Registrar's Stamp

REGISTRAR FILED OCT ~~26~~ 2017 27 Court of Appeal of Alberta

COURT OF APPEAL OF ALBERTA

COURT OF APPEAL FILE NUMBER: 1703-237AC

TRIAL COURT FILE NUMBER: 1703 12327

REGISTRY OFFICE: EDMONTON

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

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

DOCUMENT: ~~**APPLICATION FOR LEAVE TO APPEAL**~~

JOINT EXTRACTS OF EVIDENCE ON BEHALF OF THE RESPONDENTS

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:

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TAB 1

Clerk's Stamp

FILED

JUN 28 2017

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**ORIGINATING APPLICATION**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379

NOTICE TO THE RESPONDENT(S)

Among other reliefs, the Applicants wish to apply for an order restricting access to court proceedings or records.

You have the right to state your side of this matter before the justice.

To do so, you must be in Court when the application is heard as shown below:

Date:	Wednesday, July 5, 2017
Time:	11:00 am
Where:	Edmonton Law Courts 1A Sir Winston Churchill Square Edmonton, AB T5J 0R2
Before Whom:	The Honourable Justice K.G. Nielsen

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Abridging the time for service of the Originating Application and materials filed herewith to the time actually given and declaring service good and sufficient.

2. An order:

a. pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 as amended (the "**CCAA**") on the terms substantially as set out in the form of Initial Order attached hereto as Schedule "**A**";

b. effective for a period of 30 days:

   i. staying all proceedings taken or that might be taken against the Applicants, Paul McCracken, Shayne McCracken, and each of their affiliates (as defined in the Alberta *Business Corporations Act*, RSA 2000 c B-9) (the "**Stay Parties**");

   ii. restraining any further proceedings in any action, suit or proceedings against the Stay Parties; and

   iii. prohibiting the commencement of or proceeding with any other action, suit or proceeding against the Stay Parties;

   arising out of or in connection with any right, remedy or claim of any person against the Applicants in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of the Applicants;

c. appointing Ernst & Young, Inc. as Monitor of the Applicants on such terms described in the attached form of Initial Order;

d. appointing a Chief Restructuring Officer of the Applicants as the Applicants may advise and this Honourable Court may approve on such terms as may be directed;

e. providing for an Administration Charge protecting the fees and disbursements of the Applicant's counsel, the Monitor, the Monitor's counsel and the Chief Restructuring Officer to a maximum of $1,000,000;

f. providing for a Director's Charge protecting the directors and officers of the Applicants against obligations and liabilities incurred after the commencement of the within proceedings to a maximum of $150,000;

g. granting Interim Financing of up to $1,000,000 and an Interim Financing Charge up to the same amount;

h. declaring that each of the foregoing shall be protected by a charge on the property of the Applicants in the following order:

   i. Administration Charge;

   ii. Interim Financing Charge; and

   iii. Directors' Charge.

i. A sealing order of the Confidential Supplemental Affidavit of Shayne McCracken sworn June 28, 2017;

j. Granting such further other relief as this Honourable Court deems just.

3. An Order directing CWB to release funds seized by CWB held in a Bigstone Tansi Development Ltd. account.

Grounds for making this application:

4. The Applicants are insolvent entities that require the opportunity to restructure their financial and business affairs pursuant to the *CCAA* for the general benefit of their creditors and other stakeholders.

5. A process under the *CCAA* will return significant greater value to the creditors and other stakeholders of the Applicants as a whole than a receivership or other enforcement proceeding.

6. The Applicants meet the statutory requirements to be eligible for relief under the *CCAA*.

7. The Applicants are "debtor companies" or "affiliated debtor companies" within the meaning of those phrases used in the *CCAA*.

8. The total amount of claims against the Applicants exceed $5,000,000.

9. A stay of proceedings for the Stay Parties is just and reasonable in these circumstances.

10. A stay of proceedings for the Stay Parties is necessary to determine an orderly determination of obligations and to maintain the status quo of the Applicants' businesses.

11. The Administration Charge, Interim Financing Charge and Directors' charge are necessary and reasonable in these circumstances.

12. The Applicants are entitled to the benefit of the provisions of the *CCAA* and the circumstances are appropriate for the Court to exercise is equitable jurisdiction.

13. Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., and D.J. Catering Ltd. have all filed Notices of Intention to Make a Proposal on June 26, 2017 under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("***BIA***") but have not yet filed any proposal in those proceedings.

14. Each of Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., and D.J. Catering Ltd. have filed concurrent applications in their proposal proceedings for such proceedings to be taken up and continued under the *CCAA*.

15. Given that creditors of Applicants are presently stayed under the *BIA* converting the proposal process to a *CCAA* proceedings will not materially prejudice any party.

16. The multitude and complexity of the Applicants' corporate structure and as well as what will be required to restructure the Applicants is more appropriate for proceedings under the *CCAA* than the *BIA*.

17. The Confidential Supplemental Affidavit of Shayne McCracken is confidential and contains commercially sensitive information and if made a part of the public record of this Action would be detrimental to the Applicants' restructuring in these *CCAA* proceedings.

18. Circumstances exist that make the Order sought appropriate.

19. Such further and other grounds as counsel may advise and this Court may permit.

Material or evidence to be relied on:

20. Affidavit of Shayne McCracken, filed with this application.

21. Confidential Supplemental Affidavit of Shayne McCracken, filed with this application.

22. Affidavit of Service Lynnette Goodwin, unfiled.

23. Brief of the Applicants, filed herewith.

24. Pre-filing Report of the proposed Monitor, to be filed.

Applicable rules:

25. *Alberta Rules of Court* AR 124/2010, including Rule 13.5.

Applicable Acts and regulations:

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

27. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended, including sections 2, 3, 9, 10, 11 and 11.6.

28. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.

29. Such further other provisions and Statutes as counsel may advise.

Any irregularity complained of or objection relied on:

30. Abridgement of time for service.

WARNING
If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

TAB 2

SCHEDULE "A"

Clerk's Stamp

COURT FILE NUMBER	
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**CCAA INITIAL ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379

DATE ON WHICH ORDER WAS PRONOUNCED: **July 5, 2017**

NAME OF JUDGE WHO MADE THIS ORDER: **The Honourable Justice K.G. Nielsen**

LOCATION OF HEARING: **Edmonton, Alberta**

UPON the application of Canada North Camps Inc., D.J. Catering Ltd., Campcorp Structures Ltd., Canada North Group Inc., 816956 Alberta Ltd. and 1371047 Alberta Ltd. (the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of Shayne McCracken, filed, the Confidential Supplemental Affidavit of Shayne McCracken, unfiled, the Affidavit of Service sworn by Lynnette Goodwin, filed, and the Pre-filing Report of the proposed Monitor; **AND UPON** reading the filed consent of Ernst & Young Inc. to act as Monitor; **AND UPON NOTING** that the Court of Queen's Bench in bankruptcy granted orders in each of the following bankruptcy proceedings commenced under Part III of the *Bankruptcy and Insolvency Act*: 24-2266739, 24-2266736, 24-2266726, and 24-2266743 that those proceedings may be taken up and continued under the *CCAA*; **AND UPON** hearing counsel for ______________________________; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. The Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

PLAN OF PROPERTY AND OPERATIONS

4. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. The Applicants shall:

   (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");

   (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property; and

   (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:

   (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

   (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. The Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

(i) employment insurance,

(ii) Canada Pension Plan, and

(iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.

10. Except as specifically permitted in this Order, the Applicants is hereby directed, until further order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order;

(b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and

(c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. The Applicants shall subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding $**100,000** in any one transaction or $**500,000** in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and

(c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliates the lease governing such leased premises in accordance with section 32 of

the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:

(a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and

(b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

14. Until and including **August 4, 2017**, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants, Paul McCracken, Shayne McCracken, and each of their affiliates (as defined in the Alberta *Business Corporations Act*, RSA 2000 c B-9) (the "**Stay Parties**"), or the Monitor, or affecting the Business or the Property, arising out of or in connection with any right, remedy or claim of any person against the Applicants in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of the Applicants under contract, statute or otherwise, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by indemnity, guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any person to advance a claim for contribution, indemnity or otherwise, with respect to any matter, action cause or chose in action, whether existing at present or commenced in future, which indebtedness , indemnity, liability or obligation is derivative of the primary liability of the Applicants, except with leave of this Court, and any and all such Proceedings currently under way against or in respect of the Stay Parties or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

    (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;

    (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;

    (c) prevent the filing of any registration to preserve or perfect a security interest; or

    (d) prevent the registration of a claim for lien.

16. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

17. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. During the Stay Period, all persons having:

    (a) statutory or regulatory mandates for the supply of goods and/or services; or

    (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

    are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements.

The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

19. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of **$150,000**, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs **41** and **43** herein.

23. Notwithstanding any language in any applicable insurance policy to the contrary:

    (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

(b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph **20** of this Order.

APPOINTMENT OF MONITOR

24. Ernst & Young, Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants and the CRO (defined below) with the powers and obligations set out in the CCAA or set forth herein and that the CRO and the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants or the CRO pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a monthly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;

(d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, as agreed by the Interim Lender;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and

(j) perform such other duties as are required by this Order or by this Court from time to time.

26. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

27. The Monitor shall provide any creditor of the Applicants and the Interim Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

28. The Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. The Monitor, counsel to the Monitor, the CRO, its counsel, if any, and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings including the costs incurred by them in the commencement of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on at least a monthly basis.

30. The Monitor and its legal counsel shall pass their accounts from time to time.

31. The Monitor, counsel to the Monitor, the CRO (defined below) and its counsel, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of **$1,000,000**, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs **41** and **43** hereof.

INTERIM FINANCING

32. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from ________________________(the "**Interim Lender**") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed **$1,000,000** unless permitted by further order of this Court.

33. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the Interim Lender dated as of **$1,000,000** (the "**Commitment Letter**"), filed.

34. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Definitive

Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Lender's Charge shall have the priority set out in paragraphs **41** and **43** hereof.

36. Notwithstanding any other provision of this Order:

(a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon * days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

37. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

CHIEF RESTRUCTURING OFFICER

38. The Applicants are directed to hire a Chief Restructuring Officer (the "**CRO**").

39. The CRO having the powers and obligations set out below, is authorized, subject to approval of this Court and the Monitor both as to the qualifications of the prospective CRO and the financial terms of the prospective CRO's engagement.

40. The CRO is authorized, subject to the direction of the Monitor and where required hereunder, the Court, to manage the business operations, affairs and restructuring of the Applicants including, without limiting the generality of the foregoing:

(a) To oversee and direct any restructuring including, without limitation, engaging in discussion and negotiations with creditors, investors, customers or others;

(b) To review the Applicants' business operations and assess and implement opportunities for cost reduction and revenue enhancement;

(c) To oversee and direct the preparation of the Applicants' cash flow statements and the dissemination of financial and other information in these proceedings;

(d) Subject to the approval of the Applicants and other restrictions contained in this Order, to approve all disbursements of the Applicants on such basis as the CRO considers appropriate;

(e) To have full access to the books, records and key personnel of the Applicants as may be necessary for the completion of its duties under this Order;

(f) To report to the Court, the creditors, and other stakeholders as the CRO, in its discretion, considered appropriate; and

(g) To perform such other duties as are required to carry out the powers and obligations conferred upon the CRO by this Order or any further Order of this Court.

41. The Applicants and its shareholders, officers, directors, employees, agents, representatives and former shareholders, officers, employees, agents and representatives, shall co-operate fully with the CRO in the exercise of its powers and discharge of its duties and obligations.

42. Notwithstanding anything in this Order, the CRO shall not be considered an officer or director of the Applicants, as those terms are used in the *Business Corporation Act* (Alberta), and shall only have the obligations and liabilities as expressly set out in this Order or subsequent order of the Court in this proceeding.

43. The CRO shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its party. Nothing in this Order shall derogate from the protections afforded the CRO by the CCAA or any applicable legislation.

VALIDITY AND PRIORITY OF CHARGES

44. The priorities of the Directors' Charge, the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of **$1,000,000**);

Second – Interim Lender's Charge (to the maximum amount of **$1,000,000**); and

Third – Directors' Charge (to the maximum amount of **$150,000).**

45. The filing, registration or perfection of the Directors'' Charge, Administration Charge or the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. Each of the Directors' Charge, Administration Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, Administration Charge or the Interim Lender's Charge, unless the Applicants also obtains the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Directors' Charge and Administration Charge, or further order of this Court.

48. The Directors' Charge, Administration Charge, the Commitment Letter, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:

(a) the pendency of these proceedings and the declarations of insolvency made in this Order;

(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;

(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

(d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Commitment Letter or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which they are a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicants entering into the Commitment Letter, or execution, delivery or performance of the Definitive Documents; and

(iii) the payments made by the Applicants pursuant to this order, including the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

49. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

50. The Monitor shall (i) without delay, publish in ______________________________ a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

51. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies

thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at **www.documentcentre.eycan.com** and shall post there as soon as practicable:

(a) all materials prescribed by statue or regulation to be made publically available; and

(b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

SEALING ORDER

52. The Confidential Exhibits (the "**Sealed Documents**") of the Confidential Supplemental Affidavit of Shayne McCracken shall be sealed on the Court file until the termination of the proceedings, both notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Sealed Documents and any other confidential exhibit shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

GENERAL

53. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

54. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, both the CRO and the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.

55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

56. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this

Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

57. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

58. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

59. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

Justice of the Court of Queen's Bench of Alberta

TAB 3

Clerk's Stamp

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**AFFIDAVIT OF SHAYNE McCRACKEN** **Sworn on July 28, 2017**
COURT FILE NUMBER	24-2266739
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED
	AND IN THE MATTER OF THE PROPOSAL OF CANADA NORTH GROUP INC.
COURT FILE NUMBER	24-2266736
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED
	AND IN THE MATTER OF THE PROPOSAL OF CANADA NORTH CAMPS INC.,
COURT FILE NUMBER	24-2266726
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED

AND IN THE MATTER OF A PROPOSAL OF CAMPCORP STRUCTURES LTD.

COURT FILE NUMBER	24-2266743
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED

AND IN THE MATTER OF A PROPOSAL OF D.J. CATERING LTD.

DOCUMENT	**AFFIDAVIT OF SHAYNE McCRACKEN**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379

AFFIDAVIT OF SHAYNE McCRACKEN

SWORN ON JUNE 28, 2017

I, Shayne McCracken, Businesswoman, of the City of Edmonton, in the Province of Alberta, MAKE OATH AND SAY THAT:

A. INTRODUCTION

1. I am a Director and the Secretary of each of the applicants, Canada North Group Inc. ("**CNG**"), Canada North Camps Inc. ("**CNC**"), CampCorp Structures Inc. ("**CampCorp**") D.J. Catering Inc. ("**DJ**") (CNG, CNC, CampCorp and DJ, collectively, "**Canada North**"), 816956 Alberta Ltd. ("**816**") and 1371047 Alberta Ltd. ("**137**")(Canada North, 816 and 137, collectively, the "**Companies**"), and as such, the matters deposed to herein are based on my personal knowledge or on my review of the books and records maintained by the Applicants in the ordinary course of their business, entries in which books and records are made reasonably contemporaneously with the Applicants' business transactions as they occur,

except where stated to be based upon other information and belief, and where so stated, I believe the same to be true.

2. I make this Affidavit in support of an application on behalf of the Applicants for relief pursuant to the provisions of the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") in order to allow the Applicants to restructure their business and financial affairs.

B. CORPORATE STRUCTURE AND BUSINESS OVERVIEW

3. Canada North is a group of family-owned and operated business focused on providing workforce-housing solutions to Western-Canada's remote field services industries. Canada North primarily services the oil and gas industry as well as the construction, forestry and government sectors.

4. Canada North began in 2000 with one camp and a catering company. The company expanded over time and, in 2009, acquired a manufacturing plant in Slave Lake to provide vertical integration and the ability to manufacture modular camps.

5. Attached hereto and marked as **Exhibit A** is the organization chart for Canada North and as **Exhibit B** the organization chart for 816 and 137.

6. The Companies' operations are headquartered in Edmonton, Alberta.

7. Excluding the third party entities in red, each of the corporate entities on the two aforementioned organization charts are Alberta Corporations incorporated pursuant to the *Business Corporations Act* (Alberta) or registered pursuant to the *Partnership Act* (Alberta), except for the following entities which are incorporated as indicated below: :

   (a) CampCorp USA Inc., which is incorporated in Arizona, U.S; and

   (b) Spallumcheen Estates Ltd. and Morningstar Golf Club Ltd.- which is incorporated pursuant to the *Business Corporations Act* (British Columbia); and

<u>Canada North Group Inc.</u>

8. CNG is the parent corporation of CNC, CampCorp and DJ. CNG does not directly carry on active business.

9. CNG is wholly owned by 1995708 Alberta Ltd, which in turn is wholly owned by my husband, Paul McCracken.

<u>Canada North Camps Inc.</u>

10. CNC is a subsidiary of CNG. CNC operates remote workforce housing camps throughout Western Canada.

11. CNC both operates camps pursuant to fixed contracts with clients as well as maintains a geographically diverse selection of open camps that can accommodate clients on a flexible basis.

12. The Western Canadian camp industry is a highly seasonal industry with bell shaped demand peaking in January / February.

13. Generally, the profit margin on active open camps is significantly higher than on contract camps, but there are higher capitalization costs and more risk.

14. CNC operates the following camps:

    (a) Simonette Lodge - An open camp located west of Fox Creek, Alberta

    (b) Berland Lodge - An open camp located east of Fox Creek, Alberta

    (c) Wabasca Lodge - An open camp located in Wabasca - Desmarais, Alberta

    (d) HML - An open camp located in the Anzac, Alberta area.

    (e) Peace River Lodge, Bonnyville Lodge, Cimarron Lodge, Monias Lodge and Wandering River are all temporarily closed.

15. Presently, in the off season, approximately 200 - 300 beds are occupied in the camps at any given time.

<u>CampCorp Structures Inc.</u>

16. CampCorp operates a modular construction manufacturing plant in Winterburn. CampCorp also handles the installation and tear down of contract camps or open camps on relocation.

17. CampCorp owns the shares of CampCorp USA Inc. ("**CampCorp USA**").

18. CampCorp USA is a manufacturing plant located in Arizona that is capable of constructing two-story custom modular commercial units.

19. CampCorp USA was originally unable to sell its modular products in the USA as it had not obtained the necessary permits.

20. Recently, the necessary permits were granted and CampCorp USA is now one of the few entities permitted to sell two-story modular products of its kind in California and Arizona. CampCorp USA has recently obtained a significant profitable construction contract for Ottawa University in Phoenix Arizona.

<u>D. J. Catering Inc.</u>

21. DJ holds five Miscellaneous Land Leases with the government in respect of campsites, including for Simonette and Berland, as well as three undeveloped sites. DJ is also a preferred vendor for a number of clients.

1371047 Alberta Ltd.

22. 137 is primarily a real estate holding company. It owns the Edmonton Office, the Winterburn Yard and the lands on which the Wandering River and Bonnyville camps are located.

816956 Alberta Ltd.

23. 816 owns a farm near St. Albert, Alberta.

