
PROPERTY, PLANT AND EQUIPMENT (Note 3)	23,929,623	17,348,925
DUE FROM RELATED PARTY (Note 4)	2,416,134	403,143
GOODWILL	1,132,305	1,132,305
DEVELOPMENT COSTS	409,334	614,000
	$ 60,878,646	$ 39,512,637
LIABILITIES		
CURRENT		
Short-term borrowings (Note 5)	$ 12,075,692	$ 9,412,696
Accounts payable and accrued liabilities	14,832,982	4,953,072
Income taxes payable	1,718,205	768,793
Current portion of long-term debt (Note 6)	2,601,000	2,107,824
Deferred revenue	1,807,058	6,068,274
	33,034,937	23,310,659
Demand debt due beyond one year (Note 6)	4,101,303	3,281,940
	37,136,240	26,592,599
LONG-TERM DEBT (Note 6)	2,731,093	1,994,751
FUTURE INCOME TAXES	1,450,000	1,268,600
	41,317,333	29,855,950
CONTINGENCIES AND COMMITMENTS (Note 7)		
SUBSEQUENT EVENTS (Note 9)		
SHAREHOLDER'S EQUITY		
Share capital (Note 8)	175	175
Non-controlling interest (Note 4)	4,527,283	814,792
Retained earnings	15,033,855	8,841,720
	19,561,313	9,656,687
	$ 60,878,646	$ 39,512,637

CANADA NORTH GROUP INC.
Consolidated Statement of Earnings and Retained Earnings
Year Ended September 30, 2013

	2013	2012
REVENUE		
Camp, catering and rentals	$ 69,825,988	$ 40,440,153
Manufacturing and construction	36,242,024	12,722,834
	106,068,012	53,162,987
COST OF GOODS SOLD		
Camp, catering and rentals	43,881,500	26,690,795
Manufacturing and construction	33,252,375	9,711,179
	77,133,875	36,401,974
GROSS PROFIT	28,934,137	16,761,013
GENERAL AND ADMINISTRATIVE	11,638,775	8,094,069
EARNINGS FROM OPERATIONS	17,295,362	8,666,944
OTHER EXPENSE		
Depreciation and amortization	3,191,934	2,247,486
Interest on long-term debt	712,497	406,766
	3,904,431	2,654,252
NET EARNINGS BEFORE THE FOLLOWING	13,390,931	6,012,692
NON-CONTROLLING INTEREST	5,305,271	1,164,792
NET EARNINGS BEFORE INCOME TAXES	8,085,660	4,847,900
INCOME TAXES		
Current income taxes	1,712,125	768,678
Future income taxes	181,400	527,600
	1,893,525	1,296,278
NET EARNINGS	6,192,135	3,551,622
RETAINED EARNINGS, BEGINNING OF YEAR	8,841,720	5,290,098
RETAINED EARNINGS, END OF YEAR	$ 15,033,855	$ 8,841,720

CANADA NORTH GROUP INC.
Consolidated Statement of Cash Flows
Year Ended September 30, 2013

	2013	2012
OPERATING		
Cash received from customers	$ 98,682,976	$ 46,166,735
Cash paid to suppliers	(85,615,446)	(42,118,515)
Interest paid	(1,017,356)	(720,128)
Income taxes paid	(762,713)	(1,012,292)
Cash generated from operations	11,287,461	2,315,800
INVESTING		
Purchase of property, plant and equipment	(9,250,102)	(8,236,068)
FINANCING		
Proceeds of long-term borrowings	4,193,250	6,296,931
Repayment of long-term borrowings	(2,464,740)	(5,898,030)
Proceeds from short-term borrowings, net	2,662,996	7,317,399
Advances to non-controlling interests	(1,592,780)	(722,156)
Advances to related party	(2,012,991)	(374,453)
Cash generated from financing activities	785,735	6,619,691
INCREASE IN CASH FLOW	2,823,094	699,423
CASH, BEGINNING OF YEAR	699,423	-
CASH, END OF YEAR	$ 3,522,517	$ 699,423

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Canada North Group Inc. is a leading provider of remote camp accommodations and food services and a manufacturer of modular workforce facilities primarily for the oil and gas industry in Canada.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. The consolidated financial statements represent the consolidated results of the Company and its wholly-owned subsidiaries Canada North Camps Inc., DJ Catering Ltd., Canada North Structures Inc., Campcorp Structures Ltd. (including its wholly-owned subsidiary Campcorp USA Inc.) and its 50% interest in controlled entities PDCNC Limited Partnership, Bigstone Tansi Resources Limited Partnership, HML Lodge Limited Partnership and OMNI Proactive Services Inc. All intercompany transactions and balances have been eliminated.

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks, cash on hand and borrowings of a short-term nature through revolving bank facilities.

Inventories and Work in Process

Food products, eating supplies, raw materials and work in process are valued at lower of cost or net realized value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Repairs and maintenance expenditures that do not extend the useful life or improve the efficiency of the asset are expensed. Depreciation is provided by the Company at rates determined to depreciate the cost of the assets over their estimated useful lives as follows:

Camp trailers	10% declining balance method
Equipment	20% declining balance method
Buildings	10 % declining balance method
Automotive	30% declining balance method
Leasehold improvements	10 year straight line method
Parking lot	8% declining balance method
Computer hardware and software	30% - 50% declining balance method
Linens	50% declining balance method

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Development Costs

Development costs are factory costs incurred prior to the commencement of commercial production that are written-off over 36 months.

Goodwill

The excess cost of assets acquired over the fair value of the identifiable assets acquired is recorded as goodwill. The value of goodwill of individual reporting units is assessed when events occur which may indicate that there has been impairment in the value. Goodwill is assessed by comparing the fair value of a reporting unit to the carrying value of its net assets. Where carrying value exceeds fair value, the carrying value is written down to equal fair value. Fair value of a reporting unit is determined by reference to discounted cash flow estimates, or other methods such as reference to recent market transactions involving similar assets.

Future Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, temporary differences arising between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate the future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

Revenue Recognition

The Company records revenue from camp, catering and rentals when the services are performed. The Company records revenue from construction on a percentage of completion basis based on the ratio of costs incurred to date over estimated total costs. All losses are recognized when known and all revenues are recognized only when collection is reasonably assured.

Financial Instruments

The Company's financial instruments recognized in the balance sheet consists of cash, accounts receivable, accrued receivables, due from related party, short-term borrowings, accounts payable and long-term debt. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in earnings. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are measured at fair value are expensed when incurred.

Foreign Currency Translation

The Company translates foreign currency denominated transactions and the financial statements of integrated foreign operations using the temporal method. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities are translated at rates in effect on the dates of the transactions. Income and expenses are translated at historic rates. Exchange gains and losses on translation of monetary assets and liabilities are reflected in income immediately.

3. **PROPERTY, PLANT AND EQUIPMENT**

	2013 Cost	2013 Accumulated Depreciation	2013 Net Book Value	2012 Net Book Value
Land	$ 71,841	$ -	$ 71,841	$ 71,841
Camp trailers	24,333,931	8,330,249	16,003,682	9,820,542
Equipment	4,569,366	2,032,160	2,537,206	2,357,276
Buildings	2,853,059	709,955	2,143,104	2,381,227
Automotive	3,697,811	2,174,810	1,523,001	1,124,251
Leasehold improvements	1,576,291	467,966	1,108,325	1,176,934
Parking lot	198,560	82,883	115,677	125,737
Computer hardware and software	707,114	363,607	343,507	153,048
Linens	457,886	374,606	83,280	138,069
	$ 38,465,859	$ 14,536,236	$ 23,929,623	$ 17,348,925

Included in the above are camp trailers, automotive, and equipment assets under capital lease with a net book value of $999,331.

4. **DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS**

(i) $2,416,134 (2012 - $403,143) due from 1371047 Alberta Ltd., a company related through common ownership, is non-interest bearing and has no specific repayment terms.

(ii) The Company has paid amounts to the following entities related through common ownership.

		2013	2012
1371047 Alberta Ltd.	- Facility rental	$ 932,500	$ 780,000
816956 Alberta Ltd.	- Yard rental	187,498	180,000
758431 Alberta Ltd.	- Equipment rental	100,324	138,000
Carma Golf Systems Inc.	- Software support	500,000	-
		$ 1,720,322	$ 1,098,000

All transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Included in accounts payable and accrued liabilities is $947,500 due to these related parties.

(iii) Non-controlling interest is comprised of the following:

	2013	2012
PDCNC Limited Partnership	$ 597,705	$ 545,092
OMNI Protective Services Inc.	2,544,027	269,700
Bigstone Tansi Resources Limited Partnership	90,897	-
HML Lodge Limited Partnership	1,294,654	-
	$ 4,527,283	$ 814,792

Consolidated earnings and retained earnings have been reduced by the partners' 50% share.

5. SHORT-TERM BORROWINGS

Canadian Western Bank short-term demand operating borrowings authorized to $19,000,000 bearing interest at bank prime plus 1.5% on $15,000,000 and prime plus 2.0% on a limited $4,000,000 operating line. These loans in addition to term debt outlined in Note 6 are secured by a general security agreement, director life insurance, $6,500,000 limited guarantees from the shareholder and directors supported by a $1,285,000 first charge mortgage on shareholder personal property, and by property held by an entity under common control.

The Canadian Western Bank requires the Company to meet certain debt service, debt to equity and minimum equity covenants. During the year the Company failed to meet certain minimum equity requirements which was subsequently rectified and at September 30th 2013 the Company was in compliance with these covenants.

6. LONG-TERM DEBT

	2013	2012
Canadian Western Bank demand term loans authorized to $7,275,000 repayable in monthly payments of approximately $150,000 plus interest at prime plus 1.25% with various maturities between May 2016 and January 2017 secured as set out in Note 5.	$ 5,868,208	$ 4,310,605
Canadian Western Bank construction financing loan, interest only to July 2014, amortized thereafter over 9 years secured as set out in Note 5.	1,200,000	-
Canadian Western Bank demand loans repayable in monthly payments of $4,396 including interest at varying rates between 7.05% and 7.95%, maturing December 2013 and March 2016 and secured as set out in Note 5	80,226	125,626
Equipment financing repayable in monthly instalments of $25,000 bearing no interest.	1,350,000	1,650,000
Capital lease agreements for equipment bearing interest averaging 8% repayable in blended monthly payments of $62,553 secured by specific equipment, maturing between 2014 and 2018.	878,369	1,256,398
Other equipment financing	56,593	41,886
	9,433,396	7,384,515
Less current portion of long-term	(2,601,000)	(2,107,824)
Less demand debt maturing beyond one year	(4,101,303)	(3,281,940)
	$ 2,731,093	$ 1,994,751

Estimated principal repayments due in the next five years are as follows: 2014 - $2,601,196, 2015 - $2,524,658, 2016 - $2,607,030, 2017 - $747,917, 2018 - $248,819.

6. LONG-TERM DEBT (Continued)

Capital lease repayments included in the above are as follows:

	Principal	Interest	Total
2014	$ 370,834	$ 65,131	$ 435,965
2015	239,725	29,550	269,275
2016	129,843	9,347	139,190
2017	82,712	3,046	85,758

7. CONTINGENCIES AND COMMITMENTS

(i) The Company is committed to lease equipment annually of approximately $1,200,000.

(ii) The Company guarantees a mortgage for $3,929,000 on the Company's main operating facility owned by 1371047 Alberta Ltd. (a related party Note 4).

(iii) In the normal course of business the Company sometimes is named as a defendant in litigation. The Company has no outstanding claims that would have a material impact on these financial statements.

(iv) Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Company's cash requirements. Additional cash requirements are met with the use of the available short-term borrowings and term loans. The short-term borrowings and certain term loans bear interest which fluctuates with the prime, exposing the Company to interest rate fluctuations. The Company monitors interest rates and elects to fix rates to minimize interest rate fluctuation risks. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industries and are subject to normal industry credit risks. The Company earned revenue from three customers comprising approximately 77% (2012 – 81%) of total revenue. The Company does not have any significant risk with respect to accounts receivable to a single customer due to the excellent quality of its major customers. The Company has exposure to foreign currency fluctuations, and will hedge the currency if management deems it appropriate.

8. SHARE CAPITAL

	2013	2012
Authorized:		
Class A, B, C, D and E common shares		
Issued:		
10,000 Class A common voting	$ 175	$ 175

9. SUBSEQUENT EVENTS

Subsequent to the year-end the Company received approximately $2,700,000 in equipment financing on conventional terms.

Consolidated Financial Statements

CANADA NORTH GROUP INC.

September 30, 2014

Pennock Acheson Nielsen Devaney

Pennock Acheson Nielsen Devaney
Chartered Accountants

2201 Toronto Dominion Tower
10088 - 102 Avenue
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Independent Auditor's Report

To the Shareholder of **Canada North Group Inc.**

We have audited the accompanying consolidated financial statements of **Canada North Group Inc.**, which comprise the consolidated balance sheet at September 30, 2014 and the consolidated statements of earnings and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Canada North Group Inc.** as at September 30, 2014 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Pennock Acheson Nielsen Devaney

Chartered Accountants

January 5, 2015

CANADA NORTH GROUP INC.
Consolidated Balance Sheet
As at September 30, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	$ 1,073,288	$ 3,530,043
Accounts receivable	20,539,822	22,449,055
Work in process	2,157,744	3,481,201
Inventories	1,667,485	3,145,382
Prepaid expenses	1,832,605	753,095
Assets held for sale (Note 9)	9,544,545	-
	36,815,489	33,358,776
PROPERTY, PLANT AND EQUIPMENT (Note 3)	56,705,910	31,700,773
DUE FROM RELATED PARTY (Note 4)	7,895,604	3,882,562
GOODWILL	1,132,305	1,132,305
DEVELOPMENT COSTS	204,667	409,334
	$ 102,753,975	$ 70,483,750
LIABILITIES		
CURRENT		
Short-term borrowings (Note 5)	$ 9,386,091	$ 12,080,407
Accounts payable and accrued liabilities	13,862,126	14,265,895
Priority payables	1,151,324	520,088
Income taxes payable	1,582,279	1,768,246
Deferred revenue	975,268	1,807,058
Current portion of long-term debt (Note 6)	7,703,246	3,043,418
Debt related to assets held for sale (Note 9)	4,480,895	-
	39,141,229	33,485,112
Demand debt due beyond one year (Note 6)	5,582,091	4,101,303
	44,723,320	37,586,415
LONG-TERM DEBT (Note 6)	28,319,683	11,359,405
FUTURE INCOME TAXES	1,950,000	1,450,000
	74,993,003	50,395,820
CONTINGENCIES (Note 5 and 7)		
SUBSEQUENT EVENTS (Note 9)		
SHAREHOLDER'S EQUITY		
Share capital (Note 8)	175	175
Non-controlling interest (Note 4)	6,570,787	4,527,283
Retained earnings	21,190,010	15,560,472
	27,760,972	20,087,930
	$ 102,753,975	$ 70,483,750

CANADA NORTH GROUP INC.
Consolidated Statement of Earnings and Retained Earnings
Year Ended September 30, 2014

	2014	2013
REVENUE		
Camp, catering and rentals	$ 77,115,945	$ 57,719,647
Manufacturing and construction	48,250,028	48,348,365
	125,365,973	106,068,012
COST OF GOODS SOLD		
Camp, catering and rentals	55,720,190	38,579,947
Manufacturing and construction	41,497,992	40,205,579
	97,218,182	78,785,526
GROSS PROFIT	28,147,791	27,282,486
GENERAL AND ADMINISTRATIVE	9,849,047	9,470,070
EARNINGS FROM OPERATIONS	18,298,744	17,812,416
OTHER EXPENSES		
Depreciation and amortization	3,174,480	3,298,495
Interest on long-term debt	2,077,958	983,373
	5,252,438	4,281,868
NET EARNINGS BEFORE THE FOLLOWING	13,046,306	13,530,548
NON-CONTROLLING INTEREST	5,448,150	5,305,271
NET EARNINGS BEFORE INCOME TAXES	7,598,156	8,225,277
INCOME TAXES		
Current	1,468,618	1,750,232
Future	500,000	181,400
	1,968,618	1,931,632
NET EARNINGS	5,629,538	6,293,645
RETAINED EARNINGS, BEGINNING OF YEAR	15,560,472	9,266,827
RETAINED EARNINGS, END OF YEAR	$ 21,190,010	$ 15,560,472

CANADA NORTH GROUP INC.
Consolidated Statement of Cash Flows
Year Ended September 30, 2014

	2014	2013
OPERATING		
Cash received from customers	$ 127,766,874	$ 94,014,760
Cash paid to suppliers	(106,096,379)	(80,840,233)
Interest paid	(2,422,954)	(1,295,727)
Income taxes paid	(1,654,585)	(832,692)
Cash generated from operations	17,592,956	11,046,108
INVESTING		
Purchase of property, plant and equipment	(31,046,045)	(9,250,102)
Proceeds on sale of property, plant and equipment	6,485,601	-
Cash used in investing activities	(24,560,444)	(9,250,102)
FINANCING		
Proceeds from long-term borrowings	20,902,721	6,758,550
Repayment of long-term borrowings	(6,279,984)	(2,666,283)
Repayment of short-term borrowings, net	(2,694,316)	2,662,996
Advances to non-controlling interests	(3,404,646)	(1,592,780)
Advances to related party	(4,013,042)	(4,134,164)
Cash generated from financing activities	4,510,733	1,028,319
(DECREASE) INCREASE IN CASH FLOW	(2,456,755)	2,824,325
CASH, BEGINNING OF YEAR	3,530,043	705,718
CASH, END OF YEAR	$ 1,073,288	$ 3,530,043

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Canada North Group Inc. is a leading provider of remote camp accommodations and food services and a manufacturer of modular workforce facilities primarily for the oil and gas industry in Canada.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. The consolidated financial statements represent the consolidated results of the Company and its wholly-owned subsidiaries Canada North Camps Inc., DJ Catering Ltd., Canada North Structures Inc., Campcorp Structures Ltd. (including its wholly-owned subsidiary Campcorp USA Inc.) and certain controlled entities as described in Note 4(iii). The consolidated financial statements also include the balance sheet and operating results of a variable interest entity 1371047 Alberta Ltd for which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated.

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks, cash on hand and borrowings of a short-term nature through revolving bank facilities.

Inventories and Work in Process

Inventories, comprised of food products, supplies and raw materials and manufacturing work in process are valued at lower of cost or net realizable value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Repairs and maintenance expenditures that do not extend the useful life or improve the efficiency of the asset are expensed. Depreciation is provided by the Company at rates determined to depreciate the cost of the assets over their estimated useful lives as follows:

Camp trailers	10% declining balance method
Equipment	20% declining balance method
Buildings	2.5 % - 10% straight-line method
Automotive	30% declining balance method
Parking lot	8% declining balance method
Computer hardware and software	30% - 50% declining balance method
Linens	50% declining balance method

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

The excess cost of assets acquired over the fair value of the identifiable assets acquired is recorded as goodwill. The value of goodwill of individual reporting units is assessed when events occur which may indicate that there has been impairment in the value. Goodwill is assessed by comparing the fair value of a reporting unit to the carrying value of its net assets. Where carrying value exceeds fair value, the carrying value is written down to equal fair value. Fair value of a reporting unit is determined by reference to discounted cash flow estimates, or other methods such as reference to recent market transactions involving similar assets.

Long-Lived Assets

When events indicate that a decrease in the net recoverable value of long-lived assets, which include property and equipment and intangible assets, may have occurred, management assesses the carrying value for indications of impairment. Impairment is tested by comparing the carrying value of the asset to its net recoverable amount and where carrying value exceeds the net recoverable value, the carrying value is written down to equal net recoverable value. The net recoverable value is determined by reference to cash flow estimates.

Future Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, temporary differences arising between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate the future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

Revenue Recognition

The Company records revenue from camp, catering and rentals when the services are performed. The Company records revenue from manufacturing and construction on a percentage of completion basis based on the ratio of costs incurred to date over estimated total costs. Provisions for all estimated losses are recognized in the period in which the losses are determined. All revenues are recognized only when collection is reasonably assured.

Financial Instruments

The Company's financial instruments recognized in the balance sheet consists of cash, accounts receivable, due from related party, short-term borrowings, accounts payable, accrued liabilities and long-term debt. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in earnings. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are measured at fair value are expensed when incurred. Transaction costs incurred on the acquisition, sale, or issue of all other financial instruments are added or netted against the carrying value of the instrument and are then recognized over the expected life of the instrument using the straight-line method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The Company translates foreign currency denominated transactions and the financial statements of integrated foreign operations using the temporal method. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities are translated at historical rates in effect on the dates of the transactions. Income and expenses (with the exception of depreciation which is translated at historical rates) are translated at the average rate for the year. Exchange gains and losses on translation of monetary assets and liabilities are reflected in income immediately.

Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

3. PROPERTY, PLANT AND EQUIPMENT

	2014			2013
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
Land	**$ 9,064,662**	**$ -**	**$ 9,064,662**	$ 2,592,771
Camp trailers	**35,315,331**	**10,586,586**	**24,728,745**	18,146,786
Equipment	**14,560,310**	**2,667,000**	**11,893,310**	2,558,096
Buildings	**10,092,895**	**1,258,149**	**8,834,746**	6,301,783
Automotive	**4,306,848**	**2,597,992**	**1,708,856**	1,523,001
Parking lot	**248,691**	**111,206**	**137,485**	149,440
Computer hardware and software	**763,382**	**543,997**	**219,385**	345,616
Linens	**549,235**	**430,514**	**118,721**	83,280
	$ 74,901,354	**$ 18,195,444**	**$ 56,705,910**	$ 31,700,773

Included in the above are camp trailers, automotive, and equipment assets under capital lease with a net book value of $17,178,754 (2013 - $999,331).

Included in the above are camp trailers in the amount of $11,066,181 that were not yet available for use at yearend and therefore were not depreciated in the year.

4. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

(i) $7,895,604 (2013 - $3,882,562) due from McCracken Group Inc., a company related through common ownership, is non-interest bearing and has no specific repayment terms.

(ii) The Company has paid amounts to the following entities related through common ownership:

		2014	2013
816956 Alberta Ltd.	– Yard rental	**120,000**	187,498
758431 Alberta Ltd.	– Equipment rental	**55,012**	100,324
Carma Golf Systems Inc.	– Software support	**302,907**	500,000
		$ 477,919	$ 787,822

All transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Included in accounts payable and accrued liabilities is $113,593 due to these related parties.

(iii) Non-controlling interest is comprised of the following:

	2014	2013
OMNI Proactive Services Inc.	**$ 2,151,195**	$ 2,544,027
HML Lodge Limited Partnership	**1,369,718**	1,294,654
Kingdom Lodge Limited Partnership	**1,098,013**	-
Loon River CNC Limited Partnership	**1,159,229**	-
PDCNC Limited Partnership	**344,663**	597,705
Bigstone Tansi Resources Limited Partnership	**170,698**	90,897
Heart Lake CNC Limited Partnership	**277,271**	-
	$ 6,570,787	$ 4,527,283

Consolidated earnings and retained earnings have been reduced by the partners' 50% share.

5. SHORT-TERM BORROWINGS

Canadian Western Bank short-term demand operating borrowings authorized to $15,000,000 bears interest at bank prime plus 1.5%. This loan in addition to term debt outlined in Note 6 are secured by a general security agreement, director life insurance, $6,500,000 limited guarantees of shareholders supported by a $1,285,000 first charge mortgage on shareholder personal property, and by property held by an entity under common control.

The Canadian Western Bank requires the Company to meet certain debt service, debt to equity and minimum equity covenants. At the year end the Company was not in compliance with its debt to equity requirement. It also failed to comply with a working capital covenant required by its other senior lender, Business Development Bank of Canada. A sale of assets and concurrent debt retirement brought the Company back into compliance with all its senior lender covenant requirements (Note 9).

6. LONG-TERM DEBT

	2014	2013
Canadian Western Bank demand term loans authorized to approximately $10,000,000 repayable in monthly payments of approximately $240,000 plus interest at prime plus 1.25% with various maturities between May 2016 and September 2019 secured as set out in Note 5.	$ 8,437,748	$ 5,868,208
Canadian Western Bank demand interim construction financing repayable in monthly payments of $13,500 including interest at prime plus 1.5%, maturing September 2023 secured as set out in Note 5.	1,200,000	1,200,000
BDC loans repayable in monthly payments of approximately $152,000 plus interest at BDC floating base rate plus 0% - 4%, with various maturities between January 2019 and August 2038. The loans are secured by a general security agreement giving priority to the Company's senior lender and secured equipment lenders, a first charge on certain Canadian and U.S. real estate and $500,000 personal guarantees of shareholders.	12,682,334	3,929,530
Vendor take back financing secured by specific property repayable in monthly payments of $44,285 including interest at 5% maturing December 2026.	4,860,473	5,141,200
Vendor take back financing secured by specific properties bearing no interest repayable in monthly payments of approximately $138,000 maturing in 2015 and 2019.	1,341,950	-
Vendor take back financing secured by specific property bearing interest at prime plus 3%, repaid subsequent to year-end as set out in Note 9.	2,359,930	-
Equipment financing secured by specific equipment repayable in monthly instalments of $25,000 bearing no interest, maturing in 2016.	1,050,000	1,350,000
Capital lease agreements for equipment bearing interest averaging 7% repayable in blended monthly payments of $495,155 secured by specific equipment, as set out in Note 3, maturing between 2015 and 2019.	14,062,836	878,369
Other equipment financing	90,644	136,819
	46,085,915	18,504,126
Less debt related to assets held for sale	(4,480,895)	-
Less current portion of long-term	(7,703,246)	(3,043,418)
Less demand debt maturing beyond one year	(5,582,091)	(4,101,303)
	$ 28,319,683	$ 11,359,405

Estimated principal repayments due in the next five years are as follows: 2015 - $12,184,141, 2016 - $10,479,562, 2017 – $8,692,549, 2018 - $4,689,651, 2019 – $1,816,291.

6. LONG-TERM DEBT (Continued)

Capital lease principal repayments included in the above and interest not included are as follows:

	Principal	Interest	Total
2015	$ 3,071,616	$ 435,261	$ 3,506,877
2016	4,838,672	303,303	5,141,975
2017	4,766,547	179,591	4,946,138
2018	1,314,114	44,338	1,358,452
2019	71,887	4,170	76,057

7. CONTINGENCIES

(i) In the normal course of business the Company sometimes is named as a defendant in litigation. In management's opinion, the Company has no outstanding claims that would have a material impact on these financial statements.

(ii) Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Company's cash requirements. Additional cash requirements are met with the use of the available short-term borrowings and term loans. The short-term borrowings and certain term loans bear interest which fluctuates with the prime, exposing the Company to interest rate fluctuations. The Company monitors interest rates and elects to fix rates as deemed necessary to minimize interest rate fluctuation risks. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industries and are subject to normal industry credit risks. The Company does not have any significant risk with respect to accounts receivable to a single customer due to the excellent quality of its major customers. The Company has exposure to foreign currency fluctuations, and will hedge the currency if management deems it appropriate.

8. SHARE CAPITAL

	2014	2013
Authorized:		
Class A, B, C, D and E common shares		
Issued:		
10,000 Class A common voting	$ 175	$ 175

9. SUBSEQUENT EVENTS

Subsequent to the year end, in December 2014, the Company sold $9,544,545 of assets and a 49.9% interest in two Bonnyville, Alberta camps for cash consideration of $20,000,000. The Company intends to retire related debt of $4,480,895. The sale resulted in an after tax gain of approximately $6,000,000 and the proceeds permit the company to comply with the covenant requirements set out by its senior lenders (Note 5).

Consolidated Financial Statements

CANADA NORTH GROUP INC.

September 30, 2015

Pennock Acheson Nielsen Devaney

Pennock Acheson Nielsen Devaney
Chartered Accountants

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Independent Auditor's Report

To the Shareholder of **Canada North Group Inc.**

We have audited the accompanying consolidated financial statements of **Canada North Group Inc.**, which comprise the consolidated balance sheet at September 30, 2015 and the consolidated statements of operations and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Canada North Group Inc.** as at September 30, 2015 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 11 in the consolidated financial statements which indicate that the company is not in compliance with certain lender covenants and is facing material uncertainty as a result of the dramatic downturn in the energy industry.

Pennock Acheson Nielsen Devaney

Chartered Accountants

January 25, 2016

CANADA NORTH GROUP INC.
Consolidated Balance Sheet
As at September 30, 2015

	2015	2014
ASSETS		
CURRENT		
Accounts receivable	$ 6,959,922	$ 17,452,373
Current portion of long-term receivables (Note 3)	1,000,000	-
Due from Partners	1,855,681	2,526,534
Income tax receivable	1,813,790	-
Inventories	1,936,375	1,667,485
Work in progress	1,337,660	2,157,744
Prepaid expenses	1,643,519	1,563,618
Assets held for sale (Note 10)	-	9,544,545
	16,546,947	34,912,299
LONG-TERM ACCOUNTS RECEIVABLES (Note 3)	986,154	-
DUE FROM RELATED PARTY (Note 5)	4,206,319	7,895,604
PROPERTY, PLANT AND EQUIPMENT (Note 4)	71,783,420	50,772,813
GOODWILL	1,132,300	1,132,300
	$ 94,655,140	$ 94,713,016
LIABILITIES		
CURRENT		
Short-term borrowings (Note 6)	$ 10,790,382	$ 8,524,239
Accounts payable and accrued liabilities	15,127,583	13,836,455
Priority payables	2,680,773	1,151,324
Income taxes payable	-	1,379,417
Deferred revenue	760,878	975,268
Deferred Partnership costs (Note 10)	1,592,683	-
Current portion of long-term debt (Note 7)	7,188,399	7,659,336
Debt related to assets held for sale (Note 7)	-	4,480,895
	38,140,698	38,006,934
Demand debt due beyond one year (Note 7)	6,563,728	5,582,091
	44,704,426	43,589,025
LONG-TERM DEBT (Note 7)	14,855,269	21,398,521
PARTNERSHIP CAPITAL LEASES (Note 8)	12,926,889	3,423,420
FUTURE INCOME TAXES	2,813,000	1,950,000
	75,299,584	70,360,966
CONTINGENCIES (Note 7 and 11)		
SHAREHOLDER'S EQUITY		
Share capital (Note 9)	175	175
Non-controlling interest (Note 5)	1,409,377	3,161,865
Retained earnings	17,946,004	21,190,010
	19,355,556	24,352,050
	$ 94,655,140	$ 94,713,016

CANADA NORTH GROUP INC.
Consolidated Statement of Operations and Retained Earnings
Year Ended September 30, 2015

	2015	2014
REVENUE		
Camp, catering and rentals	$ 46,609,887	$ 68,311,158
Manufacturing and construction	48,297,190	37,520,425
	94,907,077	105,831,583
COST OF GOODS SOLD		
Camp, catering and rentals	40,302,884	49,062,166
Manufacturing and construction	37,377,495	31,330,005
	77,680,379	80,392,171
GROSS PROFIT	17,226,698	25,439,412
GENERAL AND ADMINISTRATIVE	8,842,349	9,493,655
EARNINGS FROM OPERATIONS BEFORE THE UNDERNOTED:	8,384,349	15,945,757
OTHER EXPENSES		
Depreciation and amortization	5,648,026	2,963,411
Interest and financing fees	3,960,808	2,591,338
Fees to related parties (Note 5)	2,100,000	600,000
	11,708,834	6,154,749
NET (LOSS) EARNINGS BEFORE THE FOLLOWING	(3,324,485)	9,791,008
NON-CONTROLLING INTEREST	424,866	2,304,842
NET (LOSS) EARNINGS BEFORE INCOME TAXES	(3,749,351)	7,486,166
INCOME TAXES		
Current (recovery)	(2,043,345)	1,356,628
Future	863,000	500,000
	(1,180,345)	1,856,628
NET (LOSS) EARNINGS	(2,569,006)	5,629,538
RETAINED EARNINGS, BEGINNING OF YEAR	21,190,010	15,560,472
DIVIDENDS	(675,000)	-
RETAINED EARNINGS, END OF YEAR	$ 17,946,004	$ 21,190,010

CANADA NORTH GROUP INC.
Consolidated Statement of Cash Flows
Year Ended September 30, 2015

	2015	2014
OPERATING		
Cash received from customers	$ 115,827,147	$ 116,758,585
Cash paid to suppliers	(86,150,940)	(99,483,073)
Interest paid	(3,960,808)	(2,416,551)
Income taxes paid	(1,149,862)	(1,328,898)
Cash generated from operations	24,565,537	13,530,063
INVESTING		
Purchase of property, plant and equipment	(10,014,880)	(29,631,915)
Proceeds on sale of property, plant and equipment	-	6,485,601
Cash used in investing activities	(10,014,880)	(23,146,314)
FINANCING		
Advances from (to) related party	3,014,285	(4,013,042)
Proceeds from long-term borrowings	4,940,111	20,844,486
Repayment of long-term borrowings	(22,593,842)	(6,237,844)
Short-term borrowings, net	2,266,143	(3,556,168)
Advances (to) from non-controlling interests	(2,177,354)	56,429
Cash generated from financing activities	(14,550,657)	7,093,861
DECREASE IN CASH FLOW	-	(2,522,390)
CASH, BEGINNING OF YEAR	-	2,522,390
CASH, END OF YEAR	$ -	$ -

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Canada North Group Inc. is a leading provider of remote camp accommodations and food services and a manufacturer of modular workforce facilities primarily for the oil and gas industry in Canada.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. The consolidated financial statements represent the consolidated results of the Company and its wholly-owned subsidiaries Canada North Camps Inc., DJ Catering Ltd., Campcorp Structures Ltd. (including its wholly-owned subsidiary Campcorp USA Inc.) and certain controlled entities as described in Note 5(iii). The consolidated statements also include certain non – controlled entities where only the proportionate ownership has been included: OMNI Proactive Services Inc. 50%, HML Lodge Limited Partnership 50%, Peace River Lodge Limited Partnership 50%, Bonnyville Lodge Limited Partnership 50%, KM 147 Limited Partnership 33%, and Wandering River Lodge Limited Partnership 25%. The consolidated financial statements also include the balance sheet and operating results of a variable interest entity 1371047 Alberta Ltd for which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated.

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks, cash on hand and borrowings of a short-term nature.

Inventories and Work in Progress

Inventories, comprised of food products, supplies and raw materials and manufacturing work in progress are valued at lower of actual cost or net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures directly attributable to the acquisition of the asset. The cost of manufactured assets includes the cost of materials, direct labour, direct overheads and all costs directly attributable to bringing the asset to the condition necessary for operation. Repairs and maintenance expenditures that do not extend the useful life or improve the efficiency of the asset are expensed. Depreciation is provided by the Company at rates determined to depreciate the cost of the assets over their estimated useful lives as follows:

Camp trailers	10% declining balance method
Equipment	20% declining balance method
Buildings	2.5 % - 10% straight-line method
Automotive	30% declining balance method
Parking lot	8% declining balance method
Computer hardware and software	30% - 50% declining balance method
Linens	50% declining balance method

Goodwill

The excess cost of assets acquired over the fair value of the identifiable assets acquired is recorded as goodwill. The value of goodwill of individual reporting units is assessed when events occur which may indicate that there has been impairment in the value. Goodwill is assessed by comparing the fair value of a reporting unit to the carrying value of its net assets. Where carrying value exceeds fair value, the carrying value is written down to equal fair value. Fair value of a reporting unit is determined by reference to discounted cash flow estimates, or other methods such as reference to recent market transactions involving similar assets.

Long-Lived Assets

When events indicate that a decrease in the net recoverable value of long-lived assets, which include property and equipment and intangible assets, may have occurred, management assesses the carrying value for indications of impairment. Impairment is tested by comparing the carrying value of the asset to its net recoverable amount and where carrying value exceeds the net recoverable value, the carrying value is written down to equal net recoverable value. The net recoverable value is determined by reference to cash flow estimates.

Leases

Leases are classified as either capital or operating leases. A lease which transfers substantially all risk and reward of ownership of the asset is classified as a capital lease. All other leases are classified as operating leases. At the time the company enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, temporary differences arising between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate the future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

Revenue Recognition

The Company records revenue from camp, catering and rentals when the services are performed. The Company records revenue from manufacturing and construction on a percentage of completion basis based on the ratio of costs incurred to date over estimated total costs. Provisions for all estimated losses are recognized in the period in which the losses are determined. All revenues are recognized only when collection is reasonably assured.

Financial Instruments

The Company's financial instruments recognized in the balance sheet consists of accounts receivable, due from partners, due from related party, short-term borrowings, all accounts payable and accrued liabilities, long-term debt and capital leases. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in earnings. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are measured at fair value are expensed when incurred. Transaction costs incurred on the acquisition, sale, or issue of all other financial instruments are added or netted against the carrying value of the instrument and are then recognized over the expected life of the instrument using the straight-line method.

Foreign Currency Translation

The Company translates foreign currency denominated transactions and the financial statements of integrated foreign operations using the temporal method. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities are translated at historical rates in effect on the dates of the transactions. Income and expenses (with the exception of depreciation which is translated at historical rates) are translated at the average rate for the year. Exchange gains and losses on translation of monetary assets and liabilities are reflected in income immediately.

Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

3. LONG-TERM RECEIVABLES

Receivables under extended terms	
Atco Structures & Logistics Ltd.	$ 840,000
Canadian Natural Resources Ltd.	1,146,154
	1,986,154
Estimated twelve month collections	(1,000,000)
	$ 986,154

4. PROPERTY, PLANT AND EQUIPMENT

	2015			2014
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 9,248,700	$ -	$ 9,248,700	$ 9,064,662
Camp trailers and set up costs	61,414,389	13,745,458	47,668,931	23,644,249
Equipment	7,679,361	3,718,886	3,960,475	7,438,596
Buildings	10,255,805	1,633,692	8,622,113	8,679,969
Automotive	4,611,315	2,991,568	1,619,747	1,489,658
Parking lot	316,234	124,906	191,328	137,485
Computer hardware and software	1,101,972	726,567	375,405	216,614
Linens	573,355	476,634	96,721	101,580
	$ 95,201,131	$ 23,417,711	$ 71,783,420	$ 50,772,813

Included in the above are camp trailers, automotive, and equipment assets under capital lease with a net book value of $26,682,929 (2014 - $13,657,634). In the current year there were additions to assets under capital lease of $16,643,753. Included above are camp trailers in the amount of $14,043,426 (2014 – $6,769,621) that were not depreciated in the year.

5. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

(i) $4,206,319 (2014 - $7,895,604) due from McCracken Group Inc., a company related through common ownership, is unsecured, non-interest bearing and has no specific repayment terms.

(ii) In addition to fees paid in the amount of $2,100,000 (2014 - $600,000) to 816956 Alberta Ltd. and the shareholders for management services, the Company has paid amounts to the following entities related through common ownership:

		2015	2014
816956 Alberta Ltd.	- Yard rental	$ 210,000	$ 120,000
758431 Alberta Ltd.	- Equipment rental	47,110	55,012
Carma Golf Systems Inc.	- Software support	101,245	302,907
		$ 358,355	$ 477,919

All transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

5. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS (Continued)

(iii) Non-controlling interest is comprised of the following:

	2015	2014
Loon River CNC Limited Partnership	**887,172**	1,159,229
Kingdom Lodge Limited Partnership	**91,247**	1,210,004
Bigstone Tansi Limited Partnership	**90,430**	170,698
Cimarron Lodge Limited Partnership	**66,532**	-
Heart Lake CNC Limited Partnership	**273,996**	277,271
PDCNC Limited Partnership	-	344,663
	$ 1,409,377	$ 3,161,865

Consolidated earnings and retained earnings have been reduced by the partners' 50% share.

6. SHORT-TERM BORROWINGS

Canadian Western Bank short-term demand borrowings authorized to $15,000,000 bears interest at bank prime plus 1.5%. This loan in addition to Canadian Western Bank term debt outlined in Note 7, are secured by a general security agreement, director life insurance, $6,500,000 guarantees of shareholders supported by a guarantee from a company under common control and $2,500,000 in mortgages on shareholder owned property. The Company is not in compliance with certain bank lending covenants (See Note 7 and 11).

7. LONG-TERM DEBT

	2015	2014
Canadian Western Bank demand term loans authorized to approximately $10,000,000, repayable in monthly payments of approximately $294,000 plus interest at prime plus 1.25% with various maturities between May 2016 and November 2019 secured as set out in Note 6.	$ 6,669,877	$ 9,637,748
Business Development Bank of Canada mortgages repayable in monthly payments of $51,000 plus interest at BDC floating base rate plus 0% - 7%, with various maturities between January 2019 and February 2030. The loans are secured by a first charge on certain real estate, $500,000 personal guarantees of shareholders and a general security agreement subordinated to the primary lender.	7,171,178	12,682,334
Vendor take back financing		
Loan secured by specific property repayable in monthly payments of $44,285 including interest at 5% maturing December 2026.	4,565,382	4,860,473
Loan secured by specific properties bearing no interest repayable in monthly payments of approximately $23,500 maturing 2019.	517,250	1,341,950
Financing repaid.	-	2,359,930
Equipment financing secured by specific equipment, repayable in monthly instalments of $25,000 bearing no interest, maturing in 2016.	750,000	1,050,000
Capital lease agreements for equipment bearing interest averaging 7%, repayable in blended monthly payments of $259,776 secured by specific equipment, as set out in Note 4, maturing between 2016 and 2019.	7,400,822	7,097,764
Mortgage repayable in monthly interest only payments at 10%, secured by certain property and a shareholder guarantee, maturing July 2016.	1,500,000	-
Other equipment financing.	32,887	90,644
	28,607,396	39,120,843
Less debt related to assets held for sale	-	(4,480,895)
Less current portion of long-term debt	(7,188,399)	(7,659,336)
Less demand debt maturing beyond one year	(6,563,728)	(5,582,091)
	$ 14,855,269	$ 21,398,521

The Company is required to comply with certain lender margin, minimum equity, debt to equity, working capital and debt service requirements and is not in compliance with these covenants at September 30, 2015. Management is working with the lenders to satisfy lender requirements (See Note 11 (i)).