24. 816 also owns (directly or indirectly) the shares of:

(a) 137;

(b) Morningstar Golf Club Ltd., an operating golf course on Vancouver Island, B.C;

(c) Spallumcheen Estates Ltd., an operating golf course in the Okanogan, B.C.; and

(d) Carma Software Systems Inc., a company providing technologic services, including to CNC

C. **FIRST NATIONS**

25. The oil and gas industry in Western Canada often has projects that are on or near First Nations lands.

26. Canada North has a sincere commitment to working with various First Nations, both in terms of partnering for economic development and building community capacity through employment and training.

27. Canada North has had 50/50 partnerships with Bigstone Cree Nation and Heart Lake First Nation for contract camps, whereby CNC provides the camp services and the partnership shares the contract profit.

28. Canada North established a camp and catering training program with Blue Quills First Nations College of St. Paul, Alberta, which is governed by seven Nations.

29. As part of that initiative in 2013, Canada North, along with its fifty percent First Nations partner, donated a camp worth $1.2M to the college. The students in the Camp Life program live in the donated camp and participate in the camp operations, adding practical experience to the training as well as needed accommodations.

30. The Camp Life program is now accepting its 15th cohort into the program. All graduates are offered employment by Canada North. The government has advised us that they have tracked the graduates and there is a 60% long term retention rate for graduates of this program in the camp industry, including with Canada North - which is an excellent result.

31. Canada North also make a concerted effort to hire locally, including First Nations candidates and to provide necessary support and training to build First Nations employment capacity.

D. EMPLOYEES

32. Canada North's key employees are as follows:

- Paul McCracken - President
- Shayne McCracken - Controller
- Kim Capjack - Chief Operating Officer
- Tyler McCracken - Catering management
- Travis McCracken - Forecasting, finances and bidding
- Jaimie Phillips - Finance and Employee Benefits
- Brian Stasynec - Head accountant
- Rob Phillips - CampCorp Manager and Maintenance Supervisor
- Susan Ramsay - Efficiency expert and operations

33. Canada North employees approximately 25 employees at the head office, most of which are long term employees with more than five years of service.

34. CampCorp presently employees approximately 14 people.

35. CNC and DJs employment fluctuates seasonally; however, many employees return season after season. Peak employment numbers for 2013 = 349, 2014 = 377, 2015 = 491, 2016 = 269, 2017 = 190.

36. As set out above, Canada North also employs a significant number of First Nations employees.

E. ASSETS

37. The assets of Canada North, 816 and 137 are primarily comprised of:

(a) The machinery and equipment located at the various camps, yards and manufacturing facilities;

(b) The value of the camps and catering as a going concern business;

(c) Real estate; and

(d) The values of the subsidiaries of 816: Morningstar and Spallumcheen golf courses and Carma Software Systems Inc.

38. As set out in my Confidential Supplemental Affidavit, Canada North has obtained appraisals of the machinery and equipment as a whole, the value of certain camps as going concerns and the value of certain parcels of real estate.

39. Compared to the Indebtedness as set out below, the appraisals contained the Confidential Supplemental Affidavit show that there is significant value in Canada North as a going concern if the present cash flow issues can be addressed.

F. INDEBTEDNESS

40. Canada North is indebted to the CRA for approximately $1,140,000, largely for employee source deductions and GST.

41. Canada North owes its secured creditors approximately the following:

(a)	Canadian Western Bank ("CWB"):	$21,033,797.81
(b)	Business Development Bank Canada:	$2,081,000.00
(c)	Camcork Holdings Ltd.	$375,000.00
(d)	ECN Financial	$2,951,652.73
(e)	Klovansky Contracting	$200,000
(f)	National Leasing	$494,502.68
(g)	Northland Mortgage & Investment Corp	$750,000.00
(h)	Sysco	$1,213,331.20
(i)	Wells Fargo Leasing	$173,411.65
(j)	Weslease Income Growth Fund	$6,000,000

42. Collectively, Canada North owes approximately a further $6,000,000 to its unsecured creditors.

43. Attached as **Exhibit "C"** hereto is a copy of a Forbearance Agreement entered into in respect of the CWB Indebtedness. As indicated on the Forbearance Agreement, the CWB indebtedness is guaranteed by Canada North, 137, 816 and a variety of other subsidiaries and affiliated companies.

44. At the time CWB sought the Forbearance Agreement, Canada North did not (and does not) have payment defaults to CWB.

45. CWB has not issued demands on the Companies or served notices pursuant to s. 244 of the *BIA*.

46. In a number of cases, the Companies have provided guarantees and collateral security for the indebtedness of the other Companies.

47. Each of the Companies is presently insolvent as they are unable to pay their obligations generally as they become due and payable.

G. FINANCIAL INFORMATION

48. Attached hereto as **Exhibit "D"** are the consolidated year-end financial statements for Canada North Group Inc., year-ended September 30, 2016, marked "draft".

49. I understand from the accountant that the financial data in the statements is complete; however, because of the subsequent insolvency of Canada North, finalizing the statements would require significant additional work in the auditor report to the financial statements - at significant expense. As a result, Canada North did not have the audit for the 2016 statements finalized.

50. Attached hereto as **Exhibit "E"** are the consolidated year-end audited financial statements for Canada North Group Inc., year-ended September 30, 2015.

51. Attached hereto as **Exhibit "F"** are the consolidated monthly financial statements for Canada North Group Inc., for the eight month period ended May 31, 2017.

H. CAUSES OF INSOLVENCY

52. In the latter half of 2014, the price of oil collapsed. A barrel of West Texas Intermediate that sold for over $100 US a barrel in June of 2014, only fetched $50 US by the end of 2014 and just over $40 US three months later in March of 2015.

53. The camp industry in Alberta was particularly hard hit.

54. Oil companies cancelled projects and curtailed workforces. There were significantly fewer opportunities for contract camp work and less demand for open camp spaces.

55. Oil companies also required lower prices on services, putting extreme downward pressure on profit margins to the point that some contracts simply couldn't be secured at an economically feasible rate.

56. Oil industry growth drives significant camp work as the growth involves projects that need to be supported by remote workforce housing. From the end of 2014 to the end of 2016, there was very little growth in the oil industry, and, as a result, few opportunities for new camp contracts.

57. As a result, the Companies' revenues fell approximately 50% in the 24 months following the 2014 oil crash.

58. CNRL declined to pay a $1.8M Canada North receivable. Significant cost and efforts were put into negotiating payment with CNRL. Arbitration has been set for this matter for July 7, 2017.

59. The Fort McMurray wildfire began on May 1, 2016 and spread over almost 1.5 million acres before being declared under control on July 5, 2016.

60. HML Lodge was required to shut down and be evacuated.

61. The Wandering River Camp was made available to persons displaced by the fire as it was the right thing to do in the circumstances, but the rates that were charged were heavily subsidized by Canada North, even including contributions from the industry and government. Additionally, we needed to add extra services, like bussing children to school. Our recovery fell significantly short of covering the carrying and operating costs of the camp..

62. TransCanada and Brion Energy Corporation had entered into a four year contract for the Wandering River Camp in connection with the Grande Rapids Pipeline. That contract was cancelled after 18 months.

63. Shell cancelled the Carmen Creek Project, which left the Peace River Lodge unused and resulted in its temporary closure.

64. There was also a tragic incident at the Berland camp on June 30, 2015. A cook's helper, Daniel Goodridge, staying at the camp stabbed and killed Hally Dubois and David Derksen. Goodridge also started the camp on fire resulting in $1M - $2M in damage. As a result the camp had to be closed until October of 2015, resulting in significant loss of revenue. Berland has now been repaired and recovered from this tragedy.

65. The lack of oilfield growth in 2014 and on also led to a steep decline in manufacturing demand from CampCorp and led to the closure of the CampCorp Slave Lake manufacturing facility. Workforces were offered redeployment to the Winterburn yard facility.

66. Canada North had grown quickly in the period leading up to the oil crash in 2014. The initial downturn led to cash flow issues which were temporarily resolved with additional financing, however, these interest rates were often in excess of 20%, eventually compounding the financial difficulties of Canada North.

67. After many years of successful growth, with hindsight, Canada North did not initially recognize the depth and breadth of the financial issues precipitated by the drop in revenue.

68. As a result, since 2015, Canada North has had ongoing cash flow issues.

69. Canada North certainly has an appreciation now for the financial difficulties and is working with due diligence and in good faith to restructure its financial and business affairs for the benefit of its creditors, employees and other stakeholders.

I. RESTRUCTURING EFFORTS PRIOR TO THE NOI FILINGS

Sale of Assets

70. Given the financial difficulties of Canada North, appraisals of various assets and equipment were obtained with a view to determining a path forward involving the sale of certain assets.

71. Those appraisals, as well as certain offers on real estate, are set forth in my Confidential Supplemental Affidavit.

72. As set out in my Confidential Supplemental Affidavit, the Winterburn Yard and the Edmonton Office are both in the process of being sold. The anticipated revenue from the sales of those two parcels will provide a total of approximately $6,500,000 to pay down the CWB Indebtedness after the mortgages and sales adjustments on those properties are made.

Operational Efficiencies

73. In 2015 and 2016, faced with downward pressure on contracts and less available work, Canada North focused on increasing profitability.

74. Through internal efficiency operational changes, CNC was able to increase its profit margins on work by 15%. Canada North further decreased its general and administrative expenses by $2,000,000.

75. The sale of the Winterburn yard and office and consolidation of the operations to a smaller, rented site will further reduce Canada North's general and administrative expenses without impact on operations.

Adjusting Manufacturing Operations

76. As the lack of manufacturing work in the oil industry persisted, the Winterburn yard repositioned itself in the market as a modular producer for custom commercial construction projects.

77. The new manufacturing model is proving successful for Campcorp with the following new contracts:

(a) Saskatoon School Board (approximate gross contract value $1.2M, completed, profit margin approximately 25%); and

(b) Fairview Daycare (approximate gross contract value $1.2M, to be completed, projected profit margin 25%).

Refinancing

78. Canada North has sought and continues to work on a number of refinancing possibilities:

(a) CampCorp USA is seeking refinancing. Alliance Bank in Arizona has confirmed they would be able to refinance but for the collateral security granted by CampCorp USA in respect of Canada North obligations to CWB.

(b) As set out in the Confidential Supplemental Affidavit, Canada North is working with a private equity investor in respect of refinancing and/or selling various aspects of the business.

Professional Assistance

79. CNC also retained Ernie Recsetar to provide restructuring guidance and assistance. Mr. Recsetar is an attorney with expertise in financing and workouts and is ordinarily resident in the U.S.. Attached hereto as **Exhibit "G"** is Mr. Recsetar's resumé.

J. NOI FILINGS

80. On June 26, 2017, each of CNG, CNC, CampCorp and DJ filed a Notice of Intention to Make a Proposal pursuant to Part III of the *Bankruptcy and Insolvency Act*, RSC, 1985, c. B-3 ("*BIA*"). Attached hereto as **Exhibit "H"** are the four certificates of filing (the "**Certificates**").

81. The Companies sought protection under the *BIA* given the enforcement steps taken or anticipated to be taken by a number of creditors, including that the Forbearance Agreement with CWB was set to expire on June 30, 2017 and CWB had advised it would not grant further extensions.

82. Additionally, Wells Fargo Equipment Finance Company issued demands and s. 244 Notices of Intention to Enforce Security under the BIA dated June 6, 2017.

83. The Companies have not filed a Proposal under the *BIA*.

84. Following receipt of the Certificates on June 27, 2017, I am advised by my Counsel that she contacted Counsel for CWB and advised Counsel of the NOI filings and the intention to make an application for an Initial Order under the *Companies' Creditors Arrangement Act*, RSC, 1985, c. C-36.

85. Subsequently, also on June 27, 2017, I deposited $134,000 receivable into the CWB account in the name of Bigstone Tansi GP Inc. and sought a bank draft to pay a CNC invoice owed by Bigstone Tansi GP Inc..

86. Bigstone Tansi GP Inc. is owned jointly by the Bigstone First Nation and by Canada North is the general partner of Bigstone Tansi LP, which is a First Nations partnership between Canada North (49%) and the Bigstone First Nations (49%) and the Bigstone Tansi GP Inc. (1%).

87. Bigstone has been dissolved as the camp contract it was incorporated for has ended and Bigstone's only remaining assets are the money as a result of the accounts receivable from the camp clients.

88. When I sought to transfer funds, the CWB Big Stone account had approximately $134,000 from camp revenue. Those funds were due to CNC for the work that CNC had done in operating the camp. I was advised by the CWB account manager that CWB was holding the funds and would not release them to pay the CNC receivable.

89. CWB has effectively enforced against all of the assets of Bigstone without serving a s. 244 Notice under the *BIA*.

90. Attached hereto as **Exhibit "I"** is an email reply from CWB's counsel in respect of a request that CWB release its seizure of the funds.

K. CASH FLOW PROJECTIONS RESTRUCTURING PLAN

91. Attached as **Exhibit "J"** hereto are the weekly cash flow projections for Canada North for the period ending September 30, 2017 (the "**Cash Flow**"). Based on my knowledge of the financial position of Canada North, and based on the assumptions set out in the Cash Flow, I verily believe that the Cash Flows are fair and reasonable.

92. Canada North is negotiating with BDC in respect of debtor-in-possession financing to address the projected shortfall in the Cash Flow, which is projected to be approximately $400,000 by September 30, 2017.

93. Canada North is seeing a return to normalcy in the demand for its services. This summer, present occupancy at the camps is 300 - 400 mandays (stays per day). The summer of 2016 saw approximately 50 mandays.

94. Canada North's projections for occupancy in the upcoming fall/winter season are also extremely promising based on the following:

    (a) The Berland and Simonette camps are located in areas high in enriched liquids gas resources. Demand for these resources (through fracking and other means) continues to be high and Berland and Simonette will see high demand in the 2017 / 2018 season as a result.

    (b) The Simonette camp is also located near the construction of the Pembina Pipeline, which is creating high remote workforce housing demands in the area.

    (c) The Keyera Plant is entering long term bookings for Simonette as they fear Simonette will book out.

    (d) The Peace River camp is scheduled to be reopened shortly as there is a new bridge being built in the vicinity. The contract arising from this work is expected to last two years or so.

    (e) The Wabasca camp is seeing high demand as the other camps in the area did not survive the downturn and there is less supply as a result.

95. The Companies plan to restructure by:

    (a) Selling real estate, including the Edmonton office, the Edmonton yard, the Arizona property and applying the net proceeds to debt;

    (b) Potentially selling certain camps as going concerns, including, potentially Simonette and Berland;

    (c) Seeking to adjust terms of its equipment financing, including by extending amortization or adjusting interest terms;

    (d) Seeking refinancing or an equity partner as discussed in more detail in the Confidential Supplemental Affidavit to address the debt and cash flow issues;

    (e) Continue to operate generally as a going concern, particularly with the improvement in economic conditions in Alberta and the improved prospects for CampCorp and CampCorp USA.

96. Based on the Cash Flow and the other information contained herein, I believe that given a reasonable period of time to reorganize the financial affairs of the Companies, there is a strong prospect that the Companies will be able to file a viable Plan of Arrangement.

L. PROPOSED MONITOR AND ADMINISTRATION CHARGE

97. I believe that Ernst & Young Inc. is qualified and able to act as Monitor of Canada North, 816 and 137 in *CCAA* proceedings. Ernst & Young Inc. is not the auditor of Canada North, 816 or 137.

98. The Initial Order contemplates an Administration Charge against the assets of the Companies. I believe that the professionals whose fees are protected by the Administration Charge are required by the Companies in order for there to be a successful restructuring.

M. **Conclusion**

99. I swear this Affidavit in support of an application for an Initial Order under the *CCAA* for the Companies.

SWORN BEFORE ME at Edmonton, Alberta, this 28th day of June, 2017

A Commissioner for Oaths in and for Alberta

Stephanie A. Wanke
Barrister & Solicitor

SHAYNE McCRACKEN

TAB 4

Clerk's Stamp

JUDICIAL CENTRE OF EDMONTON
FILED
JUL 06 2017
Clerk of the Court

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**AFFIDAVIT OF SERVICE**
COURT FILE NUMBER	24-2266739
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED
	AND IN THE MATTER OF THE PROPOSAL OF CANADA NORTH GROUP INC.
COURT FILE NUMBER	24-2266736
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED
	AND IN THE MATTER OF THE PROPOSAL OF CANADA NORTH CAMPS INC.,
COURT FILE NUMBER	24-2266726
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED

AND IN THE MATTER OF A PROPOSAL OF CAMPCORP STRUCTURES LTD.

COURT FILE NUMBER	24-2266743
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-36, AS AMENDED

AND IN THE MATTER OF A PROPOSAL OF D.J. CATERING LTD.

DOCUMENT	**AFFIDAVIT OF SERVICE**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379 File No. 37060-00001

AFFIDAVIT OF LYNNETTE GOODWIN

SWORN ON JULY 5, 2017

I, Lynnette Goodwin, Legal Administrative Assistant, of the City of Leduc, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am employed by the law firm of DLA Piper (Canada) LLP, counsel for the above-named Applicants, and as such have personal knowledge of the matters hereinafter deposed to, except where stated to be on information and belief, and where so stated I believe the same to be true.

2. The Applicants' Notice of Originating Application with attached form of Order was filed on June 28, 2017 and is hereinafter referred to as the "**Originating Application**".

3. The Applicants' Brief for Application for Initial Order was filed on June 28, 2017 and is hereinafter referred to as the "**Brief**".

4. The Affidavit of Shayne McCracken sworn June 28, 2017 was filed on June 28, 2017 in support of the Applicants' application for an Initial Order and is hereinafter referred to as the "**Affidavit**".

5. The Consent to Act as Monitor, executed by Ernst & Young Inc. was filed on June 28, 2017 and is hereinafter referred to as the "**Consent to Act**".

6. The Canada North Group Inc.'s Notice of Application in Action 24-2266739 was filed on June 28, 2017 and is hereinafter referred to as the "**Application 739**".

7. The Canada North Camps Inc.'s Notice of Application in Action 24-2266736 was filed on June 28, 2017 and is hereinafter referred to as the "**Application 736**".

8. The Campcorp Structures Ltd.'s Notice of Application in Action 24-2266726 was filed on June 28, 2017 and is hereinafter referred to as the "**Application 726**".

9. The D.J. Catering Ltd.'s Notice of Application in Action 24-2266743 was filed on June 28, 2017 and is hereinafter referred to as the "**Application 743**".

SERVICE ON ERNST & YOUNG, CWB, AND BDC:

10. On June 28, 2017, I served the Originating Application, Brief, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on Ernst & Young Inc. c/o their solicitor Duncan Craig LLP, Attention: Darren R. Bieganek, Q.C. at his e-mail address for service, dbieganek@dcllp.com, via e-mail, a copy of which e-mail is attached hereto and marked as **Exhibit "A"**.

11. Attached hereto and marked as **Exhibit "B"** is a copy of the e-mail reply / read receipt from Darren R. Bieganek, Q.C. acknowledging service of the Originating Application, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 as deposed to in paragraph 9 above on behalf of Ernst & Young Inc.

12. On June 28, 2017, I served the Originating Application, Brief, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on Canadian Western Bank and Canadian Western Bank Leasing Inc. c/o their solicitor McLennan Ross LLP, Attention: Chuck Russell, Q.C. at his e-mail address for service, crussell@mross.com, via e-mail, a copy of which e-mail is attached hereto and marked as **Exhibit "C"**.

13. Attached hereto and marked as **Exhibit "D"** is a copy of the e-mail reply / read receipt e-mail from Chuck Russell, Q.C. acknowledging service of the Originating Application, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 as deposed to in paragraph 12 above on behalf of Canadian Western Bank and Canadian Western Bank Leasing Inc..

14. On June 28, 2017, I served the Originating Application, Brief, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on Business Development Bank of Canada and BDC Capital Inc. c/o their solicitor Cassels Brock, Attention: Jeffrey Oliver at his e-mail address for service, joliver@casselsbrock.com, via e-mail, a copy of which e-mail is attached hereto and marked as **Exhibit "E"**.

15. Attached hereto and marked as **Exhibit "F"** is a copy of the e-mail reply / read receipt from Jeffrey Oliver acknowledging service of the Originating Application, Brief, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 as deposed to in paragraph 14 above on behalf of Business Development Bank of Canada and BDC Capital Inc..

SERVICE ON THE OTHER SECURED CREDITORS:

16. On June 28, 2017, I served the Originating Application, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on a portion of the Respondents listed in the Service List attached hereto and marked as Exhibit "**G**", c/o their addresses for service listed in such Service List, under cover of a letter dated June 28, 2017 of Stephanie A. Wanke, of DLA Piper (Canada), a copy of which is attached and marked as **Exhibit "H"**. Attached hereto and marked as:

    (a) **Exhibit "I"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 28, 2017 of the service package on Canada Revenue Agency;

    (b) **Exhibit "J"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on National Leasing Group Inc.;

    (c) **Exhibit "K"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on Element Financial Corporation;

    (d) **Exhibit "L"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on Wakefield Canada Inc.;

    (e) **Exhibit "M"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on GE Canada Leasing Services Company in Calgary, Alberta;

    (f) **Exhibit "N"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on GE Canada Leasing Services Company in Mississauga, Ontario;

    (g) **Exhibit "O"** is a copy of the UPS Tracking Detail evidencing the package to be delivered to Northland Mortgage & Investment Corporation has been left at UPS Access Point for customer pick up;

    (h) **Exhibit "P"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 29, 2017 of the service package on Toshiba Business Solutions;

    (i) **Exhibit "Q"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on Remote Waste LP;

    (j) **Exhibit "R"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on EFN Financial Inc.;

    (k) **Exhibit "S"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 29, 2017 of the service package on Mountain West Camp Services;

(l) **Exhibit "T"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 29, 2017 of the service package on Premium Trailer Rentals;

(m) **Exhibit "U"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on Sysco Canada, Inc.;

(n) **Exhibit "V"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 29, 2017 of the service package on Weslease Income Growth Fund L.P.;

(o) **Exhibit "W"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 29, 2017 of the service package on Weslease of Canada Ltd.;

(p) **Exhibit "X"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on Black Diamond Limited Partnership;

(q) **Exhibit "Y"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on First Island Financial Services Ltd.;

(r) **Exhibit "Z"** is a copy of the UPS Proof of Delivery evidencing the delivery on June 29, 2017 of the service package on Jeffrey and Jackie Hadfield;

(s) **Exhibit "AA"** is a copy of the ACS Express Inc. courier waybill evidencing the delivery on June 29, 2017 of the service package on 506221 Alberta Ltd.

17. On June 28, 2017, I attempted to serve the Originating Application, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on GE Canada Leasing Services Company located at 10235-101 Street Suite 2500 Oxford Tower Edmonton, AB T5J 4G8. I was informed by the courier that GE Canada Leasing Services Company was no longer located at that address and security for Oxford Tower confirmed they did not know their new address. Attached as **Exhibit "BB"** is a copy of the ACS Express Inc. courier waybill evidencing the attempted delivery on June 29, 2017. The package was then returned to our office.

18. On June 28, 2017, I served by Canada Post expedited parcel the Originating Application, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on a portion of the Respondents listed in the Service List attached as **Exhibit "G"**, c/o their addresses for service listed in such Service List, under cover of a letter dated June 28, 2017 of Stephanie Wanke of DLA Piper (Canada) LLP attached as **Exhibit "H"**, a copy of which is attached hereto and marked as:

(a) **Exhibit "CC"** is a copy of the Canada Post Tracking Receipt for the service package sent on June 28, 2017 to Great White Sand Tiger Lodging Ltd. and a copy of the Delivery Confirmation confirming that "great white sand tiger dl" signed for the service package on June 30, 2017;

(b) **Exhibit "DD"** is a copy of the Canada Post Tracking Receipt for the service package sent on June 28, 2017 to 904142 Alberta Ltd. and a copy of the Delivery Confirmation confirming that "Gordon Glenn" signed for the service package on July 4, 2017;

(c) **Exhibit "EE"** is a copy of the Canada Post Tracking Receipt for the service package sent on June 28, 2017 to Klovansky Contracting and a copy of the Delivery Confirmation confirming that "Gordon Glenn" signed for the service package on July 4, 2017;

(d) **Exhibit "FF"** is a copy of the Canada Post Tracking Receipt for the service package sent on June 28, 2017 to Zenex Capital Corp. and a copy of the Tracking Results confirming that a Notice Card was left on June 29, 2017 indicating where and when the service package can be picked up.

19. On June 28, 2017, I attempted to serve the Originating Application, Affidavit, Consent to Act, Application 739, Application 736, Application 726, and Application 743 on Travelers Financial Corporation at 210, 2880 Glenmore Trail SE Calgary, AB T2C 2E7. I was informed by UPS that Travelers Financial Corporation was no longer located at that address. I contacted Travelers Financial Corporation by phone and they confirmed their new address to be 210 – 4820 Richard Rd. SW Calgary, AB T3E 6L1. UPS was informed of the change of address however they failed to make the change of address. As a result the service package is as at the time of this Affidavit still in transit. Attached hereto as **Exhibit "GG"** is a UPS Tracking Detail showing the service package is in transit.

SWORN BEFORE ME at Edmonton, Alberta, this 5 day of July, 2017.	
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA Spencer D. Norris Barrister and Solicitor	Lynnette Goodwin LYNNETTE GOODWIN

ACS EXPRESS INC.

4474 - 97 Street
Edmonton, AB
T6E 5R9

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Order Details

Logged In as Tess

New Order | Order Tracking | Search | Addressbook | Reports | Admin | Logout

Order #917640

DLA Piper (Canada) LLP 10060 Jasper Avenue, Unit 1201 Edmonton, AB T5J4E5 CANADA No Contact Specified P: F:	Canada Revenue Agency 10-9700 Jasper Ave Edmonton, AB T5J4C8 CANADA No Contact Specified P: F:

Pick Up Date:	6/28/2017	Ready Time:	15:15	Service:	Downtown Core Point to Point	Vehicle:	Bike
Delivery Date:	6/28/2017	Deliver By:	15:28	Insurance:	NO	Declared Value:	$0.00
Status:	Delivered	Picked Up:	6/28/2017 15:18	Delivered:	6/28/2017 15:23	Waiting Time:	0 min.
Weight:	3.5 Lbs	Reference:	37060-00001(SAW/LZB)	Waybill #:			
Ordered By:	Tess	Department:					
POD:	Shika						

Package	1

*~*Signature IS REQUIRED*~**~*Delivery location IS NOT closed between 12-1PM.*~*

Base Amount:	$21.00
Weight Surcharge:	$0.00
Waiting Time Surcharge:	$0.00
Package Surcharge:	$0.00
Vehicle Surcharge:	$0.00
After Hours Surcharge:	$0.00
Insurance Surcharge:	$0.00
Fuel Surcharge:	$0.00
Extras:	$0.00
Subtotal:	$21.00
Discount:	$0.00
GST (5.00%)	$1.05
Total:	**$22.05**

This is Exhibit " F " referred to in the Affidavit of Lynette Corbin

Sworn before me this 5 day of July A.D. 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Spencer D. Norris
Barrister and Solicitor

ACS Express Inc. TERMS AND CONDITIONS The Carrier agrees to transport the property/goods described hereon, subject to the terms and conditions prescribed by the proper authority of the province in which this shipment originates and the rules and regulations published in the carrier's tariff in effect on the date hereof to which the shipper assents and as evidence thereof accepts this receipt. Carrier's liability for any loss, damage or injury to a shipment shall not exceed the lesser of $1.00 per pound or $50.00. ACS Express Inc. shall in no event be liable for loss of profit, income, interest, attorneys fees or any special, incidental or consequential damages. No liability for losses or damage will be accepted by the carrier unless written notice of such loss or damage is received within 30 days after the shipment is accepted by the carrier.

V3.2.10

Courier

TAB 5

Clerk's Stamp

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**CCAA INITIAL ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379

JUDICIAL CENTRE OF EDMONTON
FILED
JUL 06 2017
Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: **July 5, 2017**

NAME OF JUDGE WHO MADE THIS ORDER: **The Honourable Justice K.G. Nielsen**

LOCATION OF HEARING: **Edmonton, Alberta**

UPON the application of Canada North Camps Inc., D.J. Catering Ltd., Campcorp Structures Ltd., Canada North Group Inc., 816956 Alberta Ltd. and 1371047 Alberta Ltd. (the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of Shayne McCracken sworn June 28, 2017, filed, the Confidential Supplemental Affidavit of Shayne McCracken, unfiled, the Affidavit of Jessie Taha sworn June 29, 2017, the Affidavit of Russell French, sworn June 29, 2017, the Supplemental Affidavit of Shayne McCracken sworn July 4, 2017, the Affidavit of Service sworn by Lynnette Goodwin, filed, and the Pre-filing Report of the proposed Monitor, filed July 4, 2017; **AND UPON** reading the filed consent of Ernst & Young Inc. to act as Monitor; **AND UPON NOTING** that the Court of Queen's Bench in Bankruptcy granted orders in each of the following bankruptcy proceedings commenced under Part III of the *Bankruptcy and Insolvency Act*: 24-2266739, 24-2266736, 24-2266726, and 24-2266743 that those proceedings may be taken up and continued under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-35 ("***CCAA***"); **AND UPON** hearing from counsel for the Applicants, counsel for Canadian Western Bank, counsel for Business Development Bank of Canada, counsel for Ernst & Young Inc., **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. The Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:

   (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");

   (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property; and

   (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:

   (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

   (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in

the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

(i) employment insurance,

(ii) Canada Pension Plan, and

(iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the

period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the Applicants is hereby directed, until further order of this Court:

   (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order;

   (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and

   (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Applicants shall subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 33), have the right to:

   (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding **$100,000** in any one transaction or **$500,000** in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;

   (b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and

   (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such

landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:

(a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and

(b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. Until and including **August 3, 2017**, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants, the parties listed in Schedule "**A**" attached hereto, or the Monitor (collectively, the "**Stay Parties**"), or affecting the Business or the Property, arising out of or in connection with any right, remedy or claim of any person against the Applicants in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of the Applicants under contract, statute or otherwise, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by indemnity, guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any person to advance a claim for contribution, indemnity or otherwise, with respect to any matter, action cause or chose in action, whether existing at present or commenced in future, which indebtedness , indemnity, liability or obligation is derivative of the primary liability of the Applicants, except with leave of this Court, and any and all such Proceedings currently under way against or in respect of

the Stay Parties or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

(a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;

(b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;

(c) prevent the filing of any registration to preserve or perfect a security interest; or

(d) prevent the registration of a claim for lien.

15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:

(a) statutory or regulatory mandates for the supply of goods and/or services; or

(b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 16 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of **$150,000**, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs **44** and **46** herein.

22. Notwithstanding any language in any applicable insurance policy to the contrary:

(a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

(b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph **21** of this Order.

APPOINTMENT OF MONITOR

23. Ernst & Young, Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants (defined below) with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a monthly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;

(d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, as agreed by the Interim Lender;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and

(j) perform such other duties as are required by this Order or by this Court from time to time.

25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

26. The Monitor shall provide any creditor of the Applicants and the Interim Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. The Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. The Monitor, counsel to the Monitor, the CRO, its counsel, if any, and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings including the costs incurred by them in the commencement of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on at least a monthly basis.

29. The Monitor and its legal counsel shall pass their accounts from time to time.

30. The Monitor, counsel to the Monitor, the CRO (defined below) and its counsel, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $**500,000**, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs **44** and **46** hereof.

INTERIM FINANCING

31. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Business Development Bank of Canada (the "**Interim Lender**") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $**1,000,000** unless permitted by further order of this Court.

32. Such credit facility shall be on the terms and subject to the conditions set forth in the letter of offer between the Applicants and the Interim Lender dated June 29, 2017 (the " **Letter of Offer**") attached as Exhibit "A" to the Supplemental Affidavit of Shayne McCracken sworn July 4, 2017.

33. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Letter of Offer or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Letter of Offer and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Definitive

Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Lender's Charge shall have the priority set out in paragraphs **44** and **46** hereof.

35. Notwithstanding any other provision of this Order:

(a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge or upon the Maturity Date (as defined in the Letter of Offer), the Interim Lender, upon **3** days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Letter of Offer, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Letter of Offer, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) except for the charges provided in paragraphs **44** and **46** hereof, the Applicants are prohibited from granting any additional liens, charges, security interests or any other encumbrances upon any of the assets, property or undertakings of the Applicants, without the prior written consent of the Interim Lender;

(d) the Applicants are prohibited from any further borrowing, without the prior written consent of the Interim Lender;

(e) the Interim Lender is authorized (but not obligated) to effect such registrations, filings and recordings wherever the Interim Lender in its discretion deems appropriate the Letter of Offer and Definitive Documents;

(f) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

36. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**").

CHIEF RESTRUCTURING OFFICER

37. The Applicants are directed to immediately hire R.e.I. group inc., as Chief Restructuring Officer (the "**CRO**") substantially in accordance with the terms of the draft engagement letter attached as Exhibit "C" to the Affidavit of Shayne McCracken sworn July 4, 2017.

38. The CRO shall:

(a) oversee and advise the Applicants with respect to the restructuring of the Applicants;

(b) evaluate potential restructuring, sale, refinancing and capitalization alternatives that may be available to the Applicants;

(c) assist the Applicants, as necessary, with respect to the marketing and sale of any assets or parts of the business of the Applicants;

(d) assist the Applicants in negotiating and implementing potential refinancing and capitalization alternatives;

(e) provide general commercial advice with respect to the Applicants' long term strategic planning, as requested;

(f) develop of strategies to manage the current liquidity issues facing the Applicants including a review of the current 13 week cash projections and any periodic updates together with supporting information as required;

(g) assist the Applicants as necessary, or, at the request of the Applicants, represent the Applicants in negotiations and discussions with third parties, including creditors, suppliers, customers and other stakeholders, in respect of the restructuring;

(h) assist with the provision of information to and communications with the Monitor, secured lenders, the Interim Lender and other stakeholders, including with respect to ongoing financial reporting;

(i) develop a communications strategy for the Applicants in connection with the restructuring and assist in the management of communications with the secured lenders, unsecured creditors and other key stakeholders;

(j) in conjunction with the Monitor, advise the Applicants in their development of the Plan and any amendments to the Plan;

(k) in conjunction with the Monitor, assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a monthly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;

(l) in conjunction with the Monitor, advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender;

(m) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

(n) report to this Court at such times and intervals as the CRO may deem appropriate; and

(o) perform such other duties as are required to carry out the powers and obligations conferred upon the CRO by this Order or any further Order of this Court.

39. The Applicants and its shareholders, officers, directors, employees, agents, representatives and former shareholders, officers, employees, agents and representatives, shall co-operate fully with the CRO in the exercise of its powers and discharge of its duties and obligations.

40. Notwithstanding anything in this Order, the CRO shall not be considered an officer or director of the Applicants, as those terms are used in the *Business Corporation Act* (Alberta), and shall only have the obligations and liabilities as expressly set out in this Order or subsequent order of the Court in this proceeding.

41. The CRO shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its party. Nothing in this Order shall derogate from the protections afforded the CRO by the CCAA or any applicable legislation.

VALIDITY AND PRIORITY OF CHARGES

42. The priorities of the Directors' Charge, the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of **$500,000**);

Second – Interim Lender's Charge (to the maximum amount of **$1,000,000**); and

Third – Directors' Charge (to the maximum amount of **$150,000).**

43. The filing, registration or perfection of the Directors' Charge, Administration Charge or the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be

valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

44. Each of the Directors' Charge, Administration Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

45. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, Administration Charge or the Interim Lender's Charge, unless the Applicants also obtains the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Directors' Charge and Administration Charge, or further order of this Court.

46. The Directors' Charge, Administration Charge, the Letter of Offer, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:

(a) the pendency of these proceedings and the declarations of insolvency made in this Order;

(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;

(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

(d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Letter of Offer or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which they are a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicants entering into the Letter of Offer, or execution, delivery or performance of the Definitive Documents; and

(iii) the payments made by the Applicants pursuant to this order, including the Letter of Offer or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

47. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

48. The Monitor shall (i) without delay, publish in the National Post and the Edmonton Journal for one (1) business day a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

49. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at **www.documentcentre.eycan.com** and shall post there as soon as practicable:

(a) all materials prescribed by statue or regulation to be made publically available; and

(b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

SEALING ORDER

50. The Confidential Supplemental Affidavit of Shayne McCracken sworn on June 28, 2017 (the "**Sealed Documents**") shall be sealed on the Court file until the termination of the proceedings, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Sealed Documents shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

GENERAL

51. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

52. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, both the CRO and the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.

53. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

57. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

Justice of the Court of Queen's Bench of Alberta

Schedule "A"

1995708 Alberta Ltd.

Campcorp USA Inc.

Canada North Group LP Holdings Ltd.

Heart Lake Canada North Group GP Ltd.

Pease River Lodge Limited Partnership

Bonnyville Lodge GP Ltd.

Bonnyville Lodge Limited Partnership

Canada North Group Inc.

HML Lodge GP Ltd.

HML Lodge Limited Partnership

Heart Lake CNC Limited Partnership

Kilometer 147 GP Ltd.

Kilometer 147 Limited Partnership

Peace River Lodge GP Ltd.

1919209 Alberta Ltd.

Carma Software Systems Inc.

McCracken Group Inc.

0790528 B.C. Ltd.

Spallumcheen Estates Ltd.

Morningstar Golf Club Ltd.

Bigstone Tansi GP Inc.

Bigstone Tansi LP

Paul McCracken

Shayne McCracken

TAB 6

Clerk's Stamp

FILED
JUL 28 2017
JUDICIAL CENTRE OF EDMONTON
Clerk of the Court

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**AFFIDAVIT OF SERVICE**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379 File No. 37060-00001

SECOND AFFIDAVIT OF LYNNETTE GOODWIN

SWORN ON JULY 27, 2017

I, Lynnette Goodwin, Legal Administrative Assistant, of the City of Leduc, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am employed by the law firm of DLA Piper (Canada) LLP, counsel for the above-named Applicants, and as such have personal knowledge of the matters hereinafter deposed to, except where stated to be on information and belief, and where so stated I believe the same to be true.