7. **LONG-TERM DEBT (Continued)**

Estimated principal repayments due in the next five years are as follows: 2016 - $7,188,399; 2017 - $9,282,057; 2018 – $4,248,050; 2019 - $1,476,061; 2020 – $861,137.

Capital lease principal repayments included in the above and interest not included are as follows:

	Principal	Interest	Total
2016	$ 2,437,173	$ 436,142	$ 2,873,315
2017	2,456,079	267,022	2,723,101
2018	2,331,147	80,311	2,411,458
2019	176,372	4,797	181,169

8. **PARTNERSHIP CAPITAL LEASES**

	2015	2014
Capital lease agreements for camp trailers and camp set-up costs secured by assets with a net book value $17,686,853. Lease payments are contingent on the camps achieving positive operating cash flows. Due to the uncertainty regarding the timeline to reopen the camps, the potential interest accruing on the capital leases is assumed to be equal to the discount attributed to the lack of requirement to make payment on the leases.	$12,926,889	$ 3,423,420
Less estimated payments due in the current period	-	-
	$12,926,889	$ 3,423,420

9. **SHARE CAPITAL**

	2015	2014
Authorized:		
Class A, B, C, D and E common shares		
Issued:		
10,000 Class A common voting	$ 175	$ 175

During the year the Company declared non-cash dividends of $675,000 (2014 - Nil) to shareholders resulting in an income tax recovery of $225,000.

10. SALE OF ASSETS

During the year the Company sold certain camp assets for cash consideration to a partner who subsequently contributed the assets to the Bonnyville Lodge Limited Partnership. The assets at the time of the transaction had related debt of $4,480,895 that was retired from sale proceeds. The Company has a remaining $1,592,683 commitment with the purchasing partner to provide assets or services to this or related partnerships at an undetermined timeline.

11. CONTINGENCIES

(i) Lender covenants, industry risks and going concern

The Western Canadian energy industry is experiencing significant challenges as a result of a dramatic and extended drop in commodity prices. The Company is required to meet certain lending covenants and is presently not in compliance with certain of its Canadian Western Bank and Business Development Bank of Canada lending requirements. Management will work with its lenders to satisfy lender requirements.

The Company has reacted to the industry challenges by implementing aggressive cost reduction strategies, diversifying its customer base and continues to take other significant steps to manage the business through the downturn. The Company's continuing need for additional capital has been partially met subsequent to the year-end with additional debt financing of approximately $5,800,000 and shareholder contributions of approximately $1,000,000. Despite these measures, the Company's future financial position and results remain contingent on the strengthening of the Western Canadian Energy Industry. These financial statements have been prepared on the basis that the Company can continue as a going concern and realize on its assets and retire its liabilities in the normal course.

Subsequent to the year end, as a result of the suspension of certain energy projects, the Company temporarily closed two recently opened camps, pending securing sufficient contracts to return the camps to profitability. If the camps are required to relocate the Company could sustain material losses. The outcome at this time is not determinable.

(ii) *Litigation risk*

In the normal course of business, the Company sometimes is named as a defendant in litigation. In management's opinion, the Company has no outstanding claims that would have a material impact on these financial statements.

(iii) Lease Commitments:

Through one of its partnerships interests, the Company has operating lease commitments for camp trailers over the next four years as follows: 2016 - $737,100; 2017 - $581,400; 2018: $581,400; 2019 – 581,400. The lease is held with a partner and payments are contingent on available cash flow from the partnership.

11. CONTINGENCIES (Continued)

(iv) *Risk management*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Company's cash requirements. Additional cash requirements are met with the use of the available short-term borrowings and term loans. The short-term borrowings and certain term loans bear interest which fluctuates with the prime rate, exposing the Company to interest rate fluctuations. The Company monitors interest rates and elects to fix rates as deemed necessary to minimize interest rate fluctuation risks. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industries and are subject to normal industry credit risks. The Company does not have any significant risk with respect to accounts receivable to a single customer due to the excellent quality of its major customers. The Company has exposure to foreign currency fluctuations, and will hedge the currency if management deems it appropriate.

ANSWER TO UNDERTAKING NO. 3
BARRY ROMAN

BONNYVILLE LODGE

726 Remote Accommodations Ltd to purchase all equipment and bear some of the site and installation costs by paying Canada North $20.0 MM. 726 remote to 'contribute' the equipment to the LP. Contribute here means let the LP use the equipment in exchange for a right to receive all distributions from the LP until they have recovered their investment. Title to the equipment will not pass at the outset but after both 726 and Canada North receive back their investments.

Canada North to use the $20.0 MM in part to purchase the land (they have it on an installment purchase right now) and to pay for the balance of the site and installation costs. 726 will have no further obligation to pay for anything related to the camp and all assets will pass to 726 free and clear.

The $20.0 MM investment is supported by $12.0 MM in hard assets (buildings and equipment) and costs spent to develop the site and install the buildings. Thus, we have $8.0 MM exposed in return for a preference in distributions. 726 gets all distributions until they have recovered their $20.0 MM after which Canada North gets all distributions until they have recovered their investment. The CNC investment is approx. $8.0 MM and is comprised of $4.2 MM land and the balance soft costs of site work and installation.

It is anticipated 726 will recover the $20.0 MM investment in approx. 2.7 years; and CNC will recover their investment over the next 10 to 12 months.

Just as 726 is contributing the use of the equipment to the operating LP, CNC is contributing the use of the land. Actual title to the land will not pass to the LP and title to the equipment will not pass from 726 to the LP until both parties have fully recovered their investments. Thereafter, excess cash from operations will be divided equally.

There is no lease or debt document related to the use of the equipment or the use of the land by the operating LP. 726 will own all the equipment outright and is anticipated that any deficit in hard asset value will be recovered within 12 months by virtue of the preferential cash flows.

After both 726 and CNC have recovered their respective investments from cash distributions, the equipment and land will be sold to the operating LP for fair market value which is currently anticipated to be about equal. That is, the depreciating equipment and the appreciating land with site improvements should have a value after year 4 which are fairly equal. It is the intent to agree on a value for each and have the LP purchase the assets. The purchase will be accomplished via either a note or a preference in distributions – but if the values are essentially equal and we are 50/50 partners, then it does not really matter.

Documentation: counsel for CNC has submitted a draft Unanimous Shareholders Agreement and a draft LP Agreement. We have retained counsel in Calgary and they have reviewed the documents and are prepared to provide comments. We will be using the standard GP/LP format and will have an Operating and Services Agreement for this transaction. I will relay comments on the issues list and get the documents moving along so we can proceed to a close. Counsel has informed me that we can more likely than not rely on a general exemption to avoid foreign ownership issues on the land. We will work thru the land issues with counsel in Canada.

Credit Submission updated 11/13/14. This is a 576 bed camp with 294 beds leased and 282 owned. 726 will own the 282 beds, a 12 unit KDR and ancillary recreation, admin and support buildings as well as all equipment to operate the camp. CNC will provide catering, camp management and admin services pursuant to an Operating and Services Agreement that spells out remuneration and has performance standards. 726 will have the right to terminate CNC in the event of poor performance which is uncured with a 30 day period – fairly standard in Canada.

ANSWER TO UNDERTAKING NO. 4
BARRY ROMAN

Customer #	Customer	Inv. #	Inv. Type	Source Id	Inv. Date	Pd. From	Pd. To	Inv. Total	Due	Date Paid	Tran. Type	Tran. #	Amount Paid	Credit
7315	Wandering River Lodge LP	51778	Standard	782	10/10/2017	10/28/2017	11/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	50919	Standard	782	9/12/2017	9/28/2017	10/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	49936	Standard	782	8/8/2017	8/28/2017	9/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	48456	Standard	782	6/21/2017	7/28/2017	8/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	47956	Standard	782	6/13/2017	6/28/2017	7/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	47007	Standard	782	5/9/2017	5/28/2017	6/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	46211	Standard	782	4/11/2017	4/28/2017	5/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	45265	Standard	782	3/7/2017	3/28/2017	4/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	44525	Standard	782	2/7/2017	2/28/2017	3/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	43821	Standard	782	1/10/2017	1/28/2017	2/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	43073	Standard	782	12/8/2016	12/28/2016	1/27/2017	203,490.00	-				-	203,490.00
7315	Wandering River Lodge LP	42288	Standard	782	11/8/2016	11/28/2016	12/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	41432	Standard	782	10/11/2016	10/28/2016	11/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	40445	Standard	782	9/8/2016	9/28/2016	10/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	39485	Standard	782	8/9/2016	8/28/2016	9/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	38333	Standard	782	7/7/2016	7/28/2016	8/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	37284	Standard	782	6/7/2016	6/28/2016	7/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	36598	Standard	782	5/10/2016	5/28/2016	6/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	36059	Standard	782	4/7/2016	4/28/2016	5/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	35532	Standard	782	3/8/2016	3/28/2016	4/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	35110	Standard	782	2/9/2016	2/28/2016	3/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	34494	Standard	782	1/12/2016	1/28/2016	2/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	33715	Standard	782	12/9/2015	12/28/2015	1/27/2016	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	33015	Standard	782	11/10/2015	11/28/2015	12/27/2015	203,490.00	203,490.00				-	-
7315	Wandering River Lodge LP	31982	Standard	782	10/8/2015	10/28/2015	11/27/2015	229,320.00	203,490.00				-	25,830.00
7315	Wandering River Lodge LP	31080	Standard	782	9/8/2015	9/28/2015	10/27/2015	229,320.00	203,490.00				-	25,830.00
7315	Wandering River Lodge LP	30371	Standard	782	8/11/2015	8/28/2015	9/27/2015	229,320.00	-	3/30/2017	ACH (Direct Deposit)	3.30.17	203,490.00	25,830.00
7315	Wandering River Lodge LP	29465	Standard	782	7/9/2015	7/28/2015	8/27/2015	312,480.00	-	5/30/2016	Check	1048	203,490.00	108,990.00
7315	Wandering River Lodge LP	28510	Standard	782	6/9/2015	6/28/2015	7/27/2015	312,480.00	-	5/30/2016	Check	1048	203,490.00	108,990.00
7315	Wandering River Lodge LP	26678	Standard	782	5/12/2015	5/28/2015	6/27/2015	312,480.00	-	4/7/2016	Check	1047	312,480.00	-
7315	Wandering River Lodge LP	24804	Standard	782	4/10/2015	4/28/2015	5/27/2015	312,480.00	-	2/12/2016	ACH (Direct Deposit)	1040	312,480.00	-
7315	Wandering River Lodge LP	24210	Standard	782	3/17/2015	3/28/2015	4/27/2015	312,480.00	-	9/23/2015	Check	1006	312,480.00	-
7315	Wandering River Lodge LP	24127	Standard	782	3/13/2015	2/28/2015	3/27/2015	312,480.00	-	5/1/2015	Check	1	312,480.00	-
7315	Wandering River Lodge LP	24126	Standard	782	3/13/2015	1/29/2015	2/27/2015	312,480.00	-	5/1/2015	Check	1	312,480.00	-
7315	Wandering River Lodge LP	24125	Standard	782	3/13/2015	12/29/2014	1/28/2015	312,480.00	-	5/1/2015	Check	1	312,480.00	-

ANSWER TO UNDERTAKING NO. 5
BARRY ROMAN

ENTERED
KD 9/31/16

THIS CHEQUE CONTAINS A MICROLINE BORDER AND SECURITY FEATURES

001048

WANDERING RIVER LP
14238 - 134 AVENUE
EDMONTON, AB T5L 5V8
PHONE (780) 488-3391
FAX (780) 447-1933

CANADIAN WESTERN BANK
11350 JASPER AVENUE
EDMONTON, AB T5K 0L8

CHEQUE NO. 001048

DATE 2 6 0 5 2 0 1 6
D D M M Y Y Y Y

PAY **Four Hundred Six Thousand Nine Hundred Eighty and 00/100

$**406,980.00

TO THE ORDER OF
726 Remote Accommodations Ltd
2900 South Quincy Street
Suite 300A
Arlington, VA 22206

WANDERING RIVER LP

PER

⑈001048⑈ ⑆03029⑉030⑆ 10⑉1449276⑈

HSBC

TRANSACTION CONFIRMATION

HSBC BANK CANADA
10250 - 101ST STREET
EDMONTON AB T5J 3P4
30May2016 099 YGZ9

DEPOSIT

Credit Account: CAHKBC099-303***-001 30May2016 Br: 099 YGZ9Ref: 02EM - 00002

Available:
Value:

Clearing CHQ: CAD406,980.00

Number Of Cheques 1
Credit Amount: CAD406,980.00
Credit Narrative: WANDERING RIVER LP

WANDERING RIVER LP Please Detach Before Cashing 001048 CWB

726 Remote Accommodations Ltd 05/26/16 001048

July 2015	203,490.00	28510
August 2015	203,490.00	29465
Total	406,980.00	

ANSWER TO UNDERTAKING NO. 6
BARRY ROMAN

726 Remote Accommodations, Ltd.
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

Modular Funding Ltd.
c/o Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY 1-9007
CAYMAN ISLANDS
Attn: Fiona Barrie

December 30, 2014

CANADIAN DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.
Re: Wandering River Lodge

Draw #1

Ladies and Gentlemen:

The undersigned, 726 Remote Accommodations Ltd (the "Borrower") refers to the Secured Credit Agreement dated as of November 1, 2014 (as the same may be amended or modified from time to time, the "Credit Agreement") among the Borrower and Modular Funding Ltd. (the "Lender"). Unless otherwise defined herein, capitalized terms herein are used as defined in the Credit Agreement. The undersigned hereby gives you irrevocable notice pursuant to Section 2.04(a) of the Credit Agreement that the undersigned hereby requests a Borrowing, and in connection with that request sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.04(a) of the Credit Agreement.

Please accept this letter as authorization to today disburse investment proceeds in the amount of $3,084,500.00 Canadian from the account of Modular Funding Ltd., on behalf of 726 Remote Accommodations Ltd., as follows:

1. A wire in the amount of $3,084,500.00 Canadian payable to:

    The Bank of Nova Scotia
    240 – 8th Avenue SW
    Calgary, AB T2P 1B5
    ABA # 0260002532
    Swift Code: NOSCCATT
    Institution # 002; transit route # 10009

    For credit to the account of:

    726 Modular Finance Canada Ltd.
    Account # 01327-13

2. A wire in the amount of $0 payable to :

Bank of America
1369 Chain Bridge Road
McLean, VA 22101
ABA # 026009593

For credit to the account of:

Reliant Asset Management, LLC
Account Number 4350 2147 1542

3. A wire in the amount of $0 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: NBOKUS33
Chips ABA # 026000217

For credit to the account of:

Wafra Fee Account
Account Number 4000-470637-003

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(a) The representations and warranties contained in the Credit Documents (other than representations and warranties that are expressly made as of a specific date other than the date hereof or the proposed Borrowing) are correct in all material respects, before and immediately after giving effect to the Proposed Borrowing, as though made on the date of the Proposed Borrowing; and

(b) No Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

726 Remote Accommodations, Ltd.
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

Modular Funding Ltd.
c/o Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY 1-9007
CAYMAN ISLANDS
Attn: Fiona Barrie

December 30, 2014

US DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.
Re: Fees for transactions listed on Schedule A attached hereto

Ladies and Gentlemen:

The undersigned, 726 Remote Accommodations Ltd (the "Borrower") refers to the Secured Credit Agreement dated as of November 1, 2014 (as the same may be amended or modified from time to time, the "Credit Agreement") among the Borrower and Modular Funding Ltd. (the "Lender"). Unless otherwise defined herein, capitalized terms herein are used as defined in the Credit Agreement. The undersigned hereby gives you irrevocable notice pursuant to Section 2.04(a) of the Credit Agreement that the undersigned hereby requests a Borrowing, and in connection with that request sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.04(a) of the Credit Agreement.

Please accept this letter as authorization to today disburse investment proceeds in the amount of $1,218,624.90 US from the account of Modular Funding Ltd., on behalf of 726 Remote Accommodations Ltd., as follows:

1. A wire in the amount of $870,446.37 payable to:

   Bank of America
   1369 Chain Bridge Road
   McLean, VA 22101
   ABA # 026009593

   For credit to the account of:

   Reliant Asset Management, LLC
   Account Number 4350 2147 1542

2. A wire in the amount of $348,178.53 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: NBOKUS33
Chips ABA # 026000217

For credit to the account of:

Wafra Fee Account
Account Number 4000-470637-003

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(a) The representations and warranties contained in the Credit Documents (other than representations and warranties that are expressly made as of a specific date other than the date hereof or the proposed Borrowing) are correct in all material respects, before and immediately after giving effect to the Proposed Borrowing, as though made on the date of the Proposed Borrowing; and

(b) No Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

ANSWER TO UNDERTAKING NO. 9
BARRY ROMAN

RAM Lease Investment Closing Document Checklist

	Lessee: Monias South Lodge	**DRAW # 5 January 8, 2015**
	south of Ft McMurray, AB Canada	
		Canadian Dollars
	Original Investment: XXXXX	Reinvestment:
	726 Remote Accommodations, Ltd.	Equip is destined for Alberta, Canada
	DATE FUNDS WIRED:	FINANCIALS:
	Master Document Summary	**Canadian Dollars**
X	Transaction Summary 1/8/15	EQUIP COST: $971,250
(1)	Certificate of LP - K 147 LP	($925,000 plus $46,250 GST)(4)
(2)	K147 Limited Partnership Agreement	Fees: $0
(2)	Unanimous Shareholders Agreement	
(2)	Master Lease with Kilometer 147 LP	Total COST: $971,250
(2)	General Terms and Conditions	
(2)	Equipment Schedule # 1	Term Rent: $16~~,961,~~683.50 (5)
(2)	Services Agreement	
(2)	Operating Agreement	Monthly Rent: $~~376,~~926.30
X	Alta-Fab Quotation EQ141112	
X	Dealer Invoice - Canadian Dollars	# Months: 45
(3)	UCC-1	
X	Pay Proceeds Letter	Start Date: January ~~1~~ 26, 2015
X	Credit Submission	
(1)	Assignment, Assumption	End Date: September 30, 2018
	and Indemnity Agreement	
		Documents Approved:
		Meets Credit Approval:
	NOTES:	
	(1) originals on file with Wafra	
	(2) final documents to come from our counsel via e-mail	
	(3) to be filed upon occupancy	
	(4) GST will be refunded with next tax filing	
	(5) lease is 45 months at our investment x .0278 to $1 purchase option in favor of LP	
	In addition, 726 has a 1/3 interest in the operating LP.	
	M Roman prepared 1/8/15	RAM assets # 8188 - 8241 (54)

Monias Lodge - Summary of 726 Investment

Asset	Amount	Notes
12 KDR & equip	2,100,000.00	purchased from Canada North
30 person skidded dorm	975,000.00	purchased from Canada North
30 person skidded dorm (Clyde yard)	975,000.00	purchased from Canada North
30 person frameless dorm	975,000.00	owned by 726
2 x 38 person skidded dorms	1,950,000.00	purchased from Canada North
6 unit rec	750,000.00	purchased from Canada North
4 unit gym	450,000.00	purchased from Canada North
Set-up costs (estimate)	4,000,000.00	CNC estimate of site costs
Misc equipment	408,500.00	see summary below
38 person dorm from Alta-Fab	975,000.00	direct purchase from Alta-Fab
	13,558,500.00	
45 month lease rate	0.0278	
Monthly payment	376,926.30	
Misc equipment summary		
12 light towers	180,000.00	
6000 gal water storage tank	45,000.00	
250 car plugs	250,000.00	
Potable water treatment plant	300,000.00	
smallwares allowance	10,000.00	
linens allowance	10,000.00	
furnirure allowance	10,000.00	
12 lift stations	12,000.00	
	817,000.00	
1/2 to 726; 1/2 to CNC	0.50	
	408,500.00	

9150,000
2800,000
11,950,000

MONIAS LODGE SOUTH

December 19, 2014; Updated January 8, 2015

Kilometer 147 GP Ltd.
33.3% owned by 726 Remote Accommodations Ltd; Canada North Camps, Inc; and Chief Morris Monias.