2. The Applicants' Application for First Extension and Other Relief was filed on July 20, 2017 and is hereinafter referred to as the "**Application**".

3. The Applicants' Bench Brief for First Extension Application was filed on July 20, 2017 and is hereinafter referred to as the "**Bench Brief**".

4. The Second Affidavit of Shayne McCracken sworn July 20, 2017 was filed on July 20, 2017 in support of the Applicants' application for a first extension and is hereinafter referred to as the "**Second Affidavit**".

SERVICE ON THE SERVICE LIST:

5. On July 20, 2017, I served the Application, Bench Brief and Second Affidavit, via e-mail, on the following parties as shown on the Service List attached hereto and marked as **Exhibit "A"**:

   (a) Ernst & Young Inc. c/o their solicitor Duncan Craig LLP, Attention: Darren R. Bieganek, Q.C. at his e-mail address for service, dbieganek@dcllp.com;

   (b) R.e.l. Group Inc., Attention: Jonathan Solursh, Jeff Gollob and Heather Brodie at their e-mail addresses for service, jsolursh@relgrp.com, jgollob@relgrp.com, and hbrodie@relgrp.com;

   (c) Canadian Western Bank and Canadian Western Bank Leasing Inc. c/o their solicitor McLennan Ross LLP, Attention: Charles Russell, Q.C. at his e-mail address for service, crussell@mross.com;

   (d) Bank of Canada and BDC Capital Inc. c/o their solicitor Cassels Brock, Attention: Jeffrey Oliver at his e-mail address for service, joliver@casselsbrock.com;

   (e) National Leasing Group Inc. and ECN Capital Corp /o their solicitor Miller Thomson, Attention: Terrence Warner at his e-mail address for service, twarner@millerthomson.com;

   (f) Weslease Income Growth Fund L.P., Weslease of Canada Ltd. and Sysco Canada, Inc. c/o their solicitor Ogilvie LLP, Attention: Kentigern Rowan, Q.C. at his e-mail address for service, krowan@ogilvielaw.com;

   (g) First Island Financial Services Ltd. c/o their solicitor Lawson Lundell LLP, Attention: Heather Ferris at her e-mail address for service, hferris@lawsonlundell.com;

   (h) Northland Mortgage & Investment Corporation c/o their solicitor Witten LLP, Attention: James MacLean at his e-mail address for service, jmaclean@wittenlaw.com;

   (i) Worksite Construction Ltd. c/o their solicitor Brownlee LLP, Attention: Paul Stocco at his e-mail address for service, pstocco@brownlee.com;

   (j) Forthryte Services Inc., Attention: John McPherson, General Manager, at his e-mail address for service, jmcpherson@forthryte.com;

   (k) Athabasca County c/o their solicitor Reynolds Mirth Richards & Farmer LLP, Attention: Robert McCarty at his e-mail address for service, rmccarty@rmrf.com;

   (l) Derose Brose. Meats Ltd. c/o their solicitor MLT Aikins LLP, Attention: Mandi Deren-Dube at her e-mail address for service, MDerenDube@mltaikins.com;

   (m) Max Fuel Distributors Ltd. c/o their solicitor McLennan Ross LLP, Attention: Steve Livingstone at his e-mail address for service, slivingstone@mross.com.

   A copy of the e-mail is attached hereto and marked as **Exhibit "B"**.

6. On July 20, 2017, I, with the assistance of Colleen Pecknold, Legal Administrative Assistant at DLA Piper (Canada) LLP, served the Application, via regular mail, on the balance of the parties listed in the Service List attached hereto and marked as **Exhibit "A"**, c/o their addresses for service listed in the Service List, under cover of a letter dated July 20, 2017 of Stephanie A. Wanke, of DLA Piper (Canada) LLP, a copy of which is attached and marked as **Exhibit "C"**.

SWORN BEFORE ME at Edmonton, Alberta, this 27th day of July, 2017.	
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA Spencer Norris Barrister and Solicitor	Lynnette Goodwin LYNNETTE GOODWIN

SERVICE LIST

Party	Counsel	Address	Email Address	Method of Service
Canada North Group Inc. Canada North Camps Inc. Campcorp Structures Ltd. D.J. Catering Ltd. 816956 Alberta Ltd. 1371047 Alberta Ltd.	Stephanie A. Wanke Spencer Norris	DLA Piper (Canada) LLP 1201 Scotia 2 Tower 10060 Jasper Avenue Edmonton, AB T5J 4E5	stephanie.wanke@dlapiper.com spencer.norris@dlapiper.com	Email
Canada North Group Inc.	Heather Barnhouse Morgan Deacon Cristina Wendel	Dentons Canada LLP 2900 Manulife Place 10180 - 101 Street Edmonton, AB T5J 3V5	heather.barnhouse@dentons.com morgan.deacon@dentons.com cristina.wendel@dentons.com	Email
Ernst & Young Inc. Attn: Matt McCulloch Dan McCulloch		EPCOR Tower Suite 1400 10423 - 101th Street Edmonton, AB T5H 0E7	matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com	Email
	With a copy to: Darren R. Bieganek, Q.C.	Duncan Craig LLP Suite 2800 10060 Jasper Avenue, Edmonton, AB T5J 3V9	dbieganek@dcllp.com	Email
R.e.l. Group Inc. Attn: Jonathan Solursh Jeff Gollob Heather Brodie		2200 Yonge Street, Suite 610 Toronto, Ontario M4S 2C6	jsolursh@relgrp.com jgollob@relgrp.com hbrodie@relgrp.com	Email
Canadian Western Bank Canadian Western Bank Leasing Inc.	Chuck Russell, Q.C.	McLennan Ross LLP 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	crussell@mross.com	Email
First Island Financial Services Ltd Bank of Canada BDC Capital Inc.	Jeffrey Oliver	Cassels Brock Suite 1250, Millennium Tower 440 – 2nd Avenue SW Calgary, AB T2P 5E9	joliver@casselsbrock.com	Email
National Leasing Group Inc. ECN Capital Corp	Terrence M. Warner	Miller Thomson 10155 - 102 Street Edmonton, AB T5J 4G8	twarner@millerthomson.com	Email
Weslease Income Growth Fund L.P. Weslease of Canada Ltd. Sysco Canada, Inc.	Kentigern A. Rowan, Q.C.	Ogilvie LLP 1400 Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6	krowan@ogilvielaw.com	Email
First Island Financial Services Ltd.	Heather Ferris	Lawson Lundell LLP 1600, 925 West Georgia Street Vancouver, BC V6C 3L2	hferris@lawsonlundell.com	Email
Northland Mortgage & Investment Corporation	James R. MacLean	Witten LLP 2500 Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6	jmaclean@wittenlaw.com	Email
Worksite Construction Ltd.	Paul V. Stocco	Brownlee LLP 2200 Commerce Place 10155 - 102 Street Edmonton, AB T5J 4G8	pstocco@brownleelaw.com	Email

This is Exhibit " A " referred to in the Affidavit of Lynnette Goodwin
Sworn before me this 27th day of July A.D. 2017

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta
Spencer Norris
Barrister and Solicitor

CAN: 24915778.7

Party	Counsel	Address	Email Address	Method of Service
Forthryte Services Inc. Attn: John McPherson, General Manager		Bay 1, 242 MacAlpine Cres. Fort McMurray, AB T9H 4A6	jmcpherson@forthryte.com	Email
Athabasca County	Robert J. McCarty	Reynolds Mirth Richards & Farmer LLP 3200 Manulife Place 10180 -101 Street Edmonton, AB T5J 3W8	rmccarty@rmrf.com	Email
Derose Bros. Meats Ltd.	Mandi Deren-Dube	MLT Aikins LLP 2200, 10235 - 101 Street Edmonton, AB T5J 3G1	MDerenDube@mltaikins.com	Email
Max Fuel Distributors Ltd.	Steve Livingstone	McLennan Ross LLP 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	slivingstone@mross.com	Email
Canada Revenue Agency		9700 Jasper Avenue Edmonton, AB T5J 4C8		Regular Mail
Travelers Financial Corporation		Calgary Regional Office 210 – 4820 Richard Rd. SW Calgary, AB T3E 6L1		Regular Mail
Wakefield Canada Inc.		3620 Lakeshore Blvd. West Toronto, ON M8W 1P2		Regular Mail
GE Canada Leasing Services Company		3300, 525 – 8 Avenue SW Calgary, AB T2P 1G1		Regular Mail
GE Canada Leasing Services Company		2300 Meadowvale Blvd. Mississauga, ON L5N 5P9		Regular Mail
Great White Sand Tiger Lodging Ltd.		PO Box 1540 Fairview, AB T0H 1L0		Regular Mail
Toshiba Business Solutions		12908 – 170 Street Edmonton, AB T5V 0B4		Regular Mail
Remote Waste LP		400, 2424 – 4th Street SW Calgary, AB T2S 2T4		Regular Mail
Mountain West Camp Services		17356-108 Ave. Edmonton, AB T5S 1E8		Regular Mail
Premium Trailer Rentals		4103 Whitemud Road Edmonton, AB T6H 5R5		Regular Mail

Party	Counsel	Address	Email Address	Method of Service
Black Diamond Limited Partnership		Suite 1000, 440 - 2nd Ave SW Calgary, AB T2P 5E9		Regular Mail
904142 Alberta Ltd.		Box 888 Grimshaw, AB T0H 1W0		Regular Mail
Klovansky Contracting		Box 888 Grimshaw, AB T0H 1W0		Regular Mail
Zenex Capital Corp		PO Box 5148 Drayton Valley, AB T7A 1R3		Regular Mail
Jeffrey Hadfield Jackie Hadfield		4 Berry Crescent Fort McMurray, AB T9H 1J9		Regular Mail
506221 Alberta Ltd.		11210 – 215 St. Edmonton, AB T5S 2B5		Regular Mail
Wells Fargo Equipment Finance Company		2550 Victoria Park Ave. North York, ON M2J 5A9		Regular Mail
Zenex Capital Corporation		525 Boblaw Place Victoria, BC V9C 3Z1		Regular Mail
Realcor Mortgage Corp.		402, 4333 Ledger Avenue Burnaby, BC V5G 3T3		Regular Mail
1951584 Ontario Inc.		30 Vogell Road, Unit 1 Richmond Hill, ON L4B 3K6		Regular Mail
Royal Bank of Canada		Mortgage Centre, 3rd Floor 10 York Mills Road Toronto, ON M2P 0A2		Regular Mail
HSBC		250 University Ave 8th Floor Toronto, ON M5H 3E5		Regular Mail
Tee Box		4008 MacNeil Place NW Edmonton, AB T6R 0H6		Regular Mail
Garda Canada Security Corporation - (WR)		1390 Barre Street Montreal, QC H3C 1N4		Regular Mail
KR Enterprises		461 - 1 Avenue N Seba Beach AB T0E 2B0		Regular Mail

Party	Counsel	Address	Email Address	Method of Service
M.I.A Security Group Ltd		Box 2618 Lac La Biche, AB T0A 2C0		Regular Mail
Pennock Acheson Nielsen Devaney		2201 Toronto Dominion Tower 10088 - 102 Ave Edmonton, AB T5J 2Z1		Regular Mail
Terra Water Systems		800, 525 - 8 Ave SW Calgary, AB T2P 1G1		Regular Mail
United Rentals of Canada Inc - (WR)		c/o V7406 PO Box 7406 Station Terminal Vancouver, BC V6B 4E2		Regular Mail
Xplornet Communications Inc.		PO Box 9060 300 Lockhart Mill Road Woodstock NB E7M 6B5		Regular Mail
Matrix Solutions Inc.		Box 32006 Millwoods PO Edmonton, AB T6K 4C2		Regular Mail

Goodwin, Lynnette

From:	Goodwin, Lynnette <lynnette.goodwin@dlapiper.com>
Sent:	July-20-2017 3:07 PM
To:	heather.barnhouse@dentons.com; morgan.deacon@dentons.com; cristina.wendel@dentons.com; 'matt.mcculloch@ca.ey.com'; dan.mcculloch@ca.ey.com; 'dbieganek@dcllp.com'; jsolursh@relgrp.com; jgollob@relgrp.com; hbrodie@relgrp.com; crussell@mross.com; 'Oliver, Jeffrey'; 'Warner, Terrence'; krowan@ogilvielaw.com; hferris@lawsonlundell.com; jmaclean@wittenlaw.com; pstocco@brownleelaw.com; jmcpherson@forthryte.com; rmccarty@rmrf.com; MDerenDube@mltaikins.com; slivingstone@mross.com
Cc:	Wanke, Stephanie; Norris, Spencer; commercialcoordinator.qbedmonton@albertacourts.ca
Subject:	Canada North Camps Inc. et al. - CCAA Application
Attachments:	Application for First Extension and Other Relief - Filed July 20, 2017.PDF; Second Affidavit of Shayne McCracken - Filed July 20, 2017.PDF; Applicants_ Bench Brief For First Extension Application - Filed July 20, 2017 (first page only).PDF; Applicants_ Bench Brief For First Extension Application - Unfiled.PDF; Letter to Justice Hillier - July 20, 2017.PDF

Good afternoon,

Further to the above referenced matter, please see attached for service upon you the following:

1. Application Returnable July 27, 2017 at 2pm;
2. Filed Second Affidavit of Shayne McCracken, sworn July 20, 2017;
3. Bench Brief, filed July 20, 2017; and
4. Letter to Justice Hillier, dated July 20, 2017.

Should you have any difficulty viewing the attachments, please do not hesitate to contact me.

Thank you,

Lynnette Goodwin
Legal Assistant

T 780.637.4532
F +1 780.428.1066
E lynnette.goodwin@dlapiper.com

DLA PIPER

DLA Piper (Canada) LLP
1201 Scotia Tower 2
10060 Jasper Avenue
Edmonton AB T5J 4E5
Canada
www.dlapiper.com

This is Exhibit " B " referred to in the Affidavit of
Lynnette Goodwin
Sworn before me this 27th day
of July A.D. 20 17
A Notary Public, A Commissioner for Oaths in and for the Province of Alberta
Spencer Norris
Barrister and Solicitor

TAB C

DLA PIPER

DLA Piper (Canada) LLP
Suite 1201, Scotia Tower 2
10060 Jasper Ave
Edmonton AB T5J 4E5
www.dlapiper.com

Stephanie A. Wanke
stephanie.wanke@dlapiper.com
T +1 780.429.6822
F +1 780.702.4379

July 20, 2017

FILE NUMBER: 37060-00001

To all Parties on the Attached Service List

Dear Sirs or Mesdames:

Re: **IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED**
AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC. CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
(the "CCAA Action")

Please find enclosed for service upon you the Application for First Extension and Other Relief returnable at 2:00 p.m. on July 27, 2017.

We have also filed the following in connection with the above Application.

1. Affidavit of Shayne McCracken sworn June 28, 2017;
2. Bench Brief filed July 20, 2017;
3. Confidential Supplement to the Second Affidavit provided to Justice Hiller.

The Affidavit and Brief will be available on the Monitor's website shortly : http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410 .

Alternatively, should you wish to obtain a copy of the above materials, contact the writer.

Sincerely,
DLA Piper (Canada) LLP
Per:

Stephanie A. Wanke
SAW:cop
Encl.

CAN: 25004841.1

This is Exhibit " C " referred to in the Affidavit of
Linnette Goodwin
Sworn before me this 27th day
of July A.D. 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta
Spencer Norris
Barrister and Solicitor

TAB 7

Clerk's Stamp

FILED

JUL 28 2017

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**AFFIDAVIT OF SERVICE**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379 File No. 37060-00001

THIRD AFFIDAVIT OF LYNNETTE GOODWIN

SWORN ON JULY 27, 2017

I, Lynnette Goodwin, Legal Administrative Assistant, of the City of Leduc, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am employed by the law firm of DLA Piper (Canada) LLP, counsel for the above-named Applicants, and as such have personal knowledge of the matters hereinafter deposed to, except where stated to be on information and belief, and where so stated I believe the same to be true.

2. The Applicants' Application to Increase Debtor-In-Possession Financing and Collateral Relief was filed on July 24, 2017 and is hereinafter referred to as the "**Application**".

3. The Applicants' Supplemental Bench Brief for First Extension Application was filed on July 24, 2017 and is hereinafter referred to as the "**Supplemental Bench Brief**".

4. The Third Affidavit of Shayne McCracken sworn July 24, 2017 was filed on July 24, 2017 in support of additional DIP financing and is hereinafter referred to as the "**Third Affidavit**".

SERVICE ON THE SERVICE LIST:

5. On July 24, 2017, I served the Application, Supplemental Bench Brief and Third Affidavit, via e-mail on the following parties as shown on the Service List attached hereto and marked as **Exhibit "A"**:

   (a) Ernst & Young Inc. c/o their solicitor Duncan Craig LLP, Attention: Darren R. Bieganek, Q.C. at his e-mail address for service, dbieganek@dcllp.com;

   (b) R.e.I. Group Inc., Attention: Jonathan Solursh, Jeff Gollob and Heather Brodie at their e-mail addresses for service, jsolursh@relgrp.com, jgollob@relgrp.com, and hbrodie@relgrp.com;

   (c) Canadian Western Bank and Canadian Western Bank Leasing Inc. c/o their solicitor McLennan Ross LLP, Attention: Charles Russell, Q.C. at his e-mail address for service, crussell@mross.com;

   (d) Bank of Canada and BDC Capital Inc. c/o their solicitor Cassels Brock, Attention: Jeffrey Oliver at his e-mail address for service, joliver@casselsbrock.com;

   (e) National Leasing Group Inc. and ECN Capital Corp /o their solicitor Miller Thomson, Attention: Terrence Warner at his e-mail address for service, twarner@millerthomson.com;

   (f) Weslease Income Growth Fund L.P., Weslease of Canada Ltd., Sysco Canada, Inc. and Roterra Piling Ltd. c/o their solicitor Ogilvie LLP, Attention: Kentigern Rowan, Q.C. at his e-mail address for service, krowan@ogilvielaw.com;

   (g) First Island Financial Services Ltd. c/o their solicitor Lawson Lundell LLP, Attention: Heather Ferris at her e-mail address for service, hferris@lawsonlundell.com;

   (h) Northland Mortgage & Investment Corporation c/o their solicitor Witten LLP, Attention: James MacLean at his e-mail address for service, jmaclean@wittenlaw.com;

   (i) Worksite Construction Ltd. c/o their solicitor Brownlee LLP, Attention: Paul Stocco at his e-mail address for service, pstocco@brownlee.com;

   (j) Forthryte Services Inc., Attention: John McPherson, General Manager, at his e-mail address for service, jmcpherson@forthryte.com and forthryteservices@shaw.ca;

   (k) Athabasca County c/o their solicitor Reynolds Mirth Richards & Farmer LLP, Attention: Robert McCarty at his e-mail address for service, rmccarty@rmrf.com;

   (l) Derose Brose. Meats Ltd. c/o their solicitor MLT Aikins LLP, Attention: Mandi Deren-Dube at her e-mail address for service, MDerenDube@mltaikins.com;

   (m) Max Fuel Distributors Ltd. c/o their solicitor McLennan Ross LLP, Attention: Steve Livingstone at his e-mail address for service, slivingstone@mross.com.

A copy of the e-mail is attached hereto and marked as **Exhibit "B"**.

6. Attached hereto and marked as **Exhibit "C"** is an e-mail confirming the delivery of the e-mail to the parties listed in paragraph 5 above.

7. Attached hereto and marked as **Exhibit "D"** are e-mail read receipts from parties listed in paragraph 5 above confirming that the e-mail sent July 24, 2017 and attached as **Exhibit "B"** was received and read.

8. On July 25, 2017, I served the Application, via regular mail, on the balance of the parties listed in the Service List attached hereto and marked as **Exhibit "A"**, c/o their addresses for service listed in such Service List, under cover of a letter dated July 24, 2017 of Stephanie A. Wanke, of DLA Piper (Canada) LLP, a copy of which is attached and marked as **Exhibit "E"**.

SWORN BEFORE ME at Edmonton, Alberta, this 27th day of July, 2017.	
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA Spencer Norris Barrister and Solicitor	Lynnette Goodwin LYNNETTE GOODWIN

SERVICE LIST

Party	Counsel	Address	Email Address	Method of Service
Canada North Group Inc. Canada North Camps Inc. Campcorp Structures Ltd. D.J. Catering Ltd. 816956 Alberta Ltd. 1371047 Alberta Ltd.	Stephanie A. Wanke Spencer Norris	DLA Piper (Canada) LLP 1201 Scotia 2 Tower 10060 Jasper Avenue Edmonton, AB T5J 4E5	stephanie.wanke@dlapiper.com spencer.norris@dlapiper.com	Email
Canada North Group Inc.	Heather Barnhouse Morgan Deacon Cristina Wendel	Dentons Canada LLP 2900 Manulife Place 10180 - 101 Street Edmonton, AB T5J 3V5	heather.barnhouse@dentons.com morgan.deacon@dentons.com cristina.wendel@dentons.com	Email
Ernst & Young Inc. Attn: Matt McCulloch Dan McCulloch		EPCOR Tower Suite 1400 10423 - 101th Street Edmonton, AB T5H 0E7	matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com	Email
	With a copy to: Darren R. Bieganek, Q.C.	Duncan Craig LLP Suite 2800 10060 Jasper Avenue, Edmonton, AB T5J 3V9	dbieganek@dcllp.com	Email
R.e.l. Group Inc. Attn: Jonathan Solursh Jeff Gollob Heather Brodie		2200 Yonge Street, Suite 610 Toronto, Ontario M4S 2C6	jsolursh@relgrp.com jgollob@relgrp.com hbrodie@relgrp.com	Email
Canadian Western Bank Canadian Western Bank Leasing Inc.	Chuck Russell, Q.C.	McLennan Ross LLP 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	crussell@mross.com	Email
Bank of Canada BDC Capital Inc.	Jeffrey Oliver	Cassels Brock Suite 1250, Millennium Tower 440 – 2nd Avenue SW Calgary, AB T2P 5E9	joliver@casselsbrock.com	Email
National Leasing Group Inc. ECN Capital Corp	Terrence M. Warner	Miller Thomson 10155 - 102 Street Edmonton, AB T5J 4G8	twarner@millerthomson.com	Email
Weslease Income Growth Fund L.P. Weslease of Canada Ltd. Sysco Canada, Inc. Roterra Piling Ltd.	Kentigern A. Rowan, Q.C.	Ogilvie LLP 1400 Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6	krowan@ogilvielaw.com	Email
First Island Financial Services Ltd.	Heather Ferris	Lawson Lundell LLP 1600, 925 West Georgia Street Vancouver, BC V6C 3L2	hferris@lawsonlundell.com	Email
Northland Mortgage & Investment Corporation	James R. MacLean	Witten LLP 2500 Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6	jmaclean@wittenlaw.com	Email
Worksite Construction Ltd.	Paul V. Stocco	Brownlee LLP 2200 Commerce Place 10155 - 102 Street Edmonton, AB T5J 4G8	pstocco@brownleelaw.com	Email

This is Exhibit " A " referred to in the Affidavit of Lynnette Goodwin
Sworn before me this 27th day of July A.D. 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta
Spencer Norris

CAN: 24915778.9

Party	Counsel	Address	Email Address	Method of Service
Forthryte Services Inc. Attn: John McPherson, General Manager		Bay 1, 242 MacAlpine Cres. Fort McMurray, AB T9H 4A6	jmcpherson@forthryte.com forthryteservices@shaw.ca	Email
Athabasca County	Robert J. McCarty	Reynolds Mirth Richards & Farmer LLP 3200 Manulife Place 10180 -101 Street Edmonton, AB T5J 3W8	rmccarty@rmrf.com	Email
Derose Bros. Meats Ltd.	Mandi Deren-Dube	MLT Aikins LLP 2200, 10235 - 101 Street Edmonton, AB T5J 3G1	MDerenDube@mltaikins.com	Email
Max Fuel Distributors Ltd.	Steve Livingstone	McLennan Ross LLP 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	slivingstone@mross.com	Email
Camcork	Thomas L. Gusa	Miller Thomson LLP 2700 Commerce Place 10155 - 102 Street Edmonton, AB T5J 4G8	tgusa@millerthomson.com	Email
Canada Revenue Agency		9700 Jasper Avenue Edmonton, AB T5J 4C8		Regular Mail
Travelers Financial Corporation		Calgary Regional Office 210 – 4820 Richard Rd. SW Calgary, AB T3E 6L1		Regular Mail
Wakefield Canada Inc.		3620 Lakeshore Blvd. West Toronto, ON M8W 1P2		Regular Mail
GE Canada Leasing Services Company		3300, 525 – 8 Avenue SW Calgary, AB T2P 1G1		Regular Mail
GE Canada Leasing Services Company		2300 Meadowvale Blvd. Mississauga, ON L5N 5P9		Regular Mail
Great White Sand Tiger Lodging Ltd.		PO Box 1540 Fairview, AB T0H 1L0		Regular Mail
Toshiba Business Solutions		12908 – 170 Street Edmonton, AB T5V 0B4		Regular Mail
Remote Waste LP		400, 2424 – 4th Street SW Calgary, AB T2S 2T4		Regular Mail
Mountain West Camp Services		17356-108 Ave. Edmonton, AB T5S 1E8		Regular Mail

Party	Counsel	Address	Email Address	Method of Service
Premium Trailer Rentals		4103 Whitemud Road Edmonton, AB T6H 5R5		Regular Mail
Black Diamond Limited Partnership		Suite 1000, 440 - 2nd Ave SW Calgary, AB T2P 5E9		Regular Mail
904142 Alberta Ltd.		Box 888 Grimshaw, AB T0H 1W0		Regular Mail
Klovansky Contracting		Box 888 Grimshaw, AB T0H 1W0		Regular Mail
Zenex Capital Corp		PO Box 5148 Drayton Valley, AB T7A 1R3		Regular Mail
Jeffrey Hadfield Jackie Hadfield		4 Berry Crescent Fort McMurray, AB T9H 1J9		Regular Mail
506221 Alberta Ltd.		11210 – 215 St. Edmonton, AB T5S 2B5		Regular Mail
Wells Fargo Equipment Finance Company		2550 Victoria Park Ave. North York, ON M2J 5A9		Regular Mail
Zenex Capital Corporation		525 Boblaw Place Victoria, BC V9C 3Z1		Regular Mail
Realcor Mortgage Corp.		402, 4333 Ledger Avenue Burnaby, BC V5G 3T3		Regular Mail
1951584 Ontario Inc.		30 Vogell Road, Unit 1 Richmond Hill, ON L4B 3K6		Regular Mail
Royal Bank of Canada		Mortgage Centre, 3rd Floor 10 York Mills Road Toronto, ON M2P 0A2		Regular Mail
HSBC		250 University Ave 8th Floor Toronto, ON M5H 3E5		Regular Mail
Tee Box		4008 MacNeil Place NW Edmonton, AB T6R 0H6		Regular Mail
Garda Canada Security Corporation - (WR)		1390 Barre Street Montreal, QC H3C 1N4		Regular Mail

Party	Counsel	Address	Email Address	Method of Service
KR Enterprises		461 - 1 Avenue N Seba Beach AB T0E 2B0		Regular Mail
M.I.A Security Group Ltd		Box 2618 Lac La Biche, AB T0A 2C0		Regular Mail
Pennock Acheson Nielsen Devaney		2201 Toronto Dominion Tower 10088 - 102 Ave Edmonton, AB T5J 2Z1		Regular Mail
Terra Water Systems		800, 525 - 8 Ave SW Calgary, AB T2P 1G1		Regular Mail
United Rentals of Canada Inc - (WR)		c/o V7406 PO Box 7406 Station Terminal Vancouver, BC V6B 4E2		Regular Mail
Xplornet Communications Inc.		PO Box 9060 300 Lockhart Mill Road Woodstock NB E7M 6B5		Regular Mail
Matrix Solutions Inc.		Box 32006 Millwoods PO Edmonton, AB T6K 4C2		Regular Mail

TAB B

Goodwin, Lynnette

From: Goodwin, Lynnette
Sent: July-24-2017 4:47 PM
To: heather.barnhouse@dentons.com; morgan.deacon@dentons.com; cristina.wendel@dentons.com; 'matt.mcculloch@ca.ey.com'; dan.mcculloch@ca.ey.com; 'dbieganek@dcllp.com'; jsolursh@relgrp.com; jgollob@relgrp.com; hbrodie@relgrp.com; crussell@mross.com; 'Oliver, Jeffrey'; 'Warner, Terrence'; krowan@ogilvielaw.com; hferris@lawsonlundell.com; jmaclean@wittenlaw.com; pstocco@brownleelaw.com; jmcpherson@forthryte.com; forthryteservices@shaw.ca; rmccarty@rmrf.com; MDerenDube@mltaikins.com; slivingstone@mross.com
Cc: Wanke, Stephanie; Norris, Spencer; commercialcoordinator.qbedmonton@albertacourts.ca
Subject: Canada North Camps Inc. et al. - CCAA Application
Attachments: 24JUL2017 - Application to increase DIP Financing.pdf; 24JUL2017 - Third Affidavit of Shayne McCracken.pdf; 24JUL2017 - Supplemental Bench Brief of Applicants.pdf; 25090102_1.pdf

Good afternoon,

Further to the above referenced matter, please see attached for service upon you the following:

1. Application to Increase Debtor-In-Possession Financing and Collateral Relief, filed July 24, 2017;
2. Third Affidavit of Shayne McCracken, filed July 24, 2017;
3. Supplemental Bench Brief, filed July 24, 2017; and
4. Letter to Justice Hillier, dated July 24, 2017.

We have also provided Justice Hillier with a Confidential Supplement to the Third Affidavit in respect of projected cash flows for the fire camp work. Should you wish to receive a copy of this Supplement, kindly contact Stephanie Wanke.

Should you have any difficulty viewing the attachments, please do not hesitate to contact me.

Thank you,

Lynnette Goodwin
Legal Assistant

T 780.637.4532
F +1 780.428.1066
E lynnette.goodwin@dlapiper.com

DLA PIPER

DLA Piper (Canada) LLP
1201 Scotia Tower 2
10060 Jasper Avenue
Edmonton AB T5J 4E5
Canada
www.dlapiper.com

This is Exhibit " B " referred to in the Affidavit of
Lynnette Goodwin
Sworn before me this 27th day
of July A.D. 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta
Spencer Norris
Barrister and Solicitor

TAB C

Goodwin, Lynnette

From: Microsoft Outlook
To: heather.barnhouse@dentons.com; morgan.deacon@dentons.com; cristina.wendel@dentons.com; 'matt.mcculloch@ca.ey.com'; dan.mcculloch@ca.ey.com; 'dbieganek@dcllp.com'; jsolursh@relgrp.com; jgollob@relgrp.com; hbrodie@relgrp.com; crussell@mross.com; 'Oliver, Jeffrey'; 'Warner, Terrence'; krowan@ogilvielaw.com; hferris@lawsonlundell.com; jmaclean@wittenlaw.com; pstocco@brownleelaw.com; jmcpherson@forthryte.com; forthryteservices@shaw.ca; rmccarty@rmrf.com; MDerenDube@mltaikins.com; slivingstone@mross.com; commercialcoordinator.qbedmonton@albertacourts.ca
Sent: July-24-2017 4:47 PM
Subject: Relayed: Canada North Camps Inc. et al. - CCAA Application

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

heather.barnhouse@dentons.com (heather.barnhouse@dentons.com)

morgan.deacon@dentons.com (morgan.deacon@dentons.com)

cristina.wendel@dentons.com (cristina.wendel@dentons.com)

'matt.mcculloch@ca.ey.com' (matt.mcculloch@ca.ey.com)

dan.mcculloch@ca.ey.com (dan.mcculloch@ca.ey.com)

'dbieganek@dcllp.com' (dbieganek@dcllp.com)

jsolursh@relgrp.com (jsolursh@relgrp.com)

jgollob@relgrp.com (jgollob@relgrp.com)

hbrodie@relgrp.com (hbrodie@relgrp.com)

crussell@mross.com (crussell@mross.com)

'Oliver, Jeffrey' (joliver@casselsbrock.com)

'Warner, Terrence' (twarner@millerthomson.com)

krowan@ogilvielaw.com (krowan@ogilvielaw.com)

hferris@lawsonlundell.com (hferris@lawsonlundell.com)

jmaclean@wittenlaw.com (jmaclean@wittenlaw.com)

pstocco@brownleelaw.com (pstocco@brownleelaw.com)

jmcpherson@forthryte.com (jmcpherson@forthryte.com)

forthryteservices@shaw.ca (forthryteservices@shaw.ca)

This is Exhibit " C " referred to in the Affidavit of
Lynnette Goodwin
Sworn before me this 27th day
of July A.D. 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Spencer Norris
Barrister and
Solicitor

rmccarty@rmrf.com (rmccarty@rmrf.com)

MDerenDube@mltaikins.com (MDerenDube@mltaikins.com)

slivingstone@mross.com (slivingstone@mross.com)

commercialcoordinator.qbedmonton@albertacourts.ca (commercialcoordinator.qbedmonton@albertacourts.ca)

Subject: Canada North Camps Inc. et al. - CCAA Application

TAB D

Goodwin, Lynnette

From:	Oliver, Jeffrey <joliver@casselsbrock.com>
Sent:	July-24-2017 4:49 PM
To:	Goodwin, Lynnette
Subject:	Read: Canada North Camps Inc. et al. - CCAA Application
Attachments:	Read: Canada North Camps Inc. et al. - CCAA Application; ATT00001.txt; ATT00002.htm

---

This is Exhibit " D " referred to in the Affidavit of Lynnette Goodwin
Sworn before me this 27th day of July A.D., 2017

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta
Spencer Norris
Barrister and Solicitor

Goodwin, Lynnette

From: Mandi Deren-Dube <MDerenDube@mltaikins.com>
To: Goodwin, Lynnette
Sent: July-24-2017 4:49 PM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 3:49:15 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 3:49:07 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From:	Kentigern Rowan <KRowan@ogilvielaw.com>
To:	Goodwin, Lynnette
Sent:	July-24-2017 4:50 PM
Subject:	Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 3:49:43 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 3:49:32 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From: Steve Livingstone <slivingstone@mross.com>
To: Goodwin, Lynnette
Sent: July-24-2017 4:50 PM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 3:50:06 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 3:50:02 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From: Chuck Russell <crussell@mross.com>
To: Goodwin, Lynnette
Sent: July-24-2017 4:56 PM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 3:56:21 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 3:56:18 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From:	Matt McCulloch <Matt.McCulloch@ca.ey.com>
To:	Goodwin, Lynnette
Sent:	July-24-2017 5:21 PM
Subject:	Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 4:21:47 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 4:21:25 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From: Jonathan Solursh <jsolursh@relgrp.com>
To: Goodwin, Lynnette
Sent: July-24-2017 5:26 PM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 4:26:00 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 4:25:56 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From: Wendel, Cristina <cristina.wendel@dentons.com>
To: Goodwin, Lynnette
Sent: July-24-2017 5:41 PM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 4:41:28 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 4:41:15 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From: Warner, Terrence <twarner@millerthomson.com>
Sent: July-24-2017 10:05 PM
To: Goodwin, Lynnette
Subject: Read: Canada North Camps Inc. et al. - CCAA Application
Attachments: ATT00001; ATT00002.txt; ATT00003.htm

Your message

To: Warner, Terrence
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 4:47:18 PM (UTC-07:00) Mountain Time (US & Canada)

was read on Monday, July 24, 2017 10:04:49 PM (UTC-07:00) Mountain Time (US & Canada).

Goodwin, Lynnette

From: Stocco, Paul V. <pstocco@brownleelaw.com>
To: Goodwin, Lynnette
Sent: July-24-2017 10:06 PM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Monday, July 24, 2017 9:06:10 PM (UTC-08:00) Pacific Time (US & Canada)

was read on Monday, July 24, 2017 9:06:06 PM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From:	John McPherson <jmcpherson@forthryte.com>
Sent:	July-25-2017 8:08 AM
To:	Goodwin, Lynnette
Subject:	Read: Canada North Camps Inc. et al. - CCAA Application
Attachments:	ATT00001

Goodwin, Lynnette

From: Jamie MacLean <jmaclean@wittenlaw.com>
To: Goodwin, Lynnette
Sent: July-25-2017 9:30 AM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Tuesday, July 25, 2017 8:30:21 AM (UTC-08:00) Pacific Time (US & Canada)

was read on Tuesday, July 25, 2017 8:29:57 AM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From: Heather Brodie <hbrodie@relgrp.com>
To: Goodwin, Lynnette
Sent: July-25-2017 9:46 AM
Subject: Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Tuesday, July 25, 2017 8:45:46 AM (UTC-08:00) Pacific Time (US & Canada)

was read on Tuesday, July 25, 2017 8:45:30 AM (UTC-08:00) Pacific Time (US & Canada).

Goodwin, Lynnette

From:	Dan McCulloch <Dan.McCulloch@ca.ey.com>
To:	Goodwin, Lynnette
Sent:	July-25-2017 10:02 AM
Subject:	Read: Canada North Camps Inc. et al. - CCAA Application

Your message

To:
Subject: Canada North Camps Inc. et al. - CCAA Application
Sent: Tuesday, July 25, 2017 9:01:56 AM (UTC-08:00) Pacific Time (US & Canada)

was read on Tuesday, July 25, 2017 9:01:43 AM (UTC-08:00) Pacific Time (US & Canada).

TAB E

DLA PIPER

DLA Piper (Canada) LLP
Suite 1201, Scotia Tower 2
10060 Jasper Ave
Edmonton AB T5J 4E5
www.dlapiper.com

Stephanie A. Wanke
stephanie.wanke@dlapiper.com
T +1 780.429.6822
F +1 780.702.4379

July 24, 2017

FILE NUMBER: 37060-00001

To all Parties on the Attached Service List

Dear Sirs or Mesdames:

Re: **IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED**
AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC. CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
(the "CCAA Action")

Please find enclosed for service upon you the Application to increase debtor-in-possession financing and collateral relief returnable at 2:00 p.m. on July 27, 2017.