Kilometer 147 Limited Partnership
1% GP; 33% each of the three (3) parties above.

Original Transaction: $20.84 MM total investment comprised of $16.84 MM hard costs and $4.0 MM budgeted soft costs. Of the total, CNC to bear $8.29 MM ($6.65 MM buildings and $1.64 MM other hard costs – water storage tanks, furniture, linens, small wares etc) and 726 to bear $12.58 MM ($8.2 MM buildings, $409K other hard costs and $4.0 MM soft costs). The 726 total includes $975K investment that has already been made (we own a 30 man dorm that is being used here) so our net investment is $11.6 MM. Total of 406 beds (240 CNC and 166 for 726; 726 funding the KDR, rec and gym).

Each party will get a 45 month lease on their total investment at .0278 to $1. Thus, based on the above, CNC would get monthly payments of $230,336.90 and 726 would get monthly payments of $349,821.30 (based on $12,583,500).

Final Transaction: after further discussions with Paul at Canada North today, we have decided to purchase one (1) additional new dorm of 38 beds and eliminate the three (3) 42 man dorms from the CNC investment total. Bed count would be 318 on a total investment of $18.9 MM divided as follows: 726 total investment $13,558,500 (204 beds $5.85 MM; KDR $2.1 MM; rec $750K; and gym $450K – total buildings $7.9 MM plus $408K other hard costs and $4.0 MM soft costs). CNC total investment $5.36 MM ($3.73 MM buildings; $1.6 MM other hard costs). The actual 726 cash investment would be $12,533,500 plus 5% GST (which we will get back) but the 726 lease is figured on $13,558,500 which is $376,926.30 (full pay out over 45 months at 16.74%).

Based on the above, CNC would get a lease at $149,021.90 for 45 months to $1 and 726 would get a lease at $376,926.30 to $1. Total is $525,948.20 per month.

Draw #1 is $5,512,500 CAD that was sent to CNC 11/28/14 for the KDR, rec and gym. This has been funded by 726 Remote.
Draw # 2 is 1,453,211.35 US that is due back to Aries SPV for a deposit paid CNC ($704,587.31) and the purchase of a new 38 man dorm ($748,624.04). This was paid to CNC 9/12/14. This has been funded by 726 Remote.

We are holding an invoice from CNC in the amount of $748,624.04 US for another 38 man dorm that has been manufactured, delivered and installed. I set this up as draw # 3.

We have an invoice from CNC for $2.8 MM CAD plus 5% GST for a portion of the total budgeted $4.0 MM soft costs ($2.8/$4.0 = 70%). This was set up as draw # 4.

Draw # 5 is $925,000 for a new 38 man dorm from Alta-Fab plus 5% GST.

Sales/Marketing Summary:

Contracted:	Marco Pipelines	20 beds at $265 from 1/1/15 to 2/28/15 ($312,700 gross)
Proposal Issued:	Marco Pipelines	20 beds at $265 from 3/1/15 to 4/15/15 ($243,800)
	Devon Energy	250 beds at $250 from 1/1/15 to 4/30/15 ($7.5 MM)
	CNRL	70 beds at $250 from 1/1/15 to 4/30/15 ($2.1 MM)
	Harvest Energy	125 beds at $250 from 1/1/15 to 6/30/15 ($5.66 MM)
Discussions/Interest:	Cenovus	100 beds at $250 from 1/1/15 to 4/30/15 ($3.0 MM)

Expect Harvest Energy and Devon to maintain an aggregate base of at least 80 rooms from late spring to late fall at which time occupancy should increase.

318 beds; assume $250 gross day rate. Catering is $80 per day; consumables are $35 per day; fixed cost is $1,500 per day. Lease to CNC and 726 is $525,948 per month. (30.41666 day months). 'Net' is before the monthly lease payment to CNC and 726.

Occupancy	%	Gross	Net
80	25.2	608,333	282,875
120	37.7	912,500	447,125
160	50.3	1,216,666	611,374
200	62.9	1,520,830	775,623
250	78.6	1,901,041	980,937
300	94.3	2,281,250	1,186,250

12 months of lease payments totals $6,311,378.

4 months at 300 generates $4,745,000 'net' or 75% of the amount required to service the lease for the entire year. Breakeven on the lease payments after 4 months at 300 is an average of 59 beds which is 18.6% occupancy.

6 months at 300 generates $7.12 MM 'net' or enough to cover 13.5 months lease obligation.
Plus we have a one-third ownership interest.

MONIAS LODGE SOUTH

Transaction Summary – all figures in Canadian dollars unless otherwise noted.

Credit Submission dated 11/4/14 in the amount of $11,608,500 plus 5% GST which we get back. This was predicated on a total job cost of $20.8 MM with Canada North picking up $8.29 MM and 726 picking up $12.58 MM (we get credit for a 30 man dorm we are providing that we already own in the amount of $975K). Each to get a 45 month lease on the investment amount at .0278 to $1 (full pay out at 12.19%). 726 is a one third LP along with Canada North and Chief Monias.

Canada North wants to deduct some dorms from their contribution and move them over to us. We have located five (5) 38 man dorms that we can purchase from Alta-Fab for $925K each plus GST. Total cost is $4,625,000 plus GST. This will be added to our investment total so that our new total will be $17.2 MM plus GST. This $17.2 MM includes $975K for a dorm that we already own so the out of pocket investment is the original $11,608,500 plus $4,625,000 plus GST (grand total with GST $17.0 MM CAD). Our lease with the Monias LP will be based on the new total investment amount. The Canada North lease will be reduced accordingly – they will still have an investment of $3.7 MM.

Two payments have already been made for equipment.

On 9/12/14 Aries SPV paid Canada North directly the sum of $1,453,211.35 in US funds which represents a 20% deposit on 4 dorms ($704,587.31) and payment in full for one dorm less the deposit ($748,624.04). This needs to be unwound and the funds (US) sent back to Aries SPV.

On 11/28/14 Steve sent $5,512,500 to Canada North from the new $62.0 MM facility to purchase a 12 unit KDR, two (2) 30 man skidded dorms, a six (6) unit rec building and a four (4) unit gym building.

We have an invoice from Canada North for another 38 man dorm in the amount of $748,624.04 (invoice # 59641113) and an invoice in the amount of $2.8 MM plus GST for site work. Both need to get paid promptly.

We also have an invoice from Alta-Fab in the amount of $4,625,000 plus GST for the additional five (5) 38 man dorms mentioned above. This needs to get paid next week (week of 12/8/14).

Documentation: this transaction has been documented with a Unanimous Shareholders Agreement for the corporate GP, Kilometer 147 GP Ltd., a Kilometer 147 Limited Partnership Agreement, a Master Equipment Lease Agreement and an Equipment Schedule #1 thereto. All documents have been signed. There is a separate land lease with an unrelated party that has been signed.

Canadian counsel has been retained and will be providing comments on the documents. The documents were prepared with 726 Modular Finance Canada as owner and need to be changed to 726 Remote Accommodations Ltd. In addition, comments from our counsel need to be incorporated in the new documents, an Operating and Services Agreement needs to be completed and signed and the

Equipment Schedule needs to be modified to take into account the five (5) new dorms we are purchasing from Alta-Fab.

Thus, in terms of documentation, we need to amend the Unanimous Shareholders Agreement, the LP Agreement and Equip Schedule # 1. We need to create an Operating and Services Agreement for the camp.

Draw # 1 is the $5,512,500 CAD that Steve sent to Canada North 11/28/14.
Draw # 2 will be the $1,453,211.35 due back to Aries SPV in US dollars.
Draw # 3 will be $784,624.04 due Canada North in US funds for a 38 man dorm that has been installed.
Draw # 4 will be for $2,940,000 CAD (includes 5%GST) due Canada North for site work.
Draw # 5 will be for $4,856,250 CAD due Alta-Fab for the five (5) new 38 man dorms.

Alta-Fab Solutions Ltd.
504-13 Avenue
Nisku, AB, T9E 7P6
CANADA
Tel: 780.955.7733
Fax: 780.955.7851

ALTA-FAB
Remote Modular Solutions

Invoice

Sold To:	Ship To:
RELIANT ASSET MANAGEMENT 26 - 903 RUTHERFORD ROAD, NW EDMONTON, AB T6W 1N9 CANADA	RELIANT ASSET MANAGEMENT 26 - 903 RUTHERFORD ROAD, NW EDMONTON, AB T6W 1N9 CANADA

Order Date	Your Order #	Salesperson	Invoice Date	Invoice #
01/07/2015	JIM BENEDICT	CAMERON BOWIE	01/07/2015	**2009**
Order #	**Shipped Via**	**Currency**	**Shipping Date**	**Account #**
38	Unknown	CAD		56
Work Order #	**Terms**			**GST #**
	NET UPON RECEIPT	RC1706		80588 0135 RT0001

QTY ORDERED	DESCRIPTION	UNIT PRICE	UNIT	EXTENSION
1	**NEW 2013 12' X 56' (SKIDDED) 38 - BED DORM** SERIAL NUMBERS: NHAF 4861 - 4868 MODEL NUMBERS: 131256-S-SLP1, 131256-S-SL2, 131256-S-LDY/SL3, 131256-S-SL4, 131256-S-SL5, 131256-S-SL6, 131256-S-SL7, 131256-S-SL8	925,000.00		925,000.00

Subtotal:	925,000.00
Misc:	0.00
Freight:	0.00
GST	46,250.00
Total (CAD) :	**$971,250.00**

Please remit to address above

Title of said property shall not pass to the purchaser until paid in full

Interest may be charged at 2% per month on overdue accounts

726 Remote Accommodations, Ltd.
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

January 8, 2015

Modular Funding Ltd.
c/o Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY 1-9007
CAYMAN ISLANDS
Attn: Fiona Barrie

CANADIAN DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.
Re: Kilometer 147 LP – Monias Lodge

Draw #5

Ladies and Gentlemen:

The undersigned, 726 Remote Accommodations Ltd (the "Borrower") refers to the Secured Credit Agreement dated as of November 1, 2014 (as the same may be amended or modified from time to time, the "Credit Agreement") among the Borrower and Modular Funding Ltd. (the "Lender"). Unless otherwise defined herein, capitalized terms herein are used as defined in the Credit Agreement. The undersigned hereby gives you irrevocable notice pursuant to Section 2.04(a) of the Credit Agreement that the undersigned hereby requests a Borrowing, and in connection with that request sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.04(a) of the Credit Agreement.

Please accept this letter as authorization to today disburse investment proceeds in the amount of $971,250.00 Canadian from the account of Modular Funding Ltd., on behalf of 726 Remote Accommodations Ltd., as follows:

1. A wire in the amount of $971,250.00 Canadian payable to:

   ATB Financial
   4821 – 50 Avenue
   Leduc, AB T9E 6X6
   Institution # 219; transit routing 08979

   For credit to the account of:

   Alta-Fab Structures, Ltd.
   Account # 130022902

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(a) The representations and warranties contained in the Credit Documents (other than representations and warranties that are expressly made as of a specific date other than the date hereof or the proposed Borrowing) are correct in all material respects, before and immediately after giving effect to the Proposed Borrowing, as though made on the date of the Proposed Borrowing; and

(b) No Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

Reliant Asset Management, LLC
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

December 4, 2014

Mr. Steve Tenenbayev
Wafra Capital Partners Inc.
345 Park Avenue, 41st Floor
New York, NY 10154

CANADIAN DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.

Re: Monias South Lodge, Ft. McMurray, AB

DRAW # 4

Dear Steve:

Please accept this letter as your authorization to disburse the investment proceeds of $2,940,000.00 from the account of Modular Funding on behalf of 726 Remote Accommodations, Ltd, as follows:

1. A wire in the amount of $2,940,000.00 payable to:

   Royal Bank of Canada
   Mayfield Pointe West Branch
   16909 – 103 A Avenue NW
   Edmonton, AB T5P 4Y5
   Bank 003; Transit 05259
   Swift: ROYCCAT2

   For credit to the account of:

   Canada North Camps Inc. (wholly owned sub of Canada North)
   Account # 1022433 (this is a CAD dollar denominated account)

2. A wire in the amount of $0 payable to :

   Bank of America
   1369 Chain Bridge Road
   McLean, VA 22101
   ABA # 026009593

   For credit to the account of:

   Reliant Asset Management, LLC
   Account Number 4350 2147 1542

3. A wire in the amount of $0 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to:

Wafra Fee Account
Account # 4000-470637-003

The wire to Canada North covers $2,800,000 for site work and $140,000 for GST which is Canadian tax that we will get back with our next GST tax filing in Canada. Fees to be paid in US dollars after conversion rate is determined.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

726 Remote Accommodations, Ltd.
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

December 31, 2014

Modular Funding Ltd.
c/o Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY 1-9007
CAYMAN ISLANDS
Attn: Fiona Barrie

US DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.
Re: Kilometer 147 LP – Monias Lodge

Draw #3

Ladies and Gentlemen:

The undersigned, 726 Remote Accommodations Ltd (the "Borrower") refers to the Secured Credit Agreement dated as of November 1, 2014 (as the same may be amended or modified from time to time, the "Credit Agreement") among the Borrower and Modular Funding Ltd. (the "Lender"). Unless otherwise defined herein, capitalized terms herein are used as defined in the Credit Agreement. The undersigned hereby gives you irrevocable notice pursuant to Section 2.04(a) of the Credit Agreement that the undersigned hereby requests a Borrowing, and in connection with that request sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.04(a) of the Credit Agreement.

Please accept this letter as authorization to disburse investment proceeds in the amount of $774,825.88 US from the account of Modular Funding Ltd., on behalf of 726 Remote Accommodations Ltd., as follows:

1. A wire in the amount of $748,624.04 US payable to:

    Royal Bank of Canada
    Mayfield Pointe West Branch
    16909 – 103 A Avenue NW
    Edmonton, AB T5P 4Y5
    Bank 003; Transit 01599
    Swift: ROYCCAT2

    For credit to the account of:

    CampCorp USA Inc (wholly owned sub of Canada North)
    Account # 4003547 (this is a US dollar denominated account)

2. A wire in the amount of $18,715.60 payable to:

Bank of America
1369 Chain Bridge Road
McLean, VA 22101
ABA # 026009593

For credit to the account of:

Reliant Asset Management, LLC
Account # 4350 2147 1542

3. A wire in the amount of $7,486.24 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to the account of:

Wafra Fee Account
Account # 4000 – 470637 - 003

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(a) The representations and warranties contained in the Credit Documents (other than representations and warranties that are expressly made as of a specific date other than the date hereof or the proposed Borrowing) are correct in all material respects, before and immediately after giving effect to the Proposed Borrowing, as though made on the date of the Proposed Borrowing; and

(b) No Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

Reliant Asset Management, LLC
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

November 19, 2014

Mr. David Tipple
Wafra Capital Partners Inc.
345 Park Avenue, 41st Floor
New York, NY 10154

US DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.

Re: Monias South Lodge, Ft. McMurray, AB

DRAW # 2

Dear David:

Please accept this letter as your authorization to disburse the investment proceeds of $2,263,486.75 from the account of Modular Funding on behalf of 726 Remote Accommodations, Ltd, as follows:

1. A wire in the amount of $748,624.04 payable to:

   Royal Bank of Canada
   16909 – 103 A Avenue NW
   Edmonton, AB T5P 4Y5
   Bank 003; Transit 01599
   Swift: ROYCCAT2

   For credit to the account of:

   CampCorp USA Inc (wholly owned sub of Canada North)
   Account # 4003547 (this is a US dollar denominated account)

2. A wire in the amount of $1,453,211.35 payable to:

   First Republic Bank
   111 Pine Street
   San Francisco, CA 94111
   ABA #321081669

   For credit to the account of:

   Aries SPV, LLC
   Account # 80001341230

3. A wire in the amount of $44,036.71 payable to :

Bank of America
1369 Chain Bridge Road
McLean, VA 22101
ABA # 026009593

For credit to the account of:

Reliant Asset Management, LLC
Account Number 4350 2147 1542

4. A wire in the amount of $17,614.68 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to:

Wafra Fee Account
Account # 4000-470637-003

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

Reliant Asset Management, LLC
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

September 12, 2014

Mr. David Tipple
Wafra Capital Partners Inc.
345 Park Avenue, 41st Floor
New York, NY 10154

REINVESTMENT: RAM SPV III, LLC

ALL IN US DOLLARS

Re: Monias South Lodge, AB

DRAW # 1

Dear David:

We hereby request your authorization to disburse the reinvestment proceeds of $1,504,073.75 from the account of RAM SPV III, LLC, as follows:

1. A wire in the amount of US $1,453,211.35 payable to:

   Royal Bank of Canada
   Mayfield Pointe West Branch
   16909 – 103 A Avenue NW
   Edmonton, AB T5P 4Y5
   Bank 003; Transit 01599
   Swift: ROYCCAT2

   For credit to:

   Campcorp USA Inc (wholly owned sub of Canada North)
   Account # 4003547 (this is a US dollar denominated account)

2. A wire in the amount of $36,330.28 payable to :

   Bank of America
   1369 Chain Bridge Road
   McLean, VA 22101
   ABA # 026009593

   For credit to the account of:

   Reliant Asset Management, LLC
   Account Number 4350 2147 1542

3. A wire in the amount of $14,532.11 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to:

Wafra Fee Account
Account # 4000-470637-003

Very Truly Yours,

Michael I. Roman
Vice President
Reliant Asset Management, LLC

ANSWER TO UNDERTAKING NO. 11
BARRY ROMAN

MONIAS LODGE (Kilometer 147 LP)

1. Kilometer 147 Limited Partnership Agreement; Registration Statement; Proof of Filing
2. Unanimous Shareholders Agreement – Kilometer 147 GP Ltd.
3. Operating Agreement
4. Services Agreement
5. Kilometer 147 LP and Remote Accommodations, Ltd; Master Equipment Lease Agreement; General Terms and Conditions; Equipment Schedule Number 001; Certificate of Substantial Completion
6. Kilometer 147 LP and Canada North Camps, Inc; Master Equipment Lease Agreement; General Terms and Conditions; Equipment Schedule Number 001
7. Lease Agreement – Land, Kingdom Properties, Ltd. landlord
8.

LP Registration Date: October 14, 2014
Registration Number: LP 18538025

Kilometer 147 LP, 14238 – 134 Ave., Edmonton, AB T5L 5V8
General Partner is Kilometer 147 GP Ltd.

Canada North Camps, Inc	33.3 Class A Common Voting Shares
726 Remote Accommodations, Ltd.	33.3 Class A Common Voting Shares
Chief Morris Monias	33.3 Class A Common Voting Shares

The limited partners are:

Canada North Group LP Holdings Ltd.	33% interest
726 Remote Accommodations, Ltd.	33% interest
Chief Morris Monias	33% interest
(GP) Kilometer 147 GP Ltd.	1.0% interest

PEACE RIVER LODGE LP

1. Peace River Lodge Limited Partnership Agreement; Registration Statement; Proof of Filing
2. Unanimous Shareholders Agreement – Peace River Lodge GP Ltd.
3. Operating Agreement
4. Services Agreement
5. Peace River Lodge LP and Remote Accommodations, Ltd; Master Equipment Lease Agreement; General Terms and Conditions; Equipment Schedule Number 001; Certificate of Substantial Completion
6. Peace River Lodge LP and Canada North Camps, Inc; Master Equipment Lease Agreement; General Terms and Conditions; Equipment Schedule Number 001
7. Lease Agreement – Land, Woodburn Management Inc. as landlord
8. Predecessor (1825196 Alberta Ltd) formation documents.
9. Predecessor USA; Operating Agreement; Services Agreement; Lease

LP Registration Date: January 26, 2015
Registration Number: LP 18736702

Peace River Lodge LP, 14238 – 134 Ave., Edmonton, AB T5L 5V8
General Partner is Peace River Lodge GP Ltd.