We have also filed the following in connection with the above Application and in response to Canadian Western Bank's Application filed July 21, 2017 in this matter:

1. Third Affidavit of Shayne McCracken sworn July 24, 2017;

2. Bench Brief filed July 24, 2017;

The Affidavit and Brief will be available on the Monitor's website shortly : http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410.

Justice Hillier was also provided an unfiled copy of Confidential Supplement to the Third Affidavit of Shayne McCracken sworn July 24, 2017 in connection with the above Application.

Alternatively, should you wish to obtain a copy of the above materials, contact the writer.

Sincerely,
DLA Piper (Canada) LLP
Per:

Stephanie A. Wanke
SAW:cop
Encl.

This is Exhibit " E " referred to in the Affidavit of
Lynnette Goodwin
Sworn before me this 27th day
of July A.D.20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Spencer Norris
Barrister and Solicitor

CAN: 25098237.1

TAB 8

Clerk's Stamp
JUDICIAL CENTRE OF EDMONTON
FILED
AUG 08 2017
Clerk of the Court of Queen's Bench

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**FIRST EXTENSION ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379 File No. 37060-00001

I hereby certify this to be a true copy of the original.
M Chalind
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:	**July 27, 2017**
NAME OF JUDGE WHO MADE THIS ORDER:	**The Honourable Justice S.D. Hillier**
LOCATION OF HEARING:	**Edmonton, Alberta**

UPON the application of Canada North Camps Inc., D.J. Catering Ltd., Campcorp Structures Ltd., Canada North Group Inc., 816956 Alberta Ltd., and 1371047 Alberta Ltd. (the "**Applicants**"); **AND UPON** having read the Affidavit of Shayne McCracken sworn June 28, 2017, filed; the Confidential Supplemental Affidavit of Shayne McCracken sworn June 28, 2017, unfiled; the Affidavit of Russell French sworn June 29, 2017, filed; the Affidavit of Jessie Taha sworn June 29, 2017, filed; the Supplemental Affidavit of Shayne McCracken sworn July 4, 2017, filed; the Pre-filing Report of the Proposed Monitor, filed July 4, 2017; the Affidavit of Brian Nilsson sworn July 4, 2017, filed; the Affidavit of Jessie Taha sworn July 5, 2017; the Second Affidavit of Shayne McCracken sworn July 20 2017, filed; the Confidential Supplement to the Second Affidavit of Shayne McCracken sworn July 20, 2017, unfiled; the Applicants' Bench Brief for First Extension Application filed July 20, 2017; the Affidavit #2 of Jessie Taha sworn July 20, 2017, filed; the Bench Brief of the Respondent, Canadian Western Bank; the Third Affidavit of Shayne McCracken sworn July 24, 2017; the Confidential Supplement to the Third Affidavit of Shayne McCracken sworn July 24, 2017; the Affidavit of Glenn Macdougall sworn on July 24, 2017, filed; the First Report of Ernst & Young, the Monitor dated July 24, 2017; the Consent to Act as Monitor of 1919209 Alberta Ltd. of the

Monitor; the Affidavit #3 of Jessie Taha sworn July 26, 2017; the Affidavit of Cameron Kerr sworn July 27, 2017, filed; the Affidavit of Chris Knash sworn July 27, 2017, filed; the Affidavit of Andy McPherson sworn July 27, 2017, filed; the Second Affidavit of Service of Lynnette Goodwin sworn July 27, 2017; and the Third Affidavit of Service of Lynnette Goodwin sworn July 27, 2017; and the Initial Order of the Honourable Justice K.G. Nielsen granted July 5, 2017 (the "**Initial Order**") **AND UPON** hearing from counsel for the Applicants, counsel for Canadian Western Bank, counsel for Business Development Bank of Canada, counsel for the Monitor, counsel for National Leasing Group Inc. and ECN Financial Corp., counsel for Sysco Canada, Inc., Weslease Income Growth Fund LP, Weslease of Canada Ltd., and Roterra Piling Ltd., counsel for First Island Financial Services Ltd. and counsel for Canada Revenue Agency **IT IS HEREBY ORDERED AND DECLARED THAT**:

SERVICE

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

STAY OF PROCEEDINGS

2. The Stay Period as referred to and defined in paragraph 13 of the Initial Order is hereby extended up to and including September 29, 2017.

3. The hearing for the next extension application in these proceedings is scheduled for Tuesday, September 26, 2017 before Justice S. D. Hillier.

4. The Monitor is directed to file a Report in connection with the September 26, 2017 application on or before Monday, September 18, 2017.

5. Future applications in this matter are directed to be scheduled before Justice K.G. Nielsen and Justice S.D. Hillier, or, alternately, Justice J.E. Topolniski except where such Justices are unavailable and the urgency of the application requires that the matter be heard.

6. In addition to paragraph 13 of the Initial Order, during the Stay Period:

   (a) no proceeding or enforcement process in any court shall be commenced or continued against or in respect of Heart Lake CNC Limited Partnership, Heart Lake Canada North Group GP Ltd., Wandering River Properties Ltd., and Canada North Group LP Holdings Ltd.; and

   (b) the Court of Queen's Bench Action No. 1603 19168 brought by Max Fuel Distributors Ltd. as against Shayne McCracken is stayed.

PROCESS FOR SERVICE

7. The Applicants shall maintain a service list (the "**Service List**") for these proceedings that includes all parties who have made a formal request to the Applicants to be included on the Service List and have provided an email address for electronic service.

8. This Order, any other materials or orders in these proceedings (collectively, "**Proceeding Materials**") may be served on the Service List by email to the email addresses provided and such service shall be good and effective the same day the email is sent.

9. All parties not on the Service List may be served by the Monitor posting the Proceeding Materials for service to its website http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410 and such service shall be good and effective on the same day as the posting.

ADDING 1919209 ALBERTA LTD. AS APPLICANT IN THESE PROCEEDINGS

a. These proceeding are amended such that 1919209 Alberta Ltd. be and is hereby added as an Applicant and the title of these proceedings is accordingly amended to:

> IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
>
> AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.

b. The Court discharges the Monitor from the requirement to publish a notice with respect to 1919209 Alberta Ltd. pursuant to s. 23(1)(a)(i) of the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended.

c. 1919209 Alberta Ltd. is hereby included in the definition of "Applicants" defined therein as of the date of this Order.

d. The addition of 1919209 Alberta Ltd as an Applicant is without prejudice to the parties affected by the addition of 1919209 Alberta Ltd. to make later application to the Court pursuant to the Allocation provision of the Initial Order which reads:

47. Any Interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Director's Charge amongst the various assets comprising the Property.

SEALING ORDER

e. The Confidential Supplement to the Second Affidavit of Shayne McCracken sworn on July 20, 2017 and Confidential Supplement to the Third Affidavit of Shayne McCracken sworn July 24, 2017 (the "**Sealed Documents**") shall be sealed on the Court file until the termination of the proceedings, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Sealed Documents shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

"S.D. Hillier"

Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO THE ORDER GRANTED:

DLA PIPER (CANADA) LLP

Per: ______________________
Stephanie A. Wanke
Counsel for the Applicants, Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd. and 1919209 Alberta Ltd.

DUNCAN CRAIG LLP

Per: ______________________
Darren R. Bieganek QC
Counsel for Ernst & Young Inc., in its capacity as Monitor for the Applicants

MCLENNAN ROSS LLP

Per: ______________________
Charles P. Russell, Q.C.
Counsel for Canadian Western Bank and Canadian Western Bank Leasing Inc.

OGILVIE LLP

Per: ______________________
Rod J. Wasylyshyn
Counsel for Weslease Income Growth Fund Limited Partnership and Weslease of Canada Ltd.

DEPARTMENT OF JUSTICE

Per: ______________________
George Body
Counsel for Canada Revenue Agency

CASSELS BROCK

Per: ______________________
Jeffrey Oliver
Counsel for Bank of Canada and BDC Capital Inc.

47. Any Interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Director's Charge amongst the various assets comprising the Property.

SEALING ORDER

e. The Confidential Supplement to the Second Affidavit of Shayne McCracken sworn on July 20, 2017 and Confidential Supplement to the Third Affidavit of Shayne McCracken sworn July 24, 2017 (the "**Sealed Documents**") shall be sealed on the Court file until the termination of the proceedings, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Sealed Documents shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

____
Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO THE ORDER GRANTED:

DLA PIPER (CANADA) LLP

Per: ______________________________
Stephanie A. Wanke
Counsel for the Applicants, Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd. and 1919209 Alberta Ltd.

DUNCAN CRAIG LLP

Per: ______________________________
Darren R. Bieganek
Counsel for Ernst & Young Inc., in its capacity as Monitor for the Applicants

MCLENNAN ROSS LLP

Per: ______________________________
Charles P. Russell, Q.C.
Counsel for Canadian Western Bank and Canadian Western Bank Leasing Inc.

OGILVIE LLP

Per: ______________________________
Rod J. Wasylyshyn
Counsel for Weslease Income Growth Fund Limited Partnership and Weslease of Canada Ltd.

DEPARTMENT OF JUSTICE

Per: ______________________________
George Body
Counsel for Canada Revenue Agency

CASSELS BROCK

Per: ______________________________
Jeffrey Oliver
Counsel for Bank of Canada and BDC Capital Inc.

47. Any Interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Director's Charge amongst the various assets comprising the Property.

SEALING ORDER

e. The Confidential Supplement to the Second Affidavit of Shayne McCracken sworn on July 20, 2017 and Confidential Supplement to the Third Affidavit of Shayne McCracken sworn July 24, 2017 (the "**Sealed Documents**") shall be sealed on the Court file until the termination of the proceedings, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Sealed Documents shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO THE ORDER GRANTED:

DLA PIPER (CANADA) LLP

Per:

Stephanie A. Wanke
Counsel for the Applicants, Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd. and 1919209 Alberta Ltd.

DUNCAN CRAIG LLP

Per:

Darren R. Bieganek
Counsel for Ernst & Young Inc., in its capacity as Monitor for the Applicants

MCLENNAN ROSS LLP

Per:

Charles P. Russell, Q.C.
Counsel for Canadian Western Bank and Canadian Western Bank Leasing Inc.

OGILVIE LLP

Per:

Rod J. Wasylyshyn
Counsel for Weslease Income Growth Fund Limited Partnership and Weslease of Canada Ltd.

DEPARTMENT OF JUSTICE

Per:

George Body
Counsel for Canada Revenue Agency

CASSELS BROCK

For:
Per:

Jeffrey Oliver
Counsel for Bank of Canada and BDC Capital Inc.

TAB 9

Clerk's Stamp

JUDICIAL CENTRE OF EDMONTON
FILED
JUL 28 2017
Clerk of the Court

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.
DOCUMENT	**ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379 File No. 37060-00001

I hereby certify this to be a true copy of the original.

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:	**July 27, 2017**
NAME OF JUDGE WHO MADE THIS ORDER:	**The Honourable Justice S.D. Hillier**
LOCATION OF HEARING:	**Edmonton, Alberta**

UPON the application of Canada North Camps Inc., D.J. Catering Ltd., Campcorp Structures Ltd., Canada North Group Inc., 816956 Alberta Ltd., and 1371047 Alberta Ltd. (the "**Applicants**"); **AND UPON** having read the Affidavit of Shayne McCracken sworn June 28, 2017, filed; Confidential Supplemental Affidavit of Shayne McCracken sworn June 28, 2017, unfiled; the Affidavit of Russell French sworn June 29, 2017, filed; the Affidavit of Jessie Taha sworn June 29, 2017, filed; the Supplemental Affidavit of Shayne McCracken sworn July 4, 2017, filed; the Pre-filing Report of the Proposed Monitor, filed July 4, 2017; the Affidavit of Brian Nilsson sworn July 4, 2017, filed; the Affidavit of Jessie Taha sworn July 5, 2017; Second Affidavit of Shayne McCracken sworn July 20 2017, filed; the Confidential Supplement to the Second Affidavit of Shayne McCracken sworn July 20, 2017, unfiled; the Applicants' Bench Brief for First Extension Application filed July 20, 2017; the Affidavit #2 of Jessie Taha swom July 20, 2017, filed; the Bench Brief of the Respondent, Canadian Western Bank Response to the Applicants' First Extension Application filed July 24, 2017; the Third Affidavit of Shayne McCracken sworn July 24, 2017; the Confidential Supplement to the Third Affidavit of Shayne McCracken sworn July 24, 2017; the Affidavit of Glenn Macdougall sworn on July 24, 2017, filed; the First Report of the Monitor dated July 24, 2017; the

Affidavit #3 of Jessie Taha sworn July 26, 2017; the Affidavit of Cameron Kerr sworn July 27, 2017, filed; the Affidavit of Chris Knash sworn July 27, 2017, filed; the Affidavit of Andy McPherson sworn July 27, 2017, filed; the Second Affidavit of Service of Lynnette Goodwin sworn July 27, 2017; and the Third Affidavit of Service of Lynnette Goodwin sworn July 27, 2017; and the Initial Order of the Honourable Justice K.G. Nielsen granted July 5, 2017 (the "**Initial Order**") **AND UPON** hearing from counsel for the Applicants, counsel for Canadian Western Bank, counsel for Business Development Bank of Canada, counsel for Ernst & Young Inc. (the "**Monitor**"), counsel for National Leasing Group Inc. and ECN Financial Corp., counsel for Sysco Canada, Inc., Weslease Income Growth Fund LP, Weslease of Canada Ltd., and Roterra Piling Ltd. counsel for First Island Financial Services Ltd. counsel for Northland Mortgage & Investment Corporation, counsel for the Canada Revenue Agency **IT IS HEREBY ORDERED AND DECLARED THAT:**

DEFINED TERMS

1. The terms not otherwise defined herein have the meaning ascribed thereto in the Initial Order.

SERVICE

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

INCREASE OF INTERIM FINANCING

3. The Applicants are hereby authorized to execute and perform the obligations pursuant to the amending Letter of Offer from Business Development Bank of Canada to the Applicants dated July 21, 2017 and provided in the Third Affidavit of Shayne McCracken sworn July 24, 2017 in Exhibit "A" (the "**Amending Letter of Offer**").

4. The Applicants are hereby authorized to borrow on the credit facility provided by the terms of the Letter of Offer and Amending Letter of Offer to an amount not exceeding $2,500,000 unless permitted by further Order of this Court.

5. The Interim Lender's Charge is hereby increased from $1,000,000 to $2,500,000.

Justice of the Court of Queen's Bench of Alberta

TAB 10

COURT FILE NUMBER	1703-12327
COURT	Court of Queen's Bench of Alberta
JUDICIAL CENTRE	Edmonton

Clerk's Stamp

FILED JUL 31 2017 JUDICIAL CENTRE OF EDMONTON Clerk of the Court

In the matter of the *Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended*
And in the matter of a plan of arrangement of Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., and 1371047 Alberta Ltd.

DOCUMENT	Application on behalf of Her Majesty the Queen in right of Canada as represented by the Minister of National Revenue
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Department of Justice Canada** 300 Epcor Tower 10423 – 101 Street N.W. Edmonton Alberta T5H 0E7 counsel: George F. Bódy tel: 780-495-7595 (direct) fax: 780-495-3319 File:

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date	**Friday August 11, 2017**
Time	**2:00 p.m.**
Where	**Courtroom 416S** **Law Courts, 1A Sir Winston Churchill Square** **Edmonton, Alberta**
Before Whom	**Madam Justice J.E. Topolniski**

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

A form of Order substantially in the form attached as Schedule "A".

Grounds for making this application:

1. On July 5, 2017, on the application of Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., and 1371047 Alberta Ltd. (the "**Canada North Group of Companies**"), the Honourable Justice K.G. Nielsen issued an order (the "**Initial Order**") granting the Canada North Group of Companies protection under the *Companies' Creditors Arrangements Act*.
2. Paragraphs 20 to 22 of the Initial Order grant a "Directors' Charge" of $150,000 to indemnify the officers and directors of the Canada North Group of Companies
3. Paragraph 30 of the Initial Order grants an "Administration Charge" of $500,000 on the property of the Canada North Group of Companies to secure the professional fees and disbursements of the Monitor, the Monitor's counsel, the Chief Restructuring Officer, and counsel for the Canada North Group of Companies.
4. Paragraphs 31 to 30 of the Initial Order grant the Business Development Bank of Canada an "Interim Lender's Charge" of $1,000,000.
5. Paragraph 44 of the Initial Order provides

   > Each of the Directors' Charge, Administration Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property [of the Canada North Group of Companies] and subject always to section 34(11) of the CCAA, such Charges shall rank in priority to all other security interests, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively "Encumbrances") in favour of any Person.

6. Paragraph 46(d) of the Initial Order provides the Charges shall not be limited or impaired in any way by … (d) the provisions of any federal or provincial statutes.
7. In his affidavit sworn June 28, 2017 in these proceedings, Shayne McCracken, a director and secretary of each of the Canada North Group of Companies deposed that the companies are liable to Her Majesty the Queen in right of Canada as represented by the Minister of National Revenue (the "**Minister**") in excess of $1,140,000 largely for employee source deductions and GST.
8. Subsections 227(4.1) of the *Income Tax Act*, 23(4) of the *Canada Pension Plan*, and 86(2.1) of the *Employment Insurance Act* all provide that the Minister's claims for unremitted employee source deductions have priority over the claims of all other creditors of a debtor, notwithstanding any other federal statute, including the *Companies' Creditors Arrangements Act*.

Material or evidence to be relied on:

1. Affidavit of Shayne McCracken sworn June 28, 2017.

Applicable rules:

ABQB Rules 6.2, 6.3, 6.9, 6.11

Applicable statutes and regulations:

Income Tax Act, R.S.C. 1985 c. 1, 5th Supplement (ss. 227(4), (4.1))

Canada Pension Plan, R.S.C. 1985 c. C-3 (ss. 23(3), (4))

Employment Insurance Act, S.C. 1996 c. 23 (ss. 86(2), (2.1))

Other material relied upon:

Re. Temple City Housing Inc., 2007 ABQB 786,

Canada(National Revenue) v. *Temple City Housing Inc.*, 2008 ABCA 1.

Re. Rosedale Farms Limited, Hassett Holdings Inc., Resurgam Resources 2017 NSSC 160

Any irregularity complained of or objection relied on:

Paragraphs 44 and 46(d) of the Initial Order are without force and effect vis-à-vis the Minister, as those paragraphs fail to recognize the Minister's legislative proprietary interests as described in the cited provisions.

How the application is proposed to be heard or considered:

In person, before the presiding Justice in chambers.

WARNING

IF YOU DO NOT COME TO COURT EITHER IN PERSON OR BY YOUR LAWYER, THE COURT MAY GIVE THE APPLICANT(S) WHAT THEY WANT IN YOUR ABSENCE. YOU WILL BE BOUND BY ANY ORDER THAT THE COURT MAKES.

IF YOU WANT TO TAKE PART IN THIS APPLICATION, YOU OR YOUR LAWYER MUST ATTEND IN COURT ON THE DATE AND AT THE TIME SHOWN AT THE BEGINNING OF THE FORM.

IF YOU INTEND TO RELY ON AN AFFIDAVIT OR OTHER EVIDENCE WHEN THE APPLICATION IS HEARD OR CONSIDERED, YOU MUST REPLY BY GIVING REASONABLE NOTICE OF THE MATERIAL TO THE APPLICANT.

SCHEDULE "A" – DRAFT ORDER

COURT FILE NUMBER	1703-12327	Clerk's Stamp
COURT	Court of Queen's Bench of Alberta	
JUDICIAL CENTRE	Edmonton	
	In the matter of the *Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended* *And in the matter of a plan of arrangement of Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., and 1371047 Alberta Ltd.*	
DOCUMENT	**ORDER VARYING INITIAL ORDER**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Department of Justice Canada** 300 Epcor Tower 10423 – 101 Street N.W. Edmonton Alberta T5H 0E7 counsel: George F. Bódy tel: 780-495-7595 (direct) fax: 780-495-3319 File:	
DATE ON WHICH THIS ORDER WAS PRONOUNCED:	Friday August 11, 2017.	
NAME OF JUSTICE WHO GRANTED THIS ORDER:	Madam Justice J.E. Topolniski	
PLACE WHERE THIS ORDER WAS PRONOUNCED:	Edmonton, Alberta	

UPON the application of the Attorney General of Canada on behalf of Her Majesty the Queen in right of Canada as represented by the Minister of National Revenue;

AND UPON hearing from counsel on behalf of Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., and 1371047 Alberta Ltd., counsel on behalf of the Monitor, and counsel on behalf of Business Development Bank Canada (the Interim Lender);

THIS COURT ORDERS, DECLARES, AND DIRECTS:

1. Paragraph 44 of the Initial Order in these CCAA proceedings granted by the Honourable K.G. Neilsen on July 5, 2017 is amended by adding the following phrase before the opening words of paragraph 44:

   > Subject to subsections 23(3) and (4) of the *Canada Pension Plan*, subsections 86(2) and (2.1) of the *Employment Insurance Act*, and subsections 227(4) and (4.1) of the *Income Tax Act*,

2. The reference in paragraph 46(d) of the Initial Order to the provisions of any federal statute does not apply the provisions cited in paragraph 1 of this Order.

3. This Order is deemed effective *ab initio* to July 5, 2017 as if the cited amendments were made as part of the Initial Order.

J.E. Topolniski - JCQBA

TAB 11

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.
APPLICANT	HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by THE MINISTER OF NATIONAL REVENUE
RESPONDENTS	CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. (the aforesaid companies, collectively, the "**CCAA Parties**"), BUSINESS DEVELOPMENT BANK OF CANADA, and ERNST & YOUNG in its capacity as Monitor of the CCAA Parties
DOCUMENT	**ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379 File No. 37060-00001

Clerk's Stamp

FILED OCT 05 2017

JUDICIAL CENTRE OF EDMONTON

Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: **September 11, 2017**

NAME OF JUDGE WHO MADE THIS ORDER: **The Honourable Justice J.E. Topolniski**

LOCATION OF HEARING: **Edmonton, Alberta**

UPON the application of Her Majesty the Queen in Right of Canada as represented by the Minister of National Revenue (the "**CRA**"); **AND UPON** having read the Application filed by the CRA July 31, 2017; the Bench Brief on behalf of the CRA filed July 31, 2017; the Bench Brief on behalf of the Respondent, Ernst & Young Inc. in its capacity as Monitor of the CCAA Parties (the "**Monitor**") filed August 3, 2017; the Bench Brief on behalf of the CCAA Parties filed August 3, 2017; the Bench Brief on behalf of Business Development Bank of Canada ("**BDC**") filed August 4, 2017; the Reply Bench Brief on behalf of CRA, filed August 9, 2017; the Affidavit of Albert Laroque, filed August 9, 2017; Additional Submission Letter of the Monitor dated August 9, 2017; the Supplemental Bench Brief on behalf of BDC, filed August 10, 2017;

AND UPON hearing from counsel for CRA, BDC, the Monitor, and the CCAA Parties on August 11, 2017, IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Application to vary the Initial Order granted in these proceedings by the Honourable Justice K.G. Nielsen on July 5, 2017 is dismissed.

"J. Fraser for J. Topolniski"

Justice of the Court of Queen's Bench of Alberta

CONSENTED TO AS THE ORDER GRANTED:

DLA PIPER (CANADA) LLP

Per:

Stephanie A. Wanke
Counsel for Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd. and 1919209 Alberta Ltd.

DUNCAN CRAIG LLP

Per:

Darren Bieganek, QC
Counsel for Ernst & Young Inc., in its capacity as Monitor to the CCAA Parties

DEPARTMENT OF JUSTICE

Per:

George Body
Counsel for Her Majesty The Queen in Right of Canada, as represented by the Minister of National Revenue

CASSELS BROCK

Per:

Jeffrey Oliver
Counsel for Business Development Bank of Canada

AND UPON hearing from counsel for CRA, BDC, the Monitor, and the CCAA Parties on August 11, 2017, **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The Application to vary the Initial Order granted in these proceedings by the Honourable Justice K.G. Nielsen on July 5, 2017 is dismissed.

Justice of the Court of Queen's Bench of Alberta

CONSENTED TO AS THE ORDER GRANTED:

DLA PIPER (CANADA) LLP

Per:

Stephanie A. Wanke
Counsel for Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd. and 1919209 Alberta Ltd.

DUNCAN CRAIG

Per:

Darren Bieganek, QC
Counsel for Ernst & Young Inc., in its capacity as Monitor to the CCAA Parties

DEPARTMENT OF JUSTICE

Per:

George Bódy
Counsel for Her Majesty The Queen In Right of Canada, as represented by the Minister of National Revenue

CASSELS BROCK

Per:

Jeffrey Oliver
Counsel for Business Development Bank of Canada

TAB 12

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., AND 1919209 ALBERTA LTD.
DOCUMENT	MONITOR'S SECOND REPORT
	September 18, 2017
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com <u>COUNSEL</u> Duncan Craig LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attention: Darren R. Bieganek, QC Phone: 780-441-4386 Fax: 780-428-9683 Email: dbieganek@dcllp.com

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SCHEDULE F - ANALYSIS OF CHANGE IN ACCOUNTS RECEIVABLE FROM JULY 15, 2017 TO SEPTEMBER 2, 2017

INTRODUCTION AND PURPOSE OF THE REPORT

1. On July 5, 2017, Canada North Group Inc. ("CNG"), Canada North Camps Inc. ("CNC"), Campcorp Structures Ltd. ("Campcorp"), D.J. Catering Ltd. ("DJ"), 816956 Alberta Ltd. ("816"), And 1371047 Alberta Ltd. ("137") (hereinafter collectively referred as the "Applicants" or the "Companies" or the "Group") made an application before this Honourable Court requesting certain relief under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "CCAA") and obtained, inter alia, an initial order (the "Initial Order"), a stay of proceedings ("Stay") against the Applicants for a period of 30 days up to and including August 3, 2017, and the appointment of Ernst & Young Inc. ("EYI" or the "Monitor") as monitor of the Applicants. In addition to the appointment of the Monitor, the Initial Order also included the appointment of R.e.l. group inc. as Chief Restructuring Officer ("CRO").

2. Prior to the application noted above, on June 26th, 2017, each of CNG, CNC, Campcorp, and DJ filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 ("BIA") and EYI consented to act as Trustee in each instance. These NOI proceedings commenced by CNG, CNC, Campcorp and DJ under the BIA were taken up and continued under the CCAA.

3. On July 27, 2017, the Applicants made an application before this Honourable Court for the following relief:

    a) an extension of the Stay under the Initial Order;

    b) to include an additional entity, 1919209 Alberta Ltd. ("1919"), as an applicant to these CCAA proceedings; and,

    c) an increase to the interim financing ("DIP") from $1 million as stipulated in the Initial Order to $2.5 million primarily to fund operations and the unexpected revenue (and associated costs) associated with housing the relief effort and firefighters in relation to the wildfires in British Columbia ("BC").

    At the application on July 27, 2017, the Court granted an extension of the Stay to September 29, 2017 along with the other relief requested by the Applicants as outlined above.

4. The purpose of this report (the "**Monitor's Second Report**") is to provide this Honourable Court and the Applicants' creditors and other interested parties with the following information since the Monitor's First report dated July 24, 2017 ("**Monitor's First Report**"):

a) The Monitor's activities since the date of the Monitor's First Report;

b) The CRO's activities since the date of the Monitor's First Report;

c) The conduct of the Applicants since the date of the Monitor's First Report;

d) An analysis of the Group's actual cash flow to September 2, 2017 versus projections;

e) A new projection (the "**Extended Projection**") that outlines the Groups anticipated weekly cash flows to March 3, 2018;

f) The status of Applicants' restructuring efforts and the related Plan of Compromise or Arrangement (the "**Plan**");

g) Information pertaining to the pending sale of the Applicants' head office real property; and,

h) Other matters relevant to these CCAA proceedings or the Applicants' application for an extension of the Stay at this time;

and, to provide the Monitor's recommendations in relation to the Applicants' request for:

i. An extension of the Stay to January 31, 2018;
ii. the Court's authorization to carry out an Investment or Sale Solicitation Process ("**ISSP**") substantially in accordance with the outline and indicative timeline as is described in the CRO's report (filed separately from this report);
iii. approval of the corporate finance firm selected by the Group to assist in relation to the ISSP; and,
iv. the Court's approval to proceed to finalize the sale of its head office real property.

DISCLAIMER

5. In preparing the Monitor's Second Report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with the Applicants' management ("**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation. Future oriented financial information reported or relied on in order to prepare this report is based on Management's assumptions regarding future events; actual results will vary from forecast, and such variations may be material.

6. This report should be read in conjunction with the CRO's First Report (as described herein), the Fourth Affidavit of Shayne McCracken sworn on September 18, 2017, filed, and the Confidential Supplement to the Fourth Affidavit of Shayne McCracken sworn September 18, 2017, unfiled, which have been provided to the Court by the Applicants in support of this application.

7. All references to dollars are in Canadian currency unless otherwise noted.

MONITOR'S ACTIVITIES SINCE THE DATE OF THE MONITOR'S FIRST REPORT

8. Since the date of the Monitor's First Report, the Monitor's activities have included, but are not limited to, the following:

   a) continuing to update, monitor, advise creditors of, and make available a website at *http://documentcentre.eycan.com/Default.aspx* under the "Canada North Group et al – CCAA" link where all of the materials filed with the Court and all Orders made by the Court in connection with these CCAA proceedings are available/ being made available in electronic form;

   b) continuing to work with the Group and the CRO to implement procedures and timelines for the monitoring of the Group's weekly disbursements and cash flows, and for ongoing reporting of variances between actual results and the Group's cash flow projections previously filed with the Court;

   c) continuing to review and test information in relation to the Group's actual cash flows and related disbursements, and continued review of the Group's accounts receivable and the potential impact of these proceedings on the on-going accounts receivable balance;

d) extensively meeting with (by telephone or in person) Management, the CRO, the Group's counsel and counsel to the Monitor to discuss ongoing operations, issues arising with creditors and customers, and the CCAA proceedings in general;

e) corresponding with numerous creditors and other stakeholders regarding the state of affairs and the CCAA proceedings in general;

f) discussing various ideas and potential options with the CRO and the Group with respect to the strategic direction of the Group as it works towards formulating a draft of the Plan to be offered to the creditors in these CCAA proceedings; and

g) preparing this Second Report.

CRO'S ACTIVITIES SINCE THE DATE OF THE MONITOR'S FIRST REPORT

9. The CRO is providing the Court with a separate report (the "CRO's First Report") directly that advises of its activities since the date of the Monitor's First Report along with other information.

10. The Monitor has reviewed the CRO's First Report and is of the opinion that the activities described therein are consistent with the CRO's mandate as set out in the Initial Order, and the contents of the report are consistent with the Monitor's discussions with the CRO and the Monitor's observations to date.

11. In the interests of minimizing costs and duplication of efforts, the Monitor advises any interested party to review the report of the CRO for further detailed information in relation to the CRO's activities.

CONDUCT OF THE APPLICANT SINCE THE DATE OF THE MONITOR'S FIRST REPORT

12. The CRO continues to work extensively with the Group and has advised the Monitor that the Group's management and staff have been making significant efforts in all respects and are cooperating fully with the efforts of the CRO.

13. The Monitor has also worked with Management over this same timeframe and is of the opinion that the Applicants have acted in good faith and with due diligence in connection

with its continued operations and these CCAA proceedings. Nothing has come to the attention of the Monitor to suggest that the Applicants are not diligently working towards filing a Plan to restructure its affairs within these proceedings.

14. The Applicants have worked with the CRO to develop an Investment and Sales Solicitation Process ("ISSP") as outlined in the CRO's First Report, and have also continued to be involved in, and assist the CRO in the parallel discussions with previously identified potential investors.

15. As discussed in the CRO's First Report, the Group through the CRO is in the final stages of engaging Peters & Co. to assist with the ISSP.

16. The Group has advised that all employee wages and related source deductions have been paid as required, and in addition, all required payments and filings on account of GST have also been made as required.

17. The Monitor has been monitoring the cash receipts and disbursements made by the Group, and based on its review, is not aware of any material transactions that would be considered outside the normal operations of the business.

ANALYSIS OF THE GROUP'S WEEKLY CASH FLOWS

Actual Results Versus Projections

18. Attached as Schedule "A" to this report is an analysis prepared by the Monitor from information supplied by the Group, with the assistance of the CRO comparing the cumulative projected weekly cash flows (from the most recent projections included and filed by the Monitor in the Monitor's First Report, hereinafter referred to as the "First Report Projections") to the cumulative actual results to September 2, 2017. As evident in Schedule "A", both the actual and projected opening cash balances are the same, and represent the actual ending cash balances as at July 15, 2017. The purpose of using these same figures as the starting point of the analysis is to demonstrate the cash flow performance of the Group from the same starting point as at July 16, 2017, and in direct comparison to the First Report Projections which commence effective July 16, 2017.

19. As outlined in Schedule "A", in aggregate, the Group's actual ending cash balance for the period noted above is higher than projected by $202,294. There are 5 primary

reasons for this variance which are outlined here and in the chart below, and discussed in detail in the sections and paragraphs that follow:

i. Cash Collections (excluding fire camps) were $213,543 higher than projected;

ii. Cash disbursements (excluding fire camps) were $219,761 higher than projected;

iii. Net fire camp cash results were $131,718 lower than projected;

iv. DIP repayments of $300,000 as projected were not made; and,

v. Actual DIP funding received was $2.5 million versus $2.45 million as projected.

Category of Variance	Positive (Negative) variance from Projection
Cash Collections:	$213,543
Cash Disbursements:	($219,761)
Net Fire Camp Cash Results:	($131,718)
DIP Repayments (not made as projected):	$300,000
Additional DIP:	$50,000
Immaterial DIP Adjustments (ie: fees and interest):	($9,770)
Total Positive (Negative) Impact of Variances:	$202,294

Cash Collections

20. In aggregate, total cash collections (without considering the fire camp results) were higher than projected by $213,543. This increase is primarily as a result of the following two factors:

a) With respect to "Collections - catering A/R", the Group outperformed the projections and collected $124,816 more than anticipated. This variance is primarily due to timing differences in relation to the collection of a number of receivables.

b) With respect to "Collections - catering forecast" and "Collections - other". The First Report Projections filed with Monitor's First Report, did not forecast any cash collections from these sources, but the Group collected $94,727.

Cash Disbursements

21. In aggregate, cash disbursements from operations (without considering the fire camp results) for the period were higher than projected by $219,761. There are several

significant reasons for this variance, which include the following:

a) Payments on account of GST were higher by $73,524 primarily due to the fact that the First Report Projections did not account for the significant impact of the fire camp activity.

b) Payroll expenses were higher by $257,964, which is a timing difference. The primary reason for this variance relates to a timing difference in relation to the processing of $249,979 of payroll early due to the Labour Day long weekend. Management advised that this payroll of $249,979 which was scheduled to be paid on Monday, September 4, 2017, was paid on preceding Friday on account of the Monday being a holiday.

c) Source deductions for the Group were higher by $95,344. As noted in Monitor's First Report, $74,083 was paid for source deductions owing after the Initial Order for payroll paid prior to the date of the Initial Order; however, this amount was not included in the projections. The remaining variance is made up of small discrepancies between projected and actual payments.

d) WCB installments were higher than projected by $48,412. The variance was caused by one WCB installment made during the week of August 26, 2017. This was a regular payment as per WCB's statements; however, it was not accounted for in any of the previous projections.

e) Previous versions of the projections all were prepared on the basis that the Group made monthly installments over 12 months for insurance. The Group's annual insurance premiums were actually to be paid over a 10-month period with the cycle restarting each October. As such, two payments (one in each of August and September, 2017) included in the projections at $68,000 were not actually required resulting in a cash savings of 121,509 after considering a number of small offsetting related variances in this regard.

f) Professional fees were higher than projected by $193,617. The professional fees include the fees and expenses of the CRO, the Monitor and its counsel, the Group's legal counsel in relation to these CCAA proceedings, BDC's legal fees in accordance with the terms of the DIP, and the Group's corporate legal counsel who is currently assisting the Group with various legal matters separate from these CCAA proceedings. The fees for BDC's legal counsel were coded to this line item in the projections in error, and should have been shown as a separate line item in relation to the DIP. The amount of BDC's legal fees included in this figure were approximately $15,482.

g) Construction costs were lower than projected by $162,757, primarily on account of one specific project which was projected to be about 50% complete by the end of the projection period under review; however, the project is experiencing delays caused by the customer as per Management.

h) Vehicle maintenance and fuel costs were higher by $81,540. This variance can be mainly attributed to the extent of some repairs required, along with a few additional one-time repairs of equipment that were not initially anticipated.

i) Similar to what was reported in the Monitor's First Report, the Group has not been required to deposit $50,000 with its credit card provider to continue to use its cards post-filling.

j) Food expenditures were lower than projected by $220,075. Since the previous projections were prepared, Management has been able to analyze the Group's food expenses to better estimate these costs going forward based on projected revenues. Previous projections all used Management's estimate based on historical figures.

k) Sewage expense was higher than projected by $69,232 primarily due to the Group's use of an external service provider while its truck was being repaired.

l) "Other" expenditures were lower than projected by $121,496. The projected amount was simply an estimate of 10% of total monthly expenditures. Given that there is no real way of estimating some unexpected costs, this line item was included in the projections as a buffer to account for any unpredictable expenditures and to have more conservative projections.

Net Fire Camp Cash Results

22. In aggregate, the net cash results from the fire camp work were lower than projected for the period by $131,718. The main reasons for this variance include the following:

a) cash collections were slower than projected, which contributed $225,527 to the variance;

b) food expenditures were $98,896 higher than projected as the camps have stayed open and operating longer than originally projected due to the continued problem with wildfires in BC; and,

c) payroll and other direct costs were lower than the projections by $192,705.

23. The Group indicates that the accounts receivable and unbilled work as at September 2, 2017 in relation to the fire camps total is more than the projected amount by $561,222. As noted above, this increase is due in part to the slower payment than anticipated by the Province of BC, combined with the extended duration and demand for the Group's services in this regard. This increase in receivables more than offsets the negative variance in the cash results, and also serves to increase accounts receivable as at September 2, 2017 (discussed later in this report).