Canada North Camps, Inc	50 Class A Common Voting Shares
726 Remote Accommodations, Ltd.	50 Class A Common Voting Shares

The limited partners are:

Canada North Group LP Holdings Ltd.	49.5% interest
726 Remote Accommodations, Ltd.	49.5% interest
(GP) Peace River Lodge GP Ltd.	1.0% interest

WANDERING RIVER LODGE LP CLOSING BOOK

Parties:

Wandering River Lodge GP Ltd. ("GP")

Canada North Camps Inc. ("CNC")

Canada North Group LP Holdings Ltd. ("CNGLPH")

Wandering River Properties Ltd. ("WRPL")

726 Remote Accommodations, Ltd. ("726")

Heart Lake CNC LP ("HLCNC")

Morris Monias ("Monias")

Paul McCracken ("Paul")

Phil Harrison ("Phil")

Barry Roman ("Barry")

September 30, 2014

A. Incorporation and Organization of GP

1. Certificate of Incorporation
2. Articles of Incorporation
3. Registration Statement
4. Bylaws
5. Organizational Documents
    a. Directors Resolutions
    b. Consents to Act as Director (Paul, Phil, Barry, Monias)
    c. Shareholders Resolution
    d. Share Subscriptions (CNC, WRPL, 726, Monias)

e. Share Certificates

December 29, 2014

B. Name Change of GP

6. Shareholder Resolution authorizing amendment to name

7. Certificate of Amendment

8. Articles of Amendment

9. Registration Statement

10. Amended Share Certificates

C. Formation of Limited Partnership

11. Certificate of Limited Partnership

12. Proof of Filing

13. Registration Statement

14. Limited Partnership Agreement

15. Subscription Forms

    a. CNGLPH

    b. WRPL

    c. 726

    d. Monias

16. Unit Certificates

    a. #1 – GP

    b. #2 – CNGLPH

    c. #3 – WRPL

    d. #4 – 726

    e. #5 – Monias

17. Unanimous Shareholders Agreement of GP

18. Operating Agreement

19. Services Agreement - HLCNC

20. Land Lease Agreement with Grande Rapids Pipeline Limited Partnership (Trans Canada)

21. Master Equipment Lease Agreement

22. Equipment Lease for Equipment supplied by HLCNC

23. Certificate of Substantial Completion

ANSWER TO UNDERTAKING NO. 12
BARRY ROMAN

BONNYVILLE LODGE

726 Remote Accommodations Ltd to purchase all equipment and bear some of the site and installation costs by paying Canada North $20.0 MM. 726 remote to 'contribute' the equipment to the LP. Contribute here means let the LP use the equipment in exchange for a right to receive all distributions from the LP until they have recovered their investment. Title to the equipment will not pass at the outset but after both 726 and Canada North receive back their investments.

Canada North to use the $20.0 MM in part to purchase the land (they have it on an installment purchase right now) and to pay for the balance of the site and installation costs. 726 will have no further obligation to pay for anything related to the camp and all assets will pass to 726 free and clear.

The $20.0 MM investment is supported by $12.0 MM in hard assets (buildings and equipment) and costs spent to develop the site and install the buildings. Thus, we have $8.0 MM exposed in return for a preference in distributions. 726 gets all distributions until they have recovered their $20.0 MM after which Canada North gets all distributions until they have recovered their investment. The CNC investment is approx. $8.0 MM and is comprised of $4.2 MM land and the balance soft costs of site work and installation.

It is anticipated 726 will recover the $20.0 MM investment in approx. 2.7 years; and CNC will recover their investment over the next 10 to 12 months.

Just as 726 is contributing the use of the equipment to the operating LP, CNC is contributing the use of the land. Actual title to the land will not pass to the LP and title to the equipment will not pass from 726 to the LP until both parties have fully recovered their investments. Thereafter, excess cash from operations will be divided equally.

There is no lease or debt document related to the use of the equipment or the use of the land by the operating LP. 726 will own all the equipment outright and is anticipated that any deficit in hard asset value will be recovered within 12 months by virtue of the preferential cash flows.

After both 726 and CNC have recovered their respective investments from cash distributions, the equipment and land will be sold to the operating LP for fair market value which is currently anticipated to be about equal. That is, the depreciating equipment and the appreciating land with site improvements should have a value after year 4 which are fairly equal. It is the intent to agree on a value for each and have the LP purchase the assets. The purchase will be accomplished via either a note or a preference in distributions – but if the values are essentially equal and we are 50/50 partners, then it does not really matter.

Documentation: counsel for CNC has submitted a draft Unanimous Shareholders Agreement and a draft LP Agreement. We have retained counsel in Calgary and they have reviewed the documents and are prepared to provide comments. We will be using the standard GP/LP format and will have an Operating and Services Agreement for this transaction. I will relay comments on the issues list and get the documents moving along so we can proceed to a close. Counsel has informed me that we can more likely than not rely on a general exemption to avoid foreign ownership issues on the land. We will work thru the land issues with counsel in Canada.

Credit Submission updated 11/13/14. This is a 576 bed camp with 294 beds leased and 282 owned. 726 will own the 282 beds, a 12 unit KDR and ancillary recreation, admin and support buildings as well as all equipment to operate the camp. CNC will provide catering, camp management and admin services pursuant to an Operating and Services Agreement that spells out remuneration and has performance standards. 726 will have the right to terminate CNC in the event of poor performance which is uncured with a 30 day period – fairly standard in Canada.

Wandering River Lodge LP
April 20, 2015 Summary Update

726 Remote Accommodations Ltd (wholly owned by Reliant Asset Management, LLC) is a 25% limited partner in the Wandering River Lodge LP and holds a lease with the LP covering a 42 month period which commenced 12/29/14 with monthly rents as follows:

the initial 6 months and the final 6 months at $297,600 (2.55% of equipment cost);
the intervening 30 months based on occupancy rates at the camp ranging from:

up to 30% occupancy	$193,800	1.66% of equipment cost
30% to 50%	218,400	1.87%
50% to 80%	243,000	2.08%
Over 80%	267,600	2.29%

Six months of $297,600 plus 30 months at the minimum generate $9,385,200 CAD over 42 months (80.4% of equipment cost excluding GST which we have received back from Revenue Canada).

Investment Summary	Equipment Cost	GST	Total	Paid	Due
Alta-Fab	6,475,000	323,750	6,798,750	6,798,750	0
ATCO	4,250,000	212,500	4,462,500	4,087,000	375,500
GNS Trailer	950,000	47,500	997,500	997,500	0
TOTALS	11,675,000	583,750	12,258,750	11,883,250	375,500

Canada North had a dispute with ATCO and as a result thereof we withheld $375,500 from the ATCO equipment payment. The total of the deficiencies accepted by Canada North and ATCO is $10,667.93 leaving a balance due of $364,832.07. This has been set up as draw #4 to ATCO.

726 Remote Accommodations owns two (2) 10 unit KDR's; (1) laundry unit; (2) office units; three (3) 30 man VIP dorms; and seven (7) 38 man executive dorms. Total of 103 modules and 356 beds.

TransCanada occupied the entire camp from mid December until early March then started to phase out of the camp with an end date in early April. TransCanada has indicated they will return in the late fall for 4 to 6 months at capacity driving our monthly rent during that period to $267,600. Occupancy from now until TransCanada returns in the fall of this year will not exceed 30%. TransCanada has also indicated they anticipate use of the Wandering River camp in the fall/winter 2016 as well, which, coupled with their contractual commitment for the winters 2014/15 and 2017/18 means they will have used the camp at occupancy each winter. Please note that daily occupancy changes due to crew movement and project phasing.

Peace River Summary
Updated January 7, 2015

SPV IV has funded three (3) draws for equipment at Peace River – all in US dollars; fees have been paid. SPV IV debt facility has been divided to move some capacity to Modular Funding – documents in process.

Draw #1 was funded 6/24/14 in the amount of $2,468,647.67;
Draw # 2 was funded 7/21/14 in the amount of $3,112,624.72;
Draw # 3 was funded 8/21/14 in the amount of $1,287,990.08.

Total is $6,869,280.47 of which $6,636,985.96 is buildings and the balance of $232,294.51 is fees (3.5%).

Aries SPV used $4,999,837.50 US dollars (10/17) which was converted to Canadian dollars in the amount of $5,512,486.00 and sent to 726 Modular Finance Canada Ltd. 726 Modular then used $1,627,500 CAD to pay Canada North for certain soft costs that had been incurred at Peace River. The $1,627,500 CAD has been funded by 726 Remote and the prior advances refunded thru 726 Modular to Aries SPV (12/30/14).

Documentation: the documentation for Peace River is complete in a corporate format but is being re-done in a limited partnership format to be consistent with the other three (3) Canadian camps funded this fall/winter.

We have a Certificate of Incorporation for 1825196 Alberta Ltd; Articles of Incorporation for 1825196 Alberta Ltd; Directors Resolutions; Shareholder Resolutions; Unanimous Shareholders Agreement; Operating Agreement (covers camp management); Services Agreement (covers catering); Lease Agreement – Land, independent party; Master Equipment Lease Agreement between 726 Modular Finance Canada Ltd and 1825196 Alberta Ltd; and Equipment Schedule # 1 thereto. All documents have been executed. The documents were done with 726 Modular and we are changing to 726 Remote Accommodations Ltd to allow the new entity to fund additional costs out of Modular Funding Ltd and the $62.0 MM capital facility.

We are changing to an LP format. This means the Unanimous Shareholders Agreement needs to be amended; the Operating Agreement and Services Agreements will be redone in the name of 726 Remote and the Master Lease Equipment Schedule # 1 will have to be modified as the initial one was based on an estimate of our total investment. There have been some additional site costs and we have increased the scope of work to include infrastructure for additional buildings as it is cheaper to do the work at one time as opposed to return and start again. The lease is for 45 months at .0278 based on our total investment – this is full pay out at 12.19% then the assets transfer to the operating entity for $1.

726 is a 50% owner.

NOTE: the initial three (3) draws, which paid for all of the equipment, came out of RAM SPV IV. The SPV IV capital facility has been divided to allow a portion of the capital to flow thru Module Funding Ltd, the independent party used to fund investments in Canada. Thus, the equipment will have been funded by Modular Funding Ltd and is currently owned by 726 Modular Finance Canada Ltd.

A draw #4 has been paid in the amount of $1,627,500 CAD on 12/30/14 from Modular Funding Ltd by way of 726 Remote Accommodations. Additional draws to pay for the balance of the transport, site work and installation costs will come from 726 Remote and Modular Funding.

Draft replacement documents have been reviewed by Ann H at Wafra and comments have been sent to our counsel in Calgary. I anticipate that a new set of agreed upon documents will be ready for final Wafra review by 1/9/14.

The transaction is a two party transaction (each 50% owners) with the standard GP/LP structure. 726 Remote is a 50% GP (together with Canada North) and a 49.5% LP (GP is a 1% owner of the LP; Canada North a 49.5% LP). 726 Remote gets a 45 month lease to $1 on our total investment. Documents for the new LP structure include the following: Unanimous Shareholders Agreement; corp acts as GP of a new operating LP; Limited Partnership Agreement; Operating Agreement; Services Agreement; Master Equipment Lease Agreement including General Terms and Conditions; Equipment Schedule # 1; and the Lease Agreement – Land, which has been completed. 726 Remote has the sole right to terminate Canada North as service provider under both the Services Agreement and the Operating Agreement while our lease is in existence.

Schedule B - 726 Remote Investment Summary for Peace River

Assets	Date	Amount	Currency	Notes
23 units	6/24/14	2,385,166.83	US	purchased from Canada North
29 units	7/21/14	3,007,384.27	US	purchased from Canada North
12 units	8/21/14	1,244,434.86	US	purchased from Canada North
US Sub-Total		6,636,985.96		
Convert to CAD		7,632,533.85	1.15	convert at 1.15 CAD to 1 US
site / set up	10/9/14	500,000.00	CAD	paid to Canada North
site / set up	10/21/14	300,000.00	CAD	paid to Canada North
site / set up	10/30/14	827,500.00	CAD	paid to Canada North
site / set up		1,417,500.00	CAD	due to Canada North, invoices 8, 9, 10
site / set up		4,458,758.12	CAD	estimate remaining - see below
Sub-Total		15,136,291.97		
CNC foregone profit		(1,817,269.96)	CAD	$1,580,234.75 US x 1.15 conversion
726 Net Investment		13,319,022.01	CAD	
Site/SetUp budget				per budget from Mike McInnis
General Conditions		158,575.00	CAD	
Site work		3,036,738.22	CAD	
Metals and steel		992,761.90	CAD	
Woods and plastics		1,456,045.00	CAD	
Special equipment		77,500.00	CAD	
Mechanical HVAC		1,059,038.00	CAD	
Electrical systems		578,100.00	CAD	
Total Estimate		7,358,758.12	CAD	
paid to CNC		(1,550,000.00)	CAD	$1,627,500 / 1.05
due to CNC		(1,350,000.00)	CAD	$1,417,500 / 1.05
unpaid estimate		4,458,758.12	CAD	

Equipment Schedule - Peace River, AB

#	Invoice #	Serial Number	Gross Price	20% Profit	Net Price	GST	Total Cash
1	59641073	201402 FX PR 046	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
2	59641073	201402 FX PR 047	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
3	59641073	201402 FX PR 048	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
4	59641073	201402 FX PR 049	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
5	59641073	201402 FX PR 050	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
6	59641073	201402 FX PR 051	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
7	59641073	201402 FX PR 053	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
8	59641073	201402 FX PR 054	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
9	59641073	201402 006 SL	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
10	59641073	201402 007 SL	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
11	59641073	201402 008 SL	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
12	59641073	201402 009 SL	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
13	59641073	201402 011 SL	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
14	59641073	201402 012 SL	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
15	59641081	201402 FX PR 052	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
16	59641081	201402 FX PR 057	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
17	59641081	201402 FX PR 058	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
18	59641081	201402 FX PR 059	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
19	59641081	201402 FX PR 060	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
20	59641081	201402 FX PR 061	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
21	59641081	201402 FX PR 062	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
22	59641081	201402 FX PR 063	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
23	59641081	201402 FX PR 064	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
24	59641088	201402 FX PR 027	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
25	59641088	201402 FX PR 028	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
26	59641088	201402 FX PR 029	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
27	59641088	201402 FX PR 030	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
28	59641088	201402 FX PR 031	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
29	59641088	201402 FX PR 033	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
30	59641088	201402 WB PR 003	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
31	59641088	201402 WB PR 004	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
32	59641088	201402 WB PR 005	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
33	59641088	201402 WB PR 010	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91

Equipment Schedule - Peace River, AB

#	Invoice #	Serial Number	Gross Price	20% Profit	Net Price	GST	Total Cash
34	59641088	201402 WB PR 013	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
35	59641088	201402 WB PR 014	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
36	59641088	201402 WB PR 017	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
37	59641088	201402 WB PR 018	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
38	59641093	201302 FX PR 001	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
39	59641093	201302 FX PR 002	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
40	59641093	201302 FX PR 015	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
41	59641093	201302 FX PR 022	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
42	59641093	201302 FX PR 023	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
43	59641093	201302 FX PR 024	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
44	59641093	201302 FX PR 026	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
45	59641093	201302 FX PR 038	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
46	59641093	201302 FX PR 039	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
47	59641093	201302 FX PR 045	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
48	59641093	201302 FX PR 055	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
49	59641093	201302 FX PR 056	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
50	59641094	201402 FX PR 034	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
51	59641094	201402 FX PR 036	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
52	59641094	201402 FX PR 037	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
53	59641096	201302 FX PR 019	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
54	59641096	201302 FX PR 020	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
55	59641096	201302 FX PR 021	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
56	59641096	201302 FX PR 040	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
57	59641096	201302 FX PR 041	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
58	59641096	201302 FX PR 043	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
59	59641096	201302 FX PR 044	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
60	59641101	201402 FX PR 016	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
61	59641101	201402 FX PR 025	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
62	59641101	201402 FX PR 032	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
63	59641101	201402 FX PR 035	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
64	59641101	201402 FX PR 042	123,455.84	24,691.17	98,764.67	4,938.23	103,702.91
			7,901,173.76	1,580,234.75	6,320,939.01	316,046.95	6,636,985.96

RAM Lease Investment Closing Document Checklist

	Lessee: Monias South Lodge	**DRAW # 5 January 8, 2015**
	south of Ft McMurray, AB Canada	
		Canadian Dollars
	Original Investment: XXXXX	Reinvestment:
	726 Remote Accommodations, Ltd.	Equip is destined for Alberta, Canada
	DATE FUNDS WIRED:	FINANCIALS:
	Master Document Summary	**Canadian Dollars**
X	Transaction Summary 1/8/15	EQUIP COST: $971,250
(1)	Certificate of LP - K 147 LP	($925,000 plus $46,250 GST)(4)
(2)	K147 Limited Partnership Agreement	Fees: $0
(2)	Unanimous Shareholders Agreement	
(2)	Master Lease with Kilometer 147 LP	Total COST: $971,250
(2)	General Terms and Conditions	
(2)	Equipment Schedule # 1	Term Rent: $16,~~961,~~683.50 (5)
(2)	Services Agreement	
(2)	Operating Agreement	Monthly Rent: $~~376,~~926.30
X	Alta-Fab Quotation EQ141112	
X	Dealer Invoice - Canadian Dollars	# Months: 45
(3)	UCC-1	
X	Pay Proceeds Letter	Start Date: January ~~1~~ 26, 2015
X	Credit Submission	
(1)	Assignment, Assumption	End Date: September 30, 2018
	and Indemnity Agreement	
		Documents Approved:
		Meets Credit Approval:
	NOTES:	
	(1) originals on file with Wafra	
	(2) final documents to come from our counsel via e-mail	
	(3) to be filed upon occupancy	
	(4) GST will be refunded with next tax filing	
	(5) lease is 45 months at our investment x .0278 to $1 purchase option in favor of LP	
	In addition, 726 has a 1/3 interest in the operating LP.	
	M Roman prepared 1/8/15	RAM assets # 8188 - 8241 (54)

Monias Lodge - Summary of 726 Investment

Asset	Amount	Notes
12 KDR & equip	2,100,000.00	purchased from Canada North
30 person skidded dorm	975,000.00	purchased from Canada North
30 person skidded dorm (Clyde yard)	975,000.00	purchased from Canada North
30 person frameless dorm	975,000.00	owned by 726
2 x 38 person skidded dorms	1,950,000.00	purchased from Canada North
6 unit rec	750,000.00	purchased from Canada North
4 unit gym	450,000.00	purchased from Canada North
Set-up costs (estimate)	4,000,000.00	CNC estimate of site costs
Misc equipment	408,500.00	see summary below
38 person dorm from Alta-Fab	975,000.00	direct purchase from Alta-Fab
	13,558,500.00	
45 month lease rate	0.0278	
Monthly payment	376,926.30	
Misc equipment summary		
12 light towers	180,000.00	
6000 gal water storage tank	45,000.00	
250 car plugs	250,000.00	
Potable water treatment plant	300,000.00	
smallwares allowance	10,000.00	
linens allowance	10,000.00	
furnirure allowance	10,000.00	
12 lift stations	12,000.00	
	817,000.00	
1/2 to 726; 1/2 to CNC	0.50	
	408,500.00	

9150,000
2800,000
11,950,000

MONIAS LODGE SOUTH

December 19, 2014; Updated January 8, 2015

Kilometer 147 GP Ltd.

33.3% owned by 726 Remote Accommodations Ltd; Canada North Camps, Inc; and Chief Morris Monias.

Kilometer 147 Limited Partnership

1% GP; 33% each of the three (3) parties above.

Original Transaction: $20.84 MM total investment comprised of $16.84 MM hard costs and $4.0 MM budgeted soft costs. Of the total, CNC to bear $8.29 MM ($6.65 MM buildings and $1.64 MM other hard costs – water storage tanks, furniture, linens, small wares etc) and 726 to bear $12.58 MM ($8.2 MM buildings, $409K other hard costs and $4.0 MM soft costs). The 726 total includes $975K investment that has already been made (we own a 30 man dorm that is being used here) so our net investment is $11.6 MM. Total of 406 beds (240 CNC and 166 for 726; 726 funding the KDR, rec and gym).

Each party will get a 45 month lease on their total investment at .0278 to $1. Thus, based on the above, CNC would get monthly payments of $230,336.90 and 726 would get monthly payments of $349,821.30 (based on $12,583,500).

Final Transaction: after further discussions with Paul at Canada North today, we have decided to purchase one (1) additional new dorm of 38 beds and eliminate the three (3) 42 man dorms from the CNC investment total. Bed count would be 318 on a total investment of $18.9 MM divided as follows: 726 total investment $13,558,500 (204 beds $5.85 MM; KDR $2.1 MM; rec $750K; and gym $450K – total buildings $7.9 MM plus $408K other hard costs and $4.0 MM soft costs). CNC total investment $5.36 MM ($3.73 MM buildings; $1.6 MM other hard costs). The actual 726 cash investment would be $12,533,500 plus 5% GST (which we will get back) but the 726 lease is figured on $13,558,500 which is $376,926.30 (full pay out over 45 months at 16.74%).

Based on the above, CNC would get a lease at $149,021.90 for 45 months to $1 and 726 would get a lease at $376,926.30 to $1. Total is $525,948.20 per month.

Draw #1 is $5,512,500 CAD that was sent to CNC 11/28/14 for the KDR, rec and gym. This has been funded by 726 Remote.

Draw # 2 is 1,453,211.35 US that is due back to Aries SPV for a deposit paid CNC ($704,587.31) and the purchase of a new 38 man dorm ($748,624.04). This was paid to CNC 9/12/14. This has been funded by 726 Remote.

We are holding an invoice from CNC in the amount of $748,624.04 US for another 38 man dorm that has been manufactured, delivered and installed. I set this up as draw # 3.

We have an invoice from CNC for $2.8 MM CAD plus 5% GST for a portion of the total budgeted $4.0 MM soft costs ($2.8/$4.0 = 70%). This was set up as draw # 4.

Draw # 5 is $925,000 for a new 38 man dorm from Alta-Fab plus 5% GST.

Sales/Marketing Summary:

Contracted:	Marco Pipelines	20 beds at $265 from 1/1/15 to 2/28/15 ($312,700 gross)
Proposal Issued:	Marco Pipelines	20 beds at $265 from 3/1/15 to 4/15/15 ($243,800)
	Devon Energy	250 beds at $250 from 1/1/15 to 4/30/15 ($7.5 MM)
	CNRL	70 beds at $250 from 1/1/15 to 4/30/15 ($2.1 MM)
	Harvest Energy	125 beds at $250 from 1/1/15 to 6/30/15 ($5.66 MM)
Discussions/Interest:	Cenovus	100 beds at $250 from 1/1/15 to 4/30/15 ($3.0 MM)

Expect Harvest Energy and Devon to maintain an aggregate base of at least 80 rooms from late spring to late fall at which time occupancy should increase.

318 beds; assume $250 gross day rate. Catering is $80 per day; consumables are $35 per day; fixed cost is $1,500 per day. Lease to CNC and 726 is $525,948 per month. (30.41666 day months). 'Net' is before the monthly lease payment to CNC and 726.

Occupancy	%	Gross	Net
80	25.2	608,333	282,875
120	37.7	912,500	447,125
160	50.3	1,216,666	611,374
200	62.9	1,520,830	775,623
250	78.6	1,901,041	980,937
300	94.3	2,281,250	1,186,250

12 months of lease payments totals $6,311,378.

4 months at 300 generates $4,745,000 'net' or 75% of the amount required to service the lease for the entire year. Breakeven on the lease payments after 4 months at 300 is an average of 59 beds which is 18.6% occupancy.

6 months at 300 generates $7.12 MM 'net' or enough to cover 13.5 months lease obligation.
Plus we have a one-third ownership interest.

MONIAS LODGE SOUTH

Transaction Summary – all figures in Canadian dollars unless otherwise noted.

Credit Submission dated 11/4/14 in the amount of $11,608,500 plus 5% GST which we get back. This was predicated on a total job cost of $20.8 MM with Canada North picking up $8.29 MM and 726 picking up $12.58 MM (we get credit for a 30 man dorm we are providing that we already own in the amount of $975K). Each to get a 45 month lease on the investment amount at .0278 to $1 (full pay out at 12.19%). 726 is a one third LP along with Canada North and Chief Monias.

Canada North wants to deduct some dorms from their contribution and move them over to us. We have located five (5) 38 man dorms that we can purchase from Alta-Fab for $925K each plus GST. Total cost is $4,625,000 plus GST. This will be added to our investment total so that our new total will be $17.2 MM plus GST. This $17.2 MM includes $975K for a dorm that we already own so the out of pocket investment is the original $11,608,500 plus $4,625,000 plus GST (grand total with GST $17.0 MM CAD). Our lease with the Monias LP will be based on the new total investment amount. The Canada North lease will be reduced accordingly – they will still have an investment of $3.7 MM.

Two payments have already been made for equipment.

On 9/12/14 Aries SPV paid Canada North directly the sum of $1,453,211.35 in US funds which represents a 20% deposit on 4 dorms ($704,587.31) and payment in full for one dorm less the deposit ($748,624.04). This needs to be unwound and the funds (US) sent back to Aries SPV.

On 11/28/14 Steve sent $5,512,500 to Canada North from the new $62.0 MM facility to purchase a 12 unit KDR, two (2) 30 man skidded dorms, a six (6) unit rec building and a four (4) unit gym building.

We have an invoice from Canada North for another 38 man dorm in the amount of $748,624.04 (invoice # 59641113) and an invoice in the amount of $2.8 MM plus GST for site work. Both need to get paid promptly.

We also have an invoice from Alta-Fab in the amount of $4,625,000 plus GST for the additional five (5) 38 man dorms mentioned above. This needs to get paid next week (week of 12/8/14).

Documentation: this transaction has been documented with a Unanimous Shareholders Agreement for the corporate GP, Kilometer 147 GP Ltd., a Kilometer 147 Limited Partnership Agreement, a Master Equipment Lease Agreement and an Equipment Schedule #1 thereto. All documents have been signed. There is a separate land lease with an unrelated party that has been signed.

Canadian counsel has been retained and will be providing comments on the documents. The documents were prepared with 726 Modular Finance Canada as owner and need to be changed to 726 Remote Accommodations Ltd. In addition, comments from our counsel need to be incorporated in the new documents, an Operating and Services Agreement needs to be completed and signed and the

Equipment Schedule needs to be modified to take into account the five (5) new dorms we are purchasing from Alta-Fab.

Thus, in terms of documentation, we need to amend the Unanimous Shareholders Agreement, the LP Agreement and Equip Schedule # 1. We need to create an Operating and Services Agreement for the camp.

Draw # 1 is the $5,512,500 CAD that Steve sent to Canada North 11/28/14.
Draw # 2 will be the $1,453,211.35 due back to Aries SPV in US dollars.
Draw # 3 will be $784,624.04 due Canada North in US funds for a 38 man dorm that has been installed.
Draw # 4 will be for $2,940,000 CAD (includes 5%GST) due Canada North for site work.
Draw # 5 will be for $4,856,250 CAD due Alta-Fab for the five (5) new 38 man dorms.

Alta-Fab Solutions Ltd.
504-13 Avenue
Nisku, AB, T9E 7P6
CANADA
Tel: 780.955.7733
Fax: 780.955.7851

ALTA-FAB
Remote Modular Solutions

Invoice

Sold To:	Ship To:
RELIANT ASSET MANAGEMENT 26 - 903 RUTHERFORD ROAD, NW EDMONTON, AB T6W 1N9 CANADA	RELIANT ASSET MANAGEMENT 26 - 903 RUTHERFORD ROAD, NW EDMONTON, AB T6W 1N9 CANADA

Order Date	Your Order #	Salesperson	Invoice Date	Invoice #
01/07/2015	JIM BENEDICT	CAMERON BOWIE	01/07/2015	**2009**
Order #	**Shipped Via**	**Currency**	**Shipping Date**	**Account #**
38	Unknown	CAD		56
Work Order #	**Terms**			**GST #**
	NET UPON RECEIPT	RC1706		80588 0135 RT0001

QTY ORDERED	DESCRIPTION	UNIT PRICE	UNIT	EXTENSION
1	**NEW 2013 12' X 56' (SKIDDED) 38 - BED DORM** SERIAL NUMBERS: NHAF 4861 - 4868 MODEL NUMBERS: 131256-S-SLP1, 131256-S-SL2, 131256-S-LDY/SL3, 131256-S-SL4, 131256-S-SL5, 131256-S-SL6, 131256-S-SL7, 131256-S-SL8	925,000.00		925,000.00

Subtotal:	925,000.00
Misc:	0.00
Freight:	0.00
GST	46,250.00
Total (CAD) :	**$971,250.00**

Please remit to address above

Title of said property shall not pass to the purchaser until paid in full

Interest may be charged at 2% per month on overdue accounts

726 Remote Accommodations, Ltd.
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

January 8, 2015

Modular Funding Ltd.
c/o Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY 1-9007
CAYMAN ISLANDS
Attn: Fiona Barrie

CANADIAN DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.
Re: Kilometer 147 LP – Monias Lodge

Draw #5

Ladies and Gentlemen:

The undersigned, 726 Remote Accommodations Ltd (the "Borrower") refers to the Secured Credit Agreement dated as of November 1, 2014 (as the same may be amended or modified from time to time, the "Credit Agreement") among the Borrower and Modular Funding Ltd. (the "Lender"). Unless otherwise defined herein, capitalized terms herein are used as defined in the Credit Agreement. The undersigned hereby gives you irrevocable notice pursuant to Section 2.04(a) of the Credit Agreement that the undersigned hereby requests a Borrowing, and in connection with that request sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.04(a) of the Credit Agreement.

Please accept this letter as authorization to today disburse investment proceeds in the amount of $971,250.00 Canadian from the account of Modular Funding Ltd., on behalf of 726 Remote Accommodations Ltd., as follows:

1. A wire in the amount of $971,250.00 Canadian payable to:

ATB Financial
4821 – 50 Avenue
Leduc, AB T9E 6X6
Institution # 219; transit routing 08979

For credit to the account of:

Alta-Fab Structures, Ltd.
Account # 130022902

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(a) The representations and warranties contained in the Credit Documents (other than representations and warranties that are expressly made as of a specific date other than the date hereof or the proposed Borrowing) are correct in all material respects, before and immediately after giving effect to the Proposed Borrowing, as though made on the date of the Proposed Borrowing; and

(b) No Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

Reliant Asset Management, LLC
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

December 4, 2014

Mr. Steve Tenenbayev
Wafra Capital Partners Inc.
345 Park Avenue, 41st Floor
New York, NY 10154

CANADIAN DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.

Re: Monias South Lodge, Ft. McMurray, AB

DRAW # 4

Dear Steve:

Please accept this letter as your authorization to disburse the investment proceeds of $2,940,000.00 from the account of Modular Funding on behalf of 726 Remote Accommodations, Ltd, as follows:

1. A wire in the amount of $2,940,000.00 payable to:

    Royal Bank of Canada
    Mayfield Pointe West Branch
    16909 – 103 A Avenue NW
    Edmonton, AB T5P 4Y5
    Bank 003; Transit 05259
    Swift: ROYCCAT2

    For credit to the account of:

    Canada North Camps Inc. (wholly owned sub of Canada North)
    Account # 1022433 (this is a CAD dollar denominated account)

2. A wire in the amount of $0 payable to :

    Bank of America
    1369 Chain Bridge Road
    McLean, VA 22101
    ABA # 026009593

    For credit to the account of:

    Reliant Asset Management, LLC
    Account Number 4350 2147 1542

3. A wire in the amount of $0 payable to:

National Bank of Kuwait
299 Park Avenue, 17^{th} Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to:

Wafra Fee Account
Account # 4000-470637-003

The wire to Canada North covers $2,800,000 for site work and $140,000 for GST which is Canadian tax that we will get back with our next GST tax filing in Canada. Fees to be paid in US dollars after conversion rate is determined.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

726 Remote Accommodations, Ltd.
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

Modular Funding Ltd.
c/o Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY 1-9007
CAYMAN ISLANDS
Attn: Fiona Barrie

December 31, 2014

US DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.
Re: Kilometer 147 LP – Monias Lodge

Draw #3

Ladies and Gentlemen:

The undersigned, 726 Remote Accommodations Ltd (the "Borrower") refers to the Secured Credit Agreement dated as of November 1, 2014 (as the same may be amended or modified from time to time, the "Credit Agreement") among the Borrower and Modular Funding Ltd. (the "Lender"). Unless otherwise defined herein, capitalized terms herein are used as defined in the Credit Agreement. The undersigned hereby gives you irrevocable notice pursuant to Section 2.04(a) of the Credit Agreement that the undersigned hereby requests a Borrowing, and in connection with that request sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.04(a) of the Credit Agreement.

Please accept this letter as authorization to disburse investment proceeds in the amount of $774,825.88 US from the account of Modular Funding Ltd., on behalf of 726 Remote Accommodations Ltd., as follows:

1. A wire in the amount of $748,624.04 US payable to:

   Royal Bank of Canada
   Mayfield Pointe West Branch
   16909 – 103 A Avenue NW
   Edmonton, AB T5P 4Y5
   Bank 003; Transit 01599
   Swift: ROYCCAT2

   For credit to the account of:

   CampCorp USA Inc (wholly owned sub of Canada North)
   Account # 4003547 (this is a US dollar denominated account)

2. A wire in the amount of $18,715.60 payable to:

Bank of America
1369 Chain Bridge Road
McLean, VA 22101
ABA # 026009593

For credit to the account of:

Reliant Asset Management, LLC
Account # 4350 2147 1542

3. A wire in the amount of $7,486.24 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to the account of:

Wafra Fee Account
Account # 4000 – 470637 - 003

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(a) The representations and warranties contained in the Credit Documents (other than representations and warranties that are expressly made as of a specific date other than the date hereof or the proposed Borrowing) are correct in all material respects, before and immediately after giving effect to the Proposed Borrowing, as though made on the date of the Proposed Borrowing; and

(b) No Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

Reliant Asset Management, LLC
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

November 19, 2014

Mr. David Tipple
Wafra Capital Partners Inc.
345 Park Avenue, 41st Floor
New York, NY 10154

US DOLLARS

ORIGINAL INVESTMENT: 726 Remote Accommodations, Ltd.

Re: Monias South Lodge, Ft. McMurray, AB

DRAW # 2

Dear David:

Please accept this letter as your authorization to disburse the investment proceeds of $2,263,486.75 from the account of Modular Funding on behalf of 726 Remote Accommodations, Ltd, as follows:

1. A wire in the amount of $748,624.04 payable to:

    Royal Bank of Canada
    16909 – 103 A Avenue NW
    Edmonton, AB T5P 4Y5
    Bank 003; Transit 01599
    Swift: ROYCCAT2

    For credit to the account of:

    CampCorp USA Inc (wholly owned sub of Canada North)
    Account # 4003547 (this is a US dollar denominated account)

2. A wire in the amount of $1,453,211.35 payable to:

    First Republic Bank
    111 Pine Street
    San Francisco, CA 94111
    ABA #321081669

    For credit to the account of:

    Aries SPV, LLC
    Account # 80001341230

3. A wire in the amount of $44,036.71 payable to :

Bank of America
1369 Chain Bridge Road
McLean, VA 22101
ABA # 026009593

For credit to the account of:

Reliant Asset Management, LLC
Account Number 4350 2147 1542

4. A wire in the amount of $17,614.68 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to:

Wafra Fee Account
Account # 4000-470637-003

Very Truly Yours,

Michael I. Roman
Vice President
726 Remote Accommodations, Ltd.
Reliant Asset Management, LLC

Reliant Asset Management, LLC
2900 S. Quincy Street
Suite 300 A
Arlington, VA 22206
703.820.2900

September 12, 2014

Mr. David Tipple
Wafra Capital Partners Inc.
345 Park Avenue, 41st Floor
New York, NY 10154

REINVESTMENT: RAM SPV III, LLC

ALL IN US DOLLARS

DRAW # 1

Re: Monias South Lodge, AB

Dear David:

We hereby request your authorization to disburse the reinvestment proceeds of $1,504,073.75 from the account of RAM SPV III, LLC, as follows:

1. A wire in the amount of US $1,453,211.35 payable to:

   Royal Bank of Canada
   Mayfield Pointe West Branch
   16909 – 103 A Avenue NW
   Edmonton, AB T5P 4Y5
   Bank 003; Transit 01599
   Swift: ROYCCAT2

   For credit to:

   Campcorp USA Inc (wholly owned sub of Canada North)
   Account # 4003547 (this is a US dollar denominated account)

2. A wire in the amount of $36,330.28 payable to :

   Bank of America
   1369 Chain Bridge Road
   McLean, VA 22101
   ABA # 026009593

   For credit to the account of:

   Reliant Asset Management, LLC
   Account Number 4350 2147 1542

3. A wire in the amount of $14,532.11 payable to:

National Bank of Kuwait
299 Park Avenue, 17th Floor
New York, NY 10171
Swift Address: BNOKUS33
ABA # 026000217

For credit to:

Wafra Fee Account
Account # 4000-470637-003

Very Truly Yours,

Michael I. Roman
Vice President
Reliant Asset Management, LLC

ANSWER TO UNDERTAKING NO. 13
BARRY ROMAN

PEACE RIVER LODGE LIMITED PARTNERSHIP

Financial Statements

September 30, 2016

(Unaudited - See Notice To Reader)

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Peace River Lodge Limited Partnership as at September 30, 2016 and the statements of loss and partners' deficiency for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Accountants

February 2, 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

PEACE RIVER LODGE LIMITED PARTNERSHIP

Balance Sheet

As at September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
ASSETS		
CURRENT		
Cash	$ -	$ 1,816
Accounts receivable	75	27,140
Due from 726 Remote Accomodations, Ltd.	-	433,594
Goods and services tax recoverable	11,227	-
	11,302	462,550
PROPERTY AND EQUIPMENT	25,323,298	26,346,853
	$ 25,334,600	$ 26,809,403
LIABILITIES		
CURRENT		
Bank indebtedness	$ 10,221	$ -
Accounts payable and accrued liabilities	1,652,142	2,392,970
Priority payables	-	23,474
	1,662,363	2,416,444
CAPITAL LEASE OBLIGATION - CANADA NORTH CAMPS INC.	2,892,142	2,892,142
CAPITAL LEASE OBLIGATION - 726 REMOTE ACCOMODATIONS, LTD.	22,950,384	21,774,463
DUE TO CANADA NORTH GROUP	590,622	-
	28,095,511	27,083,049
PARTNERS' DEFICIENCY		
Canada North Camps Inc.	(1,380,456)	22,441
726 Remote Accomodations, Ltd.	(1,380,455)	(296,087)
	(2,760,911)	(273,646)
	$ 25,334,600	$ 26,809,403

DRAFT FOR DISCUSSION PURPOSES ONLY

APPROVED BY THE PARTNERS

____________________ *Partner*

____________________ *Partner*

PEACE RIVER LODGE LIMITED PARTNERSHIP

Statement of Loss

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
REVENUE	$ 4,191	$ 428,273
COST OF SALES	711,336	870,043
GROSS PROFIT	(707,145)	(441,770)
EXPENSES		
Professional fees	39,185	21,835
Wages and benefits	32,019	62,602
Property taxes	16,493	35,871
Interest and bank charges	13,386	12,192
Insurance	11,489	10,151
Office	7,856	7,753
	120,428	150,404
LOSS BEFORE THE FOLLOWING	(827,573)	(592,174)
DEPRECIATION	1,341,163	-
NET LOSS	$ (2,168,736)	$ (592,174)

DRAFT FOR DISCUSSION PURPOSES ONLY

PEACE RIVER LODGE LIMITED PARTNERSHIP

Statement of Partners' Deficiency

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2015 Balance	Net Loss	Contributions	Withdrawals	2016 Balance
Canada North Camps Inc.	$ 22,441	$ (1,084,368)	$ (318,529)	$ -	$ (1,380,456)
726 Remote Accommodations, Ltd.	(296,087)	(1,084,368)	-	-	(1,380,455)
Partners' total	(273,646)	(2,168,736)	(318,529)	-	(2,760,911)

	2014 Balance	Net Loss	Contributions	Withdrawals	2015 Balance
Canada North Camps Inc.	$ -	$ (296,087)	$ 318,528	$ -	$ 22,441
726 Remote Accommodations, Ltd.	-	(296,087)	-	-	(296,087)
Partners' total	$ -	$ (592,174)	$ 318,528	$ -	$ (273,646)

DRAFT FOR DISCUSSION PURPOSES ONLY

WANDERING RIVER LODGE LIMITED PARTNERSHIP

Financial Statements

September 30, 2016

(Unaudited - See Notice To Reader)

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Wandering River Lodge Limited Partnership as at September 30, 2016 and the statements of loss and partners' deficiency for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Accountants

February 10, 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

WANDERING RIVER LODGE LIMITED PARTNERSHIP

Balance Sheet

As at September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
ASSETS		
CURRENT		
Cash	$ 158	$ 70,739
Goods and services tax recoverable	55,933	82,095
Accounts receivable	876,335	639,634
Prepaid expenses	46,630	-
	979,056	792,468
EQUIPMENT	167,197	213,940
DUE FROM CANADA NORTH GROUP	7,868	-
	$ 1,154,121	$ 1,006,408
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 1,622,288	$ 119,370
PARTNERS' DEFICIENCY		
Canada North Camps Inc.	(349,106)	(10,304)
726 Remote Accomodations, Ltd.	892,253	1,231,054
Wandering River Properties Ltd.	(505,657)	(166,856)
Morris Monias (nominee)	(505,657)	(166,856)
	(468,167)	887,038
	$ 1,154,121	$ 1,006,408

DRAFT FOR DISCUSSION PURPOSES ONLY

APPROVED BY THE PARTNERS

_____________________________ *Partner*

_____________________________ *Partner*

WANDERING RIVER LODGE LIMITED PARTNERSHIP

Statement of Loss

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
REVENUE	$ 5,057,843	$ 3,412,796
COST OF SALES	6,254,530	4,024,537
GROSS PROFIT	(1,196,687)	(611,741)
EXPENSES		
Office	82,604	1,552
Professional fees	27,041	26,053
Repairs and maintenance	1,400	-
Interest and bank charges	730	1,376
	111,775	28,981
LOSS BEFORE THE UNDERNOTED	(1,308,462)	(640,722)
DEPRECIATION	(46,743)	(26,700)
NET LOSS	$ (1,355,205)	$ (667,422)

WANDERING RIVER LODGE LIMITED PARTNERSHIP

Statement of Partners' Deficiency

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2015 Balance	Net Loss	Contributions	Withdrawals	**2016 Balance**
Canada North Camps Inc.	$ (10,304)	$ (338,802)	$ -	$ -	$ **(349,106)**
726 Remote Accommodations, Ltd.	1,231,054	(338,801)	-	-	**892,253**
Wandering River Properties Ltd.	(166,856)	(338,801)	-	-	**(505,657)**
Morris Monias	(166,856)	(338,801)	-	-	**(505,657)**
Partners' total	887,038	(1,355,205)	-	-	**(468,167)**

	2014 Balance	Net Loss	Contributions	Withdrawals	2015 Balance
Canada North Camps Inc.	$ -	$ (166,854)	$ 156,550	$ -	$ (10,304)
726 Remote Accommodations, Ltd.	-	(166,856)	1,397,910	-	1,231,054
Wandering River Properties Ltd.	-	(166,856)	-	-	(166,856)
Morris Monias	-	(166,856)	-	-	(166,856)
Partners' total	$ -	$ (667,422)	$ 1,554,460	$ -	$ 887,038

KILOMETER 147 LIMITED PARTNERSHIP

Financial Statements

September 30, 2016

(Unaudited - See Notice To Reader)

DRAFT FOR DISCUSSION PURPOSES ONLY

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Kilometer 147 Limited Partnership as at September 30, 2016 and the statements of loss and partners' deficiency for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Accountants

February 2, 2017

KILOMETER 147 LIMITED PARTNERSHIP

Balance Sheet

As at September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
ASSETS		
CURRENT		
Cash	$ -	$ 1,253
Accounts receivable	7,321	170,675
Goods and services tax recoverable	985	8,862
Prepaid expenses	42,340	-
	50,646	180,790
EQUIPMENT	16,573,125	17,497,390
	$ 16,623,771	$ 17,678,180
LIABILITIES		
CURRENT		
Bank indebtedness	$ 5,644	$ -
Accounts payable and accrued liabilities	1,530,324	2,218,398
	1,535,968	2,218,398
DUE TO MCCRACKEN GROUP INC.	1,905	-
DUE TO CANADA NORTH GROUP	2,110,609	-
CAPITAL LEASE OBLIGATION - CANADA NORTH CAMPS INC.	2,596,000	2,596,000
CAPITAL LEASE OBLIGATION - 726 REMOTE ACCOMMODATIONS, LTD.	15,651,010	15,651,010
	21,895,492	20,465,408
PARTNERS' DEFICIENCY		
Canada North Camps Inc.	(1,662,512)	(834,348)
726 Remote Accommodations, Ltd.	(1,804,604)	(976,440)
Morris Monias	(1,804,605)	(976,440)
	(5,271,721)	(2,787,228)
	$ 16,623,771	$ 17,678,180

APPROVED BY THE PARTNERS

________________________ *Partner*

________________________ *Partner*

KILOMETER 147 LIMITED PARTNERSHIP

Statement of Loss

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
REVENUE	$ 253,216	$ 1,556,515
COST OF SALES	1,541,390	2,479,723
GROSS PROFIT	(1,288,174)	(923,208)
EXPENSES		
Property taxes	127,019	-
Wages and benefits	37,323	51,317
Professional fees	27,462	26,137
Insurance	9,317	10,858
Office	6,705	251
Interest and bank charges	6,332	116
	214,158	88,679
LOSS BEFORE THE UNDERNOTED	(1,502,332)	(1,011,887)
OTHER EXPENSES		
Depreciation	917,832	1,916,193
Interest and financing fees	64,329	1,240
	982,161	1,917,433
NET LOSS	$ (2,484,493)	$ (2,929,320)

DRAFT FOR DISCUSSION PURPOSES ONLY

KILOMETER 147 LIMITED PARTNERSHIP

Statement of Partners' Deficiency

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2015 Balance	Net Loss	Contributions	Withdrawals	**2016 Balance**
Canada North Camps Inc.	$ (834,348)	$ (828,164)	$ -	$ -	$ **(1,662,512)**
726 Remote Accommodations, Ltd.	(976,440)	(828,164)	-	-	**(1,804,604)**
Morris Monias	(976,440)	(828,165)	-	-	**(1,804,605)**
Partners' total	(2,787,228)	(2,484,493)	-	-	**(5,271,721)**

	2014 Balance	Net Loss	Contributions	Withdrawals	2015 Balance
Canada North Camps Inc.	$ -	$ (976,440)	$ 142,092	$ -	$ (834,348)
726 Remote Accommodations, Ltd.	-	(976,440)	-	-	(976,440)
Morris Monias	-	(976,440)	-	-	(976,440)
Partners' total	$ -	$ (2,929,320)	$ 142,092	$ -	$ (2,787,228)

BONNYVILLE LODGE LIMITED PARTNERSHIP

Financial Statements

September 30, 2016

(Unaudited - See Notice To Reader)

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Bonnyville Lodge Limited Partnership as at September 30, 2016 and the statements of loss and partners' deficiency for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Accountants

February 2, 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

BONNYVILLE LODGE LIMITED PARTNERSHIP

Balance Sheet

As at September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
ASSETS		
CURRENT		
Accounts receivable	$ -	$ 7,954
Camp set up costs	129,752	129,752
	$ 129,752	$ 137,706
LIABILITIES		
CURRENT		
Short-term borrowings	$ 1,458	$ 419
Accounts payable and accrued liabilities	239,076	353,445
	240,534	353,864
DUE TO CANADA NORTH GROUP	579,220	-
	819,754	353,864
PARTNERS' DEFICIENCY		
Canada North Camps Inc.	168,926	405,848
726 Remote Accommodations, Ltd.	(858,928)	(622,006)
	(690,002)	(216,158)
	$ 129,752	$ 137,706

DRAFT FOR DISCUSSION PURPOSES ONLY

APPROVED BY THE PARTNERS

_____________________________ *Partner*

_____________________________ *Partner*

BONNYVILLE LODGE LIMITED PARTNERSHIP

Statement of Loss

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2016	2015
REVENUE	$ 114,840	$ 1,274,038
COST OF SALES	488,129	2,217,420
GROSS PROFIT (LOSS)	(373,289)	(943,382)
EXPENSES		
Insurance	52,586	39,573
Professional fees	24,131	50,132
Wages and benefits	20,927	68,092
Interest and bank charges	2,554	6,480
Office	357	1,299
Property taxes	-	135,054
	100,555	300,630
NET LOSS	$ (473,844)	$ (1,244,012)

BONNYVILLE LODGE LIMITED PARTNERSHIP

Statement of Partners' Deficiency

Year Ended September 30, 2016

(Unaudited - See Notice To Reader)

	2015 Balance	Net loss	Contributions	**2016 Balance**
Canada North Camps Inc.	$ 405,848	$ (236,922)	$ -	$ **168,926**
726 Remote Accommodations, Ltd.	(622,006)	(236,922)	-	**(858,928)**
Partners' total	(216,158)	(473,844)	-	**(690,002)**

	2014 Balance	Net Loss	Contributions	2015 Balance
Canada North Camps Inc.	$ -	$ (622,006)	$ 1,027,854	$ 405,848
726 Remote Accommodations, Ltd.	-	(622,006)	-	(622,006)
Partners' total	$ -	$ (1,244,012)	$ 1,027,854	$ (216,158)

DRAFT FOR DISCUSSION PURPOSES ONLY

Bonnyville Lodge LP
Income Statement 10/01/15 to 05/31/16

REVENUE		
CAMP REVENUE		
VIP Rooms + Food		128,655.71
TOTAL CAMP REVENUE		128,655.71
TOTAL REVENUE		128,655.71
EXPENSE		
Expenses		
Freight: PR		2,310.00
Fuel:	403.43	
Vehicle Expense:	742.27	
Vehicle Expense		1,145.70
TOTAL EXPENSES		3,455.70
ACCOMMODATION EXPENSES		
Accom - Bedding Expenses:		65.55
Accom - Freight Expense:		866.25
TOTAL ACCOMMODATION EXP:		931.80
CATERING EXPENSES:		
CNC Mandays		13,554.29
Catering - Food:		1,371.07
Catering Freight Expense:		9,276.25
Staff Runs		12,594.75
Vehicle Charge-day rate & mileage		21,292.05
Equip Rental: Catering & Rooms:		3,760.00
TOTAL CATERING EXPENSE:		61,848.41
PAYROLL EXPENSES:		
Wages: Sales		515.74
Wages: Maintenance		66,816.17
Wages: Admin		16,322.86
Wage Expense: Catering		6,149.89
WCB Expense:		3,625.95
TOTAL PAYROLL EXPENSE:		93,430.61
General & Admin Expenses:		
Bank Charges & Short Term Int:		1,259.94
Office Supplies:		154.77
Travel Food Expense:		44.07
Insurance - Commercial:		35,097.69
Prof Fees (Accounting & Legal):		-158.95
Propane:		28,968.12
Internet:		10,497.50
Telephone:		556.08
Water Exp:		5,123.20
Sewer:		75.28
Garbage Disposal:		776.94
Electricity:		37,812.97
TV Programming:		16,320.53
General Supplies:		532.19

Bonnyville Lodge LP
Income Statement 10/01/15 to 05/31/16

General Maintenance:	11,907.03
Safety:	3,927.29
Pest Control:	2,760.00
Equipment Rental: Projects	5,313.75
Interest on Short Term Debt	880.66
Construction - Setup/Demob:	94.29
Setup Costs: :	15,367.80
TOTAL GEN & ADMIN EXP: CNC	177,311.15
TOTAL EXPENSE	336,977.67
NET INCOME	-208,321.96

Bonnyville Lodge LP
Balance Sheet As at 05/31/16

ASSET		
Current Assets		
Bonnyville Lodge CWB Chequ...	-3.75	
Total Cash		-3.75
Camp Set Up Costs		129,752.19
Accounts Receivable	99,960.00	
Total Receivable		99,960.00
Prepaid Expenses		13,698.00
Total Current Assets		243,406.44
TOTAL ASSET		243,406.44
LIABILITY		
Current Liabilities		
GST Charged on Sales	4,760.00	
GST Paid on Purchases	-2,625.71	
GST Owing (Refund)		2,134.29
Hotel Tax		1.60
Accts Payable Accrual		10,000.00
Account Payable		450,140.38
Loan - CNC		1,233,463.65
Total Current Liabilities		1,695,739.92
TOTAL LIABILITY		1,695,739.92
EQUITY		
Retained Earnings		
Retained Earnings - Previous Y...		-1,244,011.52
Current Earnings		-208,321.96
Total Retained Earnings		-1,452,333.48
TOTAL EQUITY		-1,452,333.48
LIABILITIES AND EQUITY		243,406.44

Bonnyville Lodge LP
Customer Aged Summary As at 05/31/16

Name	Total	Current	46 to 90	91 to 120	121+
Town of Bonnyville	99,960.00	99,960.00	-	-	-
Total outstanding:	99,960.00	99,960.00	-	-	-

Bonnyville Lodge LP
Vendor Aged Summary As at 05/31/16

Name	Total	Current	31 to 60	61 to 120	121+
CampCorp Canada	18,057.98	378.66	1,080.05	1,957.95	14,641.32
Canada Customs & Rev Agenc...	-6,628.27	-	-6,628.27	-	-
Canada North Camps Inc.	65,654.50	10,961.45	4,036.58	45,344.82	5,311.65
CanGlobal Technologies	8,364.01	6,220.45	2,143.56	-	-
Co-Op - CNC	11,845.91	11,580.50	265.41	-	-
DeRose Bros Meats Ltd.	71,873.99	-	-	-	71,873.99
Direct Energy Regulated Servic...	12,168.46	3,348.40	4,261.29	4,558.77	-
Ducharme Motors Ltd. - CNC	779.38	-	779.38	-	-
Eecol Electric Corp. - CNC	11,235.67	-	11,235.67	-	-
Great White Sand Tiger Lodgin...	235,200.00	-	-	-	235,200.00
Lakeland Petroleum - CNC	-1,575.00	-	-1,575.00	-	-
Max Mechanical	4,231.50	-	-	-	4,231.50
Mia Burry	310.73	310.73	-	-	-
Register.com - CNC	34.28	-	-	34.28	-
S S & M Hauling Ltd	12,307.83	-	-	-	12,307.83
Safeway - CNC	453.72	-	265.41	188.31	-
Safeway-CNC	136.11	136.11	-	-	-
Shaw Direct - CNC	942.76	57.95	-2,103.87	2,988.68	-
Telus - CNC	3,738.63	145.97	1,777.69	1,814.97	-
The Home Depot-CNC	75.20	75.20	-	-	-
Town of Bonnyville - CNC	919.36	16.69	21.40	881.27	-
Waste Management	13.63	-	13.63	-	-
Total outstanding:	450,140.38	33,232.11	15,572.93	57,769.05	343,566.29

Monias Lodge (Kilometer 147 GP Ltd)
Income Statement 10/01/15 to 05/31/16

REVENUE		
CAMP REVENUE		
SINGLE Rooms + Food		206,746.43
FOOD ONLY Revenue		1,150.00
Setup Revenue:		8,379.97
TOTAL CAMP REVENUE		216,276.40
TOTAL REVENUE		216,276.40
EXPENSE		
Vehicle & Freight Expenses		
Freight:	6,325.00	
Fuel	1,009.34	
Vehicle Expense		7,334.34
TOTAL VEHICLE & FREIGHT ...		7,334.34
ACCOMMODATION EXPENSES		
Accom - Gen Expense:		287.50
TOTAL ACCOMMODATION E...		287.50
CATERING EXPENSES:		
Catering Gen Supply Expense:		764.16
Manday Expense		97,680.00
Staff Runs		10,148.74
Vehicle Charge - day rate & mil...		18,400.31
Equipment Rental: Catering & ...		479,654.66
TOTAL CATERING EXPENSES		606,647.87
PAYROLL EXPENSES:		
Wages: Maintenance		93,695.64
Wages: Admin		30,310.85
Wage Expense: Catering		15,262.55
CPP Expense:		210.36
WCB Expense:		5,859.63
TOTAL PAYROLL EXPENSE:		145,339.03
General & Admin Expenses:		
Interest & Penalties		281.71
Bank Charges & Short Term Int:		65,255.05
Misc Expenses		168.84
Office Supplies:		295.25
Insurance - Commecial		7,333.34
Prof Fees (Accounting & Legal):		547.85
Bulk Fuel - Generators:		149,897.26
Propane:		31,216.65
Internet:		16,554.96
Water Exp:		131,497.72
Sewer:		90,930.72
Garbage Disposal:		13,313.00
Electricity:		61,942.27
TV Programming:		58,847.08
General Supplies:		2,243.07

Monias Lodge (Kilometer 147 GP Ltd)
Income Statement 10/01/15 to 05/31/16

General Maintenance:	17,688.22
Safety:	3,567.77
Equipment Rental: Projects	6,787.90
Setup Costs:	36,179.66
Depreciation Expense:	1,648,000.00
TOTAL GEN & ADMIN EXP: C...	2,342,548.32
TOTAL EXPENSE	3,102,157.06
NET INCOME	-2,885,880.66

Monias Lodge (Kilometer 147 GP Ltd)
Balance Sheet As at 05/31/16

ASSET		
Current Assets		
CWB Monias Cheq (Km 147 GP)	-326,661.53	
Total Cash		-326,661.53
Accounts Receivable	7,320.65	
Total Receivable		7,320.65
Total Current Assets		-319,340.88
Capital / Fixed Assets		
Equipment - Captial		1,160,139.50
Equipment 1	9,150,000.00	
Setup - 1	2,800,000.00	
Total Capital Equipment & Setup		11,950,000.00
Capital Setup - RA2	1,962,894.03	
Equip Cap Setup 3	1,738,116.13	
Accum Dep - Camp Trailer	-1,833,892.51	
Accum Dep - Parking Lot	-400.00	
Accum Dep - Linen	-48,000.00	
Accum Dep - Furniture & Fixture	-33,900.00	
Capital Equipment - C1	2,596,000.00	
Equipment - Captial Lease Net		4,380,817.65
Amortization Yearly Estimate		-1,648,000.00
Total Capital / Fixed Assets		15,842,957.15
TOTAL ASSET		15,523,616.27
LIABILITY		
Current Liabilities		
GST Charged on Sales	402.00	
GST Paid on Purchases	-2,388.55	
GST Owing (Refund)		-1,986.55
Accts Payable Accrual - BP		10,000.00
Account Payable		1,872,981.16
CPP Payable	70.12	
Tax Payable: Payroll	726.72	
Total Receiver General		796.84
Loan: CNC		1,208,302.79
Loan: Campcorp Canada		283.50
Loan: McCracken		1,428.75
Total Current Liabilities		3,091,806.49
Long Term Liabilities		
Equipment - RA 1		11,950,000.00
RA 2		1,962,894.03
RA 3		1,738,116.13
C1		2,596,000.00
Total Long Term Liabilitles		18,247,010.16
TOTAL LIABILITY		21,338,816.65

EQUITY

Monias Lodge (Kilometer 147 GP Ltd)
Balance Sheet As at 05/31/16

Retained Earnings	
Retained Earnings - Previous Year	-2,929,319.72
Current Earnings	-2,885,880.66
Total Retained Earnings	-5,815,200.38
TOTAL EQUITY	-5,815,200.38
LIABILITIES AND EQUITY	15,523,616.27

Monias Lodge (Kilometer 147 GP Ltd)
Customer Aged Summary As at 05/31/16

Name	Total	Current	46 to 90	91 to 120	121+
726 Remote Accommodations, ...	44.00	-	-	-	44.00
Kingdom Cats Ltd.	7,276.65	-	-	-	7,276.65
Total outstanding:	7,320.65	-	-	-	7,320.65

Monias Lodge (Kilometer 147 GP Ltd)
Vendor Aged Summary As at 05/31/16

Name	Total	Current	31 to 60	61 to 120	121+
1260030 AB Ltd / Alberta Food ...	107.10	-	-	-	107.10
1744084 Alberta Inc	26,407.50	-	-	-	26,407.50
1919209 AB Ltd - CNC	7,127.30	7,127.30	-	-	-
Air-It-On Inc. - CNC	219.17	-	-	219.17	-
Bear Track Cattle Company - C...	5,252.63	-	-	5,252.63	-
Black Diamond - CNC	130,410.00	-	-	130,410.00	-
Bluewave - CNC	5,923.32	-3,090.49	-	-	9,013.81
CampCorp Canada	44,367.14	351.24	4,894.10	27,645.03	11,476.77
Canada North Camps Inc	35,147.07	23,341.62	13,083.04	-	-1,277.59
Canadian Tire - CNC	650.62	650.62	-	-	-
Canglobal Technologies	11,389.11	2,404.50	8,984.61	-	-
CF Reclamation & Water Servic...	50,847.30	-	3,558.45	4,252.50	43,036.35
Clark's Plumbing & Heating Corp.	7,796.11	-	-	-	7,796.11
Clearwater Hauling - CNC	9,009.00	-	-	-	9,009.00
CRA: GST	-2,140.97	-2,140.97	-	-	-
Cummins	71,199.19	-	-	71,199.19	-
Dentons Canada LLP	351.72	-	-	-	351.72
Eecol Electric - CNC	2,343.26	-	-	51.37	2,291.89
Enmax	9,967.22	-	9,967.22	-	-
Environmental Refuelling Syste...	241.56	-	-	241.56	-
EPCOR	13,677.02	4,546.68	4,686.86	4,443.48	-
Flaman Fitness - CNC	39,387.98	-	-	-	39,387.98
Greyhound - CNC	175.09	-	-	175.09	-
Greystone Electric Ltd	70,106.92	-	-	-	70,106.92
HLCNG GP Ltd.	655,984.36	3,864.00	4,620.00	39,060.00	608,440.36
Home Depot - CNC	265.99	265.99	-	-	-
Home Hardware - CNC	68.72	-	-	68.72	-
Hugh's Electronics & Computer...	9,361.17	-	-	-	9,361.17
Kingdom Cats Ltd	255,478.88	-	-	-	255,478.88
Kingdom Properties	130,773.00	-	-	-	130,773.00
Little Guy Oilfield Rentals	77,805.00	-	-	-	77,805.00
Precision Net Inc	15,000.30	-	-	-	15,000.30
Princess Auto - CNC	223.37	-	223.37	-	-
Professional Mechanical Limited	41,562.51	-	-	-	41,562.51
Regency Refrigeration (1981) Ltd	1,968.75	-	-	-	1,968.75
Remote Waste LP	85,763.04	-	-	-	85,763.04
Shaw Direct - CNC	23,157.24	7,506.69	7,328.79	8,321.76	-
Sinclair Supply Ltd. - CNC	231.61	-	-	231.61	-
Staples - CNC	310.00	241.81	-	68.19	-
Summit Electric & Maintenance...	24,936.37	-	-	-	24,936.37
Telus - CNC	387.14	248.28	-	138.86	-
Venture Building Supplies Inc - ...	111.55	-	111.55	-	-
Watchhorn Rentals Ltd.	2,835.00	-	-	-	2,835.00
Wild Electric Ltd	3,686.41	-	-	-	3,686.41
Winsham Fabrik Canada Ltd. - ...	301.88	301.88	-	-	-
Xplornet - CNC	2,806.51	2,335.04	-	471.47	-
Total outstanding:	1,872,981.16	47,954.19	57,457.99	292,250.63	1,475,318.35

Peace River Lodge
Income Statement 10/01/15 to 05/31/16

REVENUE		
CAMP REVENUE		
SINGLE Rooms + Food		4,191.43
TOTAL CAMP REVENUE		4,191.43
TOTAL REVENUE		4,191.43
EXPENSE		
Vehicle & Freight Expenses		
Freight	6,700.00	
Fuel	9,156.41	
Vehicle Expense	1,321.79	
Vehicle Expense		17,178.20
TOTAL VEHICLE & FREIGHT EXPEN...		17,178.20
CATERING EXPENSES:		
Catering - Food		896.67
Staff Runs		4,608.03
Vehicle Charge - day rate & mileage		9,867.63
Manday Expenses - CNC		1,828.57
Equipment Rental: Catering & Rooms		54,673.60
TOTAL CATERING EXPENSES		71,874.50
CONSTRUCTION COST		
XX Div 01 - General Requirements	37,711.05	
TOTAL DIV 01 - GENERAL CONDITIO...		37,711.05
Div 02 - Site Preparation	1,010.51	
TOTAL DIV 02 - SITE WORKS		1,010.51
xxDiv 06 - Wood & Plastics	-45,055.00	
TOTAL DIV 06 - WOOD AND PLASTICS		-45,055.00
TOTAL CONSTRUCTION COSTS		-6,333.44
PAYROLL EXPENSES:		
Wages: Sales		292.81
Wages: Maintenance		28,124.55
Wages: Admin		26,103.74
Wage Expense: Catering		83,070.93
CPP Expense		105.18
WCB Expense		5,980.58
TOTAL PAYROLL EXPENSE:		143,677.79
General & Admin Expenses:		
Interest & Penalties (CRA)		2,823.33
Bank Charges & Short Term Int		7,588.53
Computer Repairs & Upgrades:		86.15
Office Supplies		153.33
Advertising & Promotions:		2,748.15
Travel for work		5,022.11
Insurance - Commercial		7,700.34
Prof Fees (Accounting & Legal)		11,485.50
Bulk Fuel - Generators		14,088.21

Peace River Lodge
Income Statement 10/01/15 to 05/31/16

Propane	918.95
Internet	14,550.00
Telephone	3,276.44
Water Exp	1,607.50
Sewer	2,474.80
Garbage Disposal	909.68
Natural Gas	1,753.64
Electricity	16,800.92
TV Programming	26,716.69
General Maintenance	70,449.97
Safety	427.04
Equipment Rental: Projects	110,121.67
Land Leases & Rentals	40,000.00
Setup Costs	221,582.09
TOTAL GEN & ADMIN EXP: CNC	563,285.04
TOTAL EXPENSE	789,682.09
NET INCOME	-785,490.66

Peace River Lodge
Balance Sheet As at 05/31/16

ASSET

Current Assets		
PR CWB Chequing	-26,528.45	
Total Cash		-26,528.45
Accounts Receivable	75.25	
Total Receivable		75.25
Total Current Assets		-26,453.20
Capital / Fixed Assets		
Equipment - Capital Setup		504,326.49
Equipment - 1	7,269,079.87	
Setup - 1	2,900,000.00	
Total Equip & Setup - 1		10,169,079.87
Setup - 2		2,307,129.31
Equipment - 3		2,793,853.09
Setup - 4		1,820,190.72
Setup - 5		2,042,041.17
Setup - 6		915,421.14
Setup - 7		1,805,783.44
Setup - 9		1,175,921.50
Equipment - C 1		1,817,270.08
Equipment - C 2		245,685.02
Equipment - C 3		184,263.60
Equipment - C 4		429,948.75
Equipment - C 5		214,974.20
Total Capital / Fixed Assets		26,425,888.38
TOTAL ASSET		26,399,435.18

LIABILITY

Current Liabilities		
GST Paid on Purchases	-4,097.85	
GST Owing (Refund)		-4,097.85
Accts Payable Accrual - BP		10,000.00
Account Payable		1,807,417.79
CNC Loan		120,540.22
McCracken Loan		714.09
Total Current Liabilities		1,934,574.25
Long Term Liabilities		
R 1		10,169,079.87
R 2		2,307,129.31
R 3		2,714,817.26
R 4		1,820,190.72
R 5		2,042,041.17
R 6		915,421.14
R 7		1,805,783.44
R 9		1,175,921.50
C 1		1,817,270.08
C 2		245,685.02
C 3		184,263.60
C 4		429,948.75

Peace River Lodge
Balance Sheet As at 05/31/16

C 5	214,974.20
Total Long Term Liabilities	25,842,526.06
TOTAL LIABILITY	27,777,100.31
EQUITY	
Retained Earnings	
Retained Earnings - Previous Year	-592,174.47
Current Earnings	-785,490.66
Total Retained Earnings	-1,377,665.13
TOTAL EQUITY	-1,377,665.13
LIABILITIES AND EQUITY	26,399,435.18

Peace River Lodge
Customer Aged Summary As at 05/31/16

Name	Total	Current	46 to 90	91 to 120	121+
726 Remote Accommodations ...	20.00	-	-	-	20.00
APL	55.25	-	-	-	55.25
Total outstanding:	75.25	-	-	-	75.25

Peace River Lodge
Vendor Aged Summary As at 05/31/16

Name	Total	Current	31 to 60	61 to 120	121+
799430 Alberta Ltd - CNC	1,228.50	-	-	-	1,228.50
Andrick Enterprises Ltd	4,200.00	-	-	-	4,200.00
ATCO Electric Ltd.	26,822.72	-	-	9,844.66	16,978.06
Banner Environmental Enginee...	1,591.84	-	-	-	1,591.84
CampCorp Canada	87,038.79	135.27	67.64	84,352.56	2,483.32
Canada North Camps Inc.	42,216.02	18,142.05	23,712.00	-	361.97
Canadian Safety Training Instit...	12,043.50	-	-	-	12,043.50
Clean Harbors - CNC	1,209.92	-	-	1,209.92	-
Clearbakk Energy Services Ltd	13,873.51	-	-	-	13,873.51
D & R Equipment Ltd - CNC	11,497.50	603.75	-	603.75	10,290.00
Danoe Vacuum & Potable Wate...	601.12	-	-	-	601.12
Dentons Canada LLP	12,056.01	-	-	3,442.40	8,613.61
Elite Vac & Steam	18,792.67	-	-	-	18,792.67
Freson Bros.	367.51	367.51	-	-	-
GW Equipment	724.27	-	-	724.27	-
Hauger Equipment Service Ltd.	804.40	-	-	-	804.40
Jim's Crane Service - CNC	750.00	-	-	-	750.00
JLC Electric Ltd	9,403.80	-	-	3,790.50	5,613.30
Kal Tire - CNC	173.31	-	-	173.31	-
Kenry Electric Ltd	5,913.26	-	-	-	5,913.26
Klovansky Contracting	163,223.25	-	-	-	163,223.25
Macmillan Construction	15,940.86	-	-	-	15,940.86
Max Fuel Distributors Ltd	76,028.80	-	-	-	76,028.80
Merv's Trucking Ltd.	630.00	-	-	-	630.00
Meston Group	14,314.93	-	-	-	14,314.93
NAPA - CNC	30.18	-	-	30.18	-
North Peace Gas Co-op Ltd	187.57	33.81	33.18	120.58	-
Petro Canada - CNC	720.92	-	-	720.92	-
Precision Net Inc	18,975.50	-	-	-	18,975.50
Purolator - CNC	153.33	-	-	-	153.33
Remote Waste LP	54,897.96	-	-	-	54,897.96
Renegade Gas & Oilfield Sevic...	74,977.58	-	-	-	74,977.58
Rentco Equipment Ltd	6,857.90	-	-	-	6,857.90
Roterra Screw Piling Ltd	217,301.46	-	-	-	217,301.46
Saskarc Industries Inc	82,047.03	-	-	32,547.19	49,499.84
Shaw Direct - CNC	22,402.86	16,255.26	2,616.81	2,637.91	892.88
Telus - CNC	2,190.79	296.37	308.45	296.37	1,289.60
Tyco Integrated Fire & Security ...	10,235.14	-	-	-	10,235.14
Watchorn Rentals Ltd	231,597.35	-	-	-	231,597.35
Waterline Resources Inc.	40,315.10	-	-	-	40,315.10
Woodburn Management Inc.	5,250.00	5,250.00	-	-	-
WorkSite Construction Ltd	462,999.84	-	-	-	462,999.84
Xplornet Communications Inc - ...	44,877.16	1,680.00	1,680.00	3,817.20	37,699.96
Total outstanding:	1,797,464.16	42,764.02	28,418.08	144,311.72	1,581,970.34

Wandering River Lodge LP
Income Statement 10/01/15 to 05/31/16

REVENUE		
CAMP REVENUE		
SINGLE Rooms + Food		1,553,273.57
FOOD ONLY Revenue		14,467.70
Rental Equip: Dorms/Rec/Kit Rev	2,313,311.21	
Equip Rent Electricity Rev	57,761.75	
Equip Rental: Water Storage Rev	109,280.25	
Equip Rental: Sewage Rev	124,799.55	
Equip Rent TV Rev	33,150.85	
Total Equipment Rental Rev		2,638,303.61
TOTAL CAMP REVENUE		4,206,044.88
TOTAL REVENUE		4,206,044.88
EXPENSE		
Vehicle & Freight Expenses		
Freight:	265.66	
Fuel	933.59	
Vehicle Expense	199.54	
Vehicle Expense		1,398.79
TOTAL VEHICLE & FREIGHT EXP...		1,398.79
ACCOMMODATION EXPENSES		
Accom - Bedding Expenses:		18,956.77
Accom - Gen Expense:		1,618.58
Accom - Laundry Expense:		988.33
Accom - Mat Rentals:		185.47
TOTAL ACCOMMODATION EXP:		21,749.15
CATERING EXPENSES:		
Man Day Catering Expense:		906,795.06
Catering Freight Expense:		498.75
Staff Runs		8,206.44
Vehicle Charge - day rate & mileage		5,160.60
Equipment Rental Exp		2,626,193.92
TOTAL CATERING EXPENSES		3,546,854.77
General & Admin Expenses:		
Credit Card Charges:		1,108.80
Bank Charges & Short Term Int:		65.01
Office Supplies:		2,938.19
Taxes - Property & Business:		13,816.72
Prof Fees (Accounting & Legal):		351.45
Bulk Fuel - Generators:		82,617.72
Propane:		22,038.41
Internet:		13,595.55
Telephone:		299.33
Water Exp:		99,332.69
Sewer:		38,208.29
Garbage Disposal:		9,446.38
Electricity:		54,257.00
TV Programming:		17,580.05

Wandering River Lodge LP
Income Statement 10/01/15 to 05/31/16

General Supplies:	1,520.95
General Maintenance:	18,426.45
Safety:	1,017.76
Pest Control:	1,150.00
Equipment Rental: Projects	310,068.71
Land Lease Rental	23,500.00
Setup Costs:	36,064.50
Depreciation Expense:	32,000.00
TOTAL GEN & ADMIN EXP: CNC	779,403.96
TOTAL EXPENSE	4,349,406.67
NET INCOME	-143,361.79

Wandering River Lodge LP
Balance Sheet As at 05/31/16

ASSET		
Current Assets		
Wandering River CWB Chequ...	-27,118.51	
Total Cash		-27,118.51
Accounts Receivable	2,465,845.14	
Total Receivable		2,465,845.14
Total Current Assets		2,438,726.63
Capital / Fixed Assets		
Equipment	223,064.51	
Accum Dep - Equipment	-22,306.45	
Equipment - Net		200,758.06
Linens	17,575.84	
Accum Dep - Linen	-4,393.96	
Linens - Net		13,181.88
Amortization Yearly Estimate		-32,000.00
Total Capital / Fixed Assets		181,939.94
TOTAL ASSET		2,620,666.57
LIABILITY		
Current Liabilities		
GST Charged on Sales	73,425.15	
GST Paid on Purchases	-94,315.71	
GST Owing (Refund)		-20,890.56
Accts Payable Accrual - BP		10,000.00
Account Payable		3,491,035.19
Loan - CNC		234.98
Loan - HLCNG		-48,928.83
Total Current Liabilities		3,431,450.78
TOTAL LIABILITY		3,431,450.78
EQUITY		
Retained Earnings		
Retained Earnings - Previous Y...		-667,422.42
Current Earnings		-143,361.79
Total Retained Earnings		-810,784.21
TOTAL EQUITY		-810,784.21
LIABILITIES AND EQUITY		2,620,666.57

Wandering River Lodge LP
Customer Aged Summary As at 05/31/16

Name	Total	Current	46 to 90	91 to 120	121+
ACP Applied Products	-1,233.54	-1,233.54	-	-	-
Alberta Forestry	-822.36	-822.36	-	-	-
AOC Hangingstone Partnership	48,090.00	48,090.00	-	-	-
Black & McDonald Ltd.	110,706.75	110,706.75	-	-	-
Canada North Camps Inc.	759,126.60	759,126.60	-	-	-
Davey Tree Expert Co. of Cana...	45,360.00	45,360.00	-	-	-
E Contruction Ltd.	46,410.00	46,410.00	-	-	-
Garda Canada Security Corp	645.75	-	-	-	645.75
Grand Rapids Pipeline Limited ...	38,458.00	38,458.00	-	-	-
HLCNG GP Ltd	964,097.11	493.42	-	963,603.69	-
Japan Canada Oil Sands Limite...	63,210.00	63,210.00	-	-	-
Orbis Engineering	1,233.54	1,233.54	-	-	-
Pembina Commissioning Team	12,569.13	12,569.13	-	-	-
Pembina Oil Sands Pipeline L.P.	39,054.16	34,854.16	4,200.00	-	-
Strike Group Limited Partnership	121,800.00	121,800.00	-	-	-
TransCanada Pipelines Ltd.	217,140.00	217,140.00	-	-	-
Total outstanding:	2,465,845.14	1,497,395.70	4,200.00	963,603.69	645.75

Wandering River Lodge LP
Vendor Aged Summary As at 05/31/16

Name	Total	Current	31 to 60	61 to 120	121+
726 Remote Accommodations ...	2,267,370.00	203,490.00	312,480.00	624,960.00	1,126,440.00
Acklands Grainger - CNC	128.09	128.09	-	-	-
Best Buy - CNC	120.73	120.73	-	-	-
Bluewave Energy - CNC	55,706.88	55,706.88	-	-	-
Can Global - CNC	1,919.93	1,919.93	-	-	-
Canada Customs & Rev Agenc...	-117,633.90	-	-	-	-117,633.90
Canada North Camps Inc.	78,775.71	78,775.71	-	-	-
Canadian Tire - CNC	257.02	257.02	-	-	-
CF Reclamation - CNC	71,402.50	71,402.50	-	-	-
CF Reclamation & Water Servic...	51,944.66	51,944.66	-	-	-
Eecol Electric - CNC	88.55	88.55	-	-	-
Habitat Social Enterprises-CNC	1,037.75	1,037.75	-	-	-
HLCNG GP Ltd.	950,118.81	950,118.81	-	-	-
Home Depot - CNC	115.30	115.30	-	-	-
McKar Commercial - CNC	2,783.82	2,783.82	-	-	-
Ottoman Entenprises(Edm) Ltd ...	447.96	447.96	-	-	-
Stanley's Sign & Screen Supply...	777.28	777.28	-	-	-
Staplesl - CNC	558.26	558.26	-	-	-
United Rentals - HLCNG	121,681.76	77,167.37	44,514.39	-	-
Wholesale Sports - CNC	91.74	91.74	-	-	-
Winsham Fabrik Canada Ltd. - ...	391.23	391.23	-	-	-
Wolseley Canada - CNC	294.61	294.61	-	-	-
Xplornet - HLCNG	2,656.50	2,656.50	-	-	-
Total outstanding:	3,491,035.19	1,500,274.70	356,994.39	624,960.00	1,008,806.10

ANSWER TO UNDERTAKING NO. 15
BARRY ROMAN

From: Barry Roman
Sent: Friday, May 29, 2015 10:42 AM
To: Paul McCracken; Shayne McCracken; Mike McInnis
Cc: Mike Roman
Subject: Canada North Funding

Paul/Shayne,

I have had a chance to review the schedule provided by Shayne last week concerning the monies owed to CNC by the partnerships and the partnership A/P, the current round of invoices provided by Mike McInnis requesting payment for both Monias and Peace River, and our internal reconciliation of payments made to CNC for the various partnerships.

Bonnyville:
We wired the sum of $20,000,000 on 12/11/14 for the purchase of a 50% interest in the Bonnyville Camp with the right to receive 100% of the distributions until the $20 Million is recovered. Included in the initial investment was a $3,000,000 advance to CNC for the installation of the additional Jack and Jill beds. Obviously we are not installing those beds under the current operating environment. The camp is currently losing money on an operating basis. Due to our pre-payment to CNC of $3,000,000, we believe that it is the responsibility of CNC to cover the operating losses up to the total of $6,000,000, at which point both partners will be obligated to fund losses.

Peace River:
The original budget for the Phase I of this camp was $9,500,000. Due to unforeseen soil conditions the budget was increased to $12,000,000. The joint decision to install the piles and infrastructure to prepare for Phase II increased the budget to $16,000,000. As of today we have funded a total of $16,043,430.61 for this camp. We have also been presented with an invoice for $915,421 additional and a schedule from Shayne indicating that there are outstanding A/P owed by the camp of $3,245,887. That would take the total to $ 20,204,738, with no end in sight.
We would like a detailed accounting of the costs associated with this camp and the where the money was spent. We would also like a detailed budget outlining these additional costs.

Monias:
The budget for this camp was $12,000,000, as of today we have spent $12,256,633.04 and have additional invoices arriving weekly. Also, on Shayne's schedule we have A/P owed of $2,836,234. Again, this is considerable above budget with no end in sight. We would like a detailed reconciliation of the costs and where the money was spent.

Wandering River:
We acquired the assets necessary to fulfill this contract with TransCanada under a specific lease that dictated 6 months of $297,600/month followed by 30 months at a reduced payment (adjusted for occupancy) followed by an additional 6 months at $297,600. This contract started the end of December 2014. To date we have received 3 payments.

We are unable to continue making payments without a clear understanding of the budget and the uses of the funds. We have borrowed over $50,000,000 to fund these projects and owe interest on this borrowing monthly. Obviously, none of us could foresee the abrupt downturn in the industry, however, we need to know what we are funding at all times. We have received 3 payments on the Wandering River lease and zero from Peace River, Bonnyville and Monias.

I look forward to discussing this with you.

Barry

Canada North Group Inc.
Summary of due to/from non-controlling interest
September 30, 2015

Summary of use of funds for $3M:

Agreed upon commitment	$ 3,000,000
Transportation costs - to Clyde yard	(216,232)
Costs incurred in the year for retrofit (by CCS)	(278,470)
Balance to be incurred	2,505,298
Bonnyville losses 50%	(622,006)
Peace River losses 50%	(296,086)
KM 147 losses 50%	(506,564)
Wandering River profit 100%	509,179
Year-end balance of Deferred Partnership costs	**$ 1,589,821**

This document assumes that 726 Remote Accomodations Ltd. share of the profit and losses from the Partnership will be offset aganist the initial obligation of $3,000,000 set out in the Bonnyville deal.

The spending incurred on the dorms to September 30, 2015 has been offset against the $3,000,000 liability.

The Wandering River Lodge Limited Partnership does not presently reflect the lease instrument as debt which it is as presently documented. The Partnership has responsibility for any loss on disposition which makes it a capital lease as structured. CNC is currently funding all partner losses in the Partnerships.

We have also ~~assigned~~ assumed that CNC and 726 Remote Accomodations Ltd. will fund the losses on KM 147 Limited Partnership equally since the 3rd partner will not participate.

If you agree with this presentation please confirm. We are completing our audit and require confirmation of this arrangement.