DIP Repayments and Amount of DIP Received

24. As at September 2, 2017, the actual amount of DIP requested and received by the Group from the Interim Lender was $2,500,000 which is $50,000 higher than projected (projections only called for $2.45 million in DIP). In addition, over the course of the projections, the weekly amount actually requested by the Group varied, and the Monitor further notes that DIP was not fully drawn by the Group until a week later than the projections provided. In the end, despite variances with respect to timing and the $50,000 permanent variance noted above, DIP requests were generally in line with projected amounts.

25. The overall variance in relation to the DIP pertains to the fact that the projections called for a repayment of a portion of the DIP in the amount of $300,000 in the week ended August 26, 2017, which did not occur. Given the current cash position of the Group, and the fact that the DIP is not revolving, the Group discussed postponing repayments of the DIP with the Interim Lender for the foreseeable future. As it stands currently, the total amount drawn under the DIP remains owing to the Interim Lender.

EXTENDED PROJECTIONS

26. Attached to this report as Schedule "B" is a new set of cash flow projections (the "Extended Projections") as prepared by the Group with the assistance of the CRO. Similar to previous projections filed with the Court, only a condensed version of the Extended Projections is being filed with the Court on account of the Group's and the CRO's concerns with respect to the possibility of sensitive operational details being shared with the Group's competitors or otherwise. The Group has advised the Monitor that it is comfortable releasing more detailed versions of the Extended Projections to legitimate stakeholders for legitimate purposes in relation to these CCAA proceedings, provided some form of confidentiality undertaking is agreed to between the Group and the requesting party.

27. In discussions with the Group and the CRO, the Monitor understands that the primary purpose of the Extended Projections is threefold as follows:

a) to assist the Group with cash management of the business and to help monitor operations;

b) to confirm that no additional DIP is expected to be required to fund operations and other expenses in the near term; and,

c) to be provided as support for the Group's request for a further extension of the Stay to January 31, 2018.

28. The Monitor provides some comments in relation to the Extended Projections in the paragraphs that follow.

Comments in Relation to the Key Assumptions used to prepare the Extended Projections

29. The Monitor has reviewed the Extended Projections and the related key assumptions with the Group and the CRO. From its review and work on the Extended Projections, the Monitor is of the view that the Group, with the assistance of the CRO, has made a reasonable effort to prepare the Extended Projections and that the projections are suitably supported. Similar to the previous projections filed with the Court, Management has indicated that the Extended Projections are likely conservative.

30. In addition, the Group, with the assistance of the CRO and the benefit of its new cash reporting and control procedures, has indicated that omissions, changes or new information in relation to the Group's operations which have been discovered over the course of these CCAA proceedings have now been accounted for in the Extended Projections, including (but not limited to), the omission of WCB installments, and the payment of insurance over a 10 month period versus 12 months.

Analysis of the First 8 Weeks in the Extended Projections compared to the First Report Projections for the Same Timeframe

31. Attached as **Schedule "C"** to this report is an analysis prepared by the Monitor which compares the first 8 weeks in the Extended Projections to the same period from the First Report Projections. The Monitor advises that both the Extended Projections and the First Report Projections both provide projections for the 8 week period ended October 28, 2017. As noted above, the Group, with the assistance of the CRO, have incorporated any material omissions, changes, and new information in relation to the Group's operations that have been discovered over the course of these CCAA proceedings into the Extended Projections. Given this fact, and the overlap of the two different projections, the Monitor has noted a number of variances between the two sets of projections, and is of the view that prior to any discussion about the overall highlights in relation to the Extended Projections, that a brief discussion with respect to the more significant changes between the two projections is appropriate to demonstrate some of the changes that have occurred. The Monitor has discussed most of the larger variances with the CRO, and provides a brief summary only of the more significant variances in the paragraphs that follow.

Ending Cash Balance as at October 28, 2017

32. The projected ending cash balance as at October 28, 2017 is better (higher) than the First Report Projections previously estimated by $364,544. The major variances leading to this difference are summarized below and discussed in detail in the paragraphs that follow:

   i. The opening cash balance in the Extended Projections has been adjusted to the actual cash in the Group's accounts as at the week ended September 2, 2017. The difference was that the actual cash balance (opening cash balance) as reported in the Extended Projections is higher than the previously projected balance for this period by $203,294.

ii. Cash Collections (excluding fire camps) are lower by $1,149,862;

iii. Cash disbursements (excluding fire camps) are $749,761 higher than previously projected;

iv. Net fire camp cash results are $718,630 better than previously projected; and,

v. DIP repayments, net of fees and interest, of $1,343,243 as previously projected are no longer projected to be made.

Category of Variance	Positive (Negative) variance from previous Projection
Opening Cash Balance Variance:	$203,294
Cash Collections:	($1,149,862)
Cash Disbursements:	($749,761)
Net Fire Camp Cash Results:	$718,630
DIP Repayments (not made as projected):	$1,343,243
Total Positive (Negative) Impact of Variances:	$364,544

<u>Cash Collections (Excluding Fire Camps)</u>

33. The Group is now projecting to collect less cash during the eight weeks ending on October 28, 2017 by about $1,149,862. From discussions with the Group and the CRO, the Monitor understands that the primary reasons for this decrease include:

a) In the weeks preceding the period covered in the Extended Projections, actual sales were less than projected. In the First Report Projections, collection of forecasted sales were assumed to be 75 days, and as such, the collections from mid-September to the end of October would have been generated from revenue in July and August. For these weeks, in particular in August, sales were significantly less than projected. The Monitor discussed this matter with the Group, and was advised that the volume of man days expected was lower than anticipated.

b) Collections in the weeks prior to the Extended Projections were higher (collected sooner) than anticipated. This comment is supported by the projected versus actual analysis discussed earlier in the report which indicated that collections were $213,543 higher than projected.

c) Given some unexpected construction delays in relation to a construction project, the Group is projecting to collect $626,356 less than previously projected within this 8-week period; however, this amount is still expected to be collected but just later in the Extended Projections.

Cash Disbursements (Excluding Fire Camps)

34. The Group is now projecting to disburse more cash during the eight weeks ending on October 28, 2017 by $749,761. There were a number of variances in relation to disbursements, and the Monitor discussed all of the larger variances with the CRO; however, for the purposes of this report, the Monitor will limit its discussion of these variances to the more significant items with a variance over $100,000:

a) Camp payroll estimates are now tied to the expected revenue in each week. In the past projections, the bi-weekly estimate was based on an average historic amount, and as a result of this change, the Group is now projecting to pay an additional $27,915 (Note: as discussed earlier in this report, payroll in the amount of $249,979 was paid early on account of the Labour Day long weekend which attributed to a variance in the budget to actual analysis up to September 2, 2017. If this amount was paid in the Extended Projection period, the actual increase in payroll over the First Report Projections in this 8-week period would be $277,894).

b) Professional fees are based on historic average costs with increases around anticipated Court dates. As these CCAA proceedings progress, the Group has adjusted (increased) reflect higher than anticipated professional fees paid in the last few months. The impact of this change is that the Group is now expecting to pay an additional $193,363.

c) Given some unexpected construction delays in relation to a construction project, the Group is projecting to pay approximately $103,050 more in construction costs than was originally anticipated.

d) The Group changed its projection estimates in relation to food costs to tie into the occupancy/man day estimates used to project revenues. Using the new assumption, the Group is estimating to pay $195,975 less than originally estimated.

e) Sewage, electricity, and natural gas weekly estimates were increased to reflect most recent actual average costs. As a result, the Group is expecting to pay $126,966 more than previously estimated.

f) The Group is in the process of negotiating new property taxes payment plans with the various municipalities within which the Group's properties are located. The payments outlined in the Extended Projections are Management's preliminary estimates of what the payments will be based on the information available at this time. Based on this information, the Group is expecting to pay an additional $139,681 towards property taxes.

Net Fire Camp Cash Results

35. With respect to the fire camp results, there were no formal changes to the previous assumptions used by the Group in previous projections with the exception of the fact that the camps will stay open longer than initially anticipated due to the continued problems with wildfires in BC. In addition, as noted earlier in this report, cash collections to September 2, 2017 were slower than expected and the Extended Projections consider the collection of the receivables that were not collected as previously projected. As a result, the Group is expecting to collect additional net cash from the fire camps operations of about $718,630 over the eight-week period ending October 28, 2017.

DIP Repayments

36. The Extended Projections do not call for any repayment of the DIP, within the first 8 weeks or otherwise. This is significantly different than the First Report Projections within the first 8 weeks and results in a cash savings of $1,343,243.

Highlights of Extended Projections and Impact on Cash Balances, Receivables, DIP and other Items

37. The Monitor has prepared the following section which outlines the highlights of the Extended Projections as at two specific dates: January 27, 2018 (which is the week that roughly corresponds to the Stay extension request made by the Applicants), and March 3, 2018 (simply being the end date of the Extended Projections). Provided the Group achieves figures outlined in the Extended Projections (attached as Schedule "B" to this

report), the highlights of the Extended Projections along with some comments in relation to the projected impact of the Extended Projections on the Group's cash, receivables, DIP and other items are presented in the paragraphs below for consideration by the Court and the Group's stakeholders.

38. Overall, the Extended Projections suggest that the end result over the period covered results in improvements to the ending cash position, and further increases to accounts receivable of the Group. In addition, the Extended Projections indicate that the Group should be able to continue operations without any further DIP funding.

Highlights to January 27, 2018

39. A summary of the key highlights to January 27, 2018 are as follows:

a) Sales are projected to be $11,996,274;

b) Cash collections are projected to be $10,990,093;

c) Cash disbursements are projected to be $9,446,509;

d) Ending Cash balance in other accounts (excluding CWB which remains constant) increases by $49,259 to $528,645;

e) Accounts receivable are projected to increase by $1,371,556 to $7,049,897 (as calculated by the Monitor);

f) The Amount of DIP remains the same ($2.5 million) and no payments are contemplated over the period; and,

g) Professional fees associated with these CCAA proceedings, the ISSP and otherwise are projected to total $1,376,863 over the period.

Highlights to March 3, 2018

40. A summary of the key highlights to March 3, 2018 are as follows:

a) Sales are projected to be \$16,269,487;

b) Cash collections are projected to be \$14,025,898;

c) Cash disbursements are projected to be \$12,210,167;

d) Ending Cash balance in other accounts (excluding CWB which remains constant) increases by \$145,213 to \$624, 599;

e) Accounts receivable are projected to increase by \$2,709,135 to \$8,387,475 (as calculated by the Monitor);

f) The Amount of DIP remains the same (\$2.5 million) and no payments are contemplated over the period; and,

g) Professional fees associated with these CCAA proceedings, the ISSP and otherwise are projected to total \$1,530,863 over the period.

STATUS OF APPLICANTS' RESTRUCTURING EFFORTS AND THE RELATED PLAN

41. As noted in the Monitor's First Report, the Group's business and operations are very complex, and as at the date of this report it is still too early in the process to provide a comprehensive Plan. There is the potential for a going concern plan that could provide significantly greater value to stakeholders as compared to a liquidation.

42. The Monitor has reviewed the ISSP concept and related proposed timeline with the CRO and the Group, and advises that it believes that the general concept of the ISSP is reasonable and appropriate in the circumstances. Further, the Monitor believes that the ISSP process could result in the best outcome for the Group and its stakeholders. The complete process terms and timelines are not yet finalized. The Monitor has not, as of the date of this Second Report, received a signed copy of the engagement letter with the selected corporate finance firm and certain information, such as appraisals, have not yet been received although the Monitor has been advised that these matters should be

completed in short order.

43. As per the CRO's First Report, the CRO worked with the Group to canvass the market, obtain and review proposals from various firms, and select a corporate finance firm to assist the CRO in implementing the ISSP. In total, 7 firms were approached by the CRO, however two of these firms were conflicted from assisting, and as such 5 proposals were ultimately received. In the end, the Group selected Peters & Co. ("Peters"), a Calgary based firm who is known to the Monitor, reputable, and has extensive experience. The CRO advises that the Group selected Peters as they were the best combination of price and experience, and could meet the short timelines contemplated in the ISSP.

44. The Monitor advises that all of the firms considered by the CRO and the Group in relation to the ISSP have solid reputations, and are suitably qualified to assist the Group. The Monitor has only had a brief opportunity to review the information in support of the selection of Peters, but in its communications with the CRO, the Monitor is comfortable that the relevant factors have been considered in the selection process and that the choice of Peters is reasonable in the circumstances.

45. The CRO has advised that it is in the process of negotiating the engagement agreement with Peters, and expects that Peters should be engaged in short order. Once completed, Peters will be in a position to finalize the ISSP process and timelines. The Monitor is of the view that the Group should be authorized by the Court at this time to carry out the ISSP substantially in accordance with the outline and timeline as described in the CRO's First Report, subject to the Monitor verifying that the final ISSP proposal, terms and timelines are consistent with the outline prior to the process being implemented.

PENDING SALE OF THE GROUP'S HEAD OFFICE REAL PROPERTY

46. Pursuant to paragraph 10(a) of the Initial Order, the sale of any asset(s) of the Group exceeding $100,000 in any single transaction or $500,000 in the aggregate requires authorization by the Court in accordance with Section 36 of the CCAA.

47. The Monitor has recently been advised that 137 received an offer to purchase the real property within which the Group's head office is located (the "Head Office"). The Monitor has reviewed the following documents in respect of the conditional offer accepted by 137:

a) A copy of the Offer to Purchase (the "Offer");

b) A copy of the Narrative Real Estate Appraisal Report prepared by Caskey Hobal Jackal Advisory Ltd. dated December 21, 2016 (the "Appraisal");

c) Copies of the 2016 and 2017 Property Tax Notices from the City of Edmonton (the "Tax Notices");

d) A copy of an email and related letter from Chad Edwards of Cushman & Wakefield Edmonton (the "Realtor") dated September 7, 2017;

e) A copy of an additional email from the Realtor dated September 12, 2017 responding to the Monitor's enquiries with respect to the sales process; and,

f) A copy of the listing agreement ("Listing Agreement") with the Realtor.

48. The Monitor has reviewed Ms. McCracken's Confidential Supplement to her Fourth Affidavit which encloses most of the information reviewed by the Monitor as noted above, and as such, copies of the above noted materials are not being appended as a schedule to this report.

49. 137 initially listed the Head Office for sale in late February, 2017. Upon signing the listing agreement, the Realtor immediately created marketing brochures, updated its website and began actively marketing the Head Office. The prospective purchaser (the "Purchaser") first toured the Head Office on April 25th, 2017, and after 2 additional tours of the Head Office, the Purchaser submitted an initial offer to 137. After a lengthy negotiation period, 137 and the Purchaser settled on the proposed purchase price ("Sale Price").

50. The Appraisal suggests that the value of the Head office ranges significantly between an expected forced sale value and a value under normal sale conditions. Although the Sale Price is less than the high value noted within the Appraisal, it is significantly better than the Group would likely realize in a forced sale situation. In addition, the Sale Price is also higher than the assessed value of the Head Office noted in both the 2016 and 2017 Tax Notices.

51. In addition to the above, the Realtor has indicated (amongst other comments) that Sale Price is likely the best price that the Group would be able to obtain in the current market in Edmonton.

52. The Monitor also reviewed the following additional documents:

i. An analysis of the estimated receipt and use of the Sale Price as prepared by the Group with the assistance of the CRO;

ii. An analysis of the estimated monthly cost savings the Group expects to see should the sale of the Head Office be approved and closes as stipulated in the Offer.

53. From a review of the above documents, the majority of the net sale proceeds are expected to be used to retire 3 related loans to Business Development Bank of Canada (hereinafter referred to as either "**BDC**" or the "**Interim Lender**"). The Monitor has requested the security documents in respect of the BDC mortgage on title and will request a security opinion in respect of same from its counsel. If the vetting of the security can be completed prior to the Court Application scheduled for September 26, 2017, a supplemental report will be provided.

54. In addition, the Group anticipates that its future monthly cash outflows could be reduced significantly if interest and principal payments for the Head Office are eliminated.

55. The Monitor further understands that the Group has successfully negotiated a lease for a new premises to move its main operations to, subject to the Court approving the sale of the Head Office.

56. All of the above is predicated on the Head Office sale being approved, and the Group moving to a new premises. To accomplish this, the Group anticipates that it will incur moving costs of approximately $67,000, and will have to co-ordinate a move to a new premises in the midst of these CCAA proceedings. The Group is comfortable that a move can be accomplished with minimal disruption to its business and these CCAA proceedings.

57. Based on the above information, it is the opinion of the Monitor that the pending sale of the Head Office is a fair transaction representative of market value, and that reasonable efforts and advice have been taken and followed to achieve the Sale Price. Further, the sale will serve to significantly reduce the Group's overall indebtedness, and will help reduce monthly operating costs going forward. It is for all these reasons that the Monitor believes that the pending sale should be authorized by the Court.

OTHER MATTERS RELEVANT TO THE CCAA PROCEEDINGS OR THE APPLICANTS' APPLICATION FOR AN EXTENSION OF THE STAY AT THIS TIME

Preliminary Summary of Secured Creditors Prepared by the Monitor

58. Monitor's legal counsel has compiled a summary of security registrations for each Applicant as disclosed by name searches for each Applicant conducted at Personal Property Registry for the Province of Alberta ("APPR"). The summary is attached as Schedule "D".

59. Attached as Schedule "E" is a debt summary per secured creditor listed at APPR. The information contained in this Schedule was, with two exceptions, provided by the Group. With respect to the Canadian Western Bank and ECN Financial Inc., the information respecting debt amounts was obtained from the affidavits sworn by their representatives in these proceedings.

60. The information contained in each of these two schedules is provided for information purposes. The information has not been verified nor has any of the security been reviewed for enforceability or priority determination. Any such review will be conducted, if necessary, as part of any Claims Proving and Barring procedure as part of the restructuring process.

The Treatment and Recording of Accounts Receivable

61. The Group's atypical accounting practices with respect to its accounts receivable as discussed in the Monitor's First Report have been addressed to the Monitor's satisfaction.

New Adjustments to Accounts Receivable

62. In discussions with Management and the CRO in the week leading up to the filing of this report, the Monitor was advised of three additional items that impact the Group's accounts receivable. These items are noted below, and a further discussion of each item will follow:

a) a reduction of an account receivable ("Construction Receivable") from $321,844.95 to $189,020.05 in the receivables sub ledger of DJ;

b) a receivable from a company in partnership with certain members of the Group in four camps ("Partner Receivable") for $647,521.02 in the receivables sub ledger of Campcorp; and,

c) a University receivable ("University Receivable") for $397,058.40 in the receivables sub ledger of Campcorp.

Construction Receivable

63. At the time of the application for the Initial Order, the Group had recorded an account receivable for a customer in the books of DJ in the amount of $321,844.95, which Management advised was the second installment of 30% on the contract price. The first installment in the same amount had been previously billed by the Group, and subsequently paid by the customer prior to the NOI or CCAA proceedings.

64. Per Management, the customer requested the progress billings 30 days in advance of when the work was expected to be completed to allow for sufficient time to arrange for the funds to pay the installment invoice when due. Management billed the customer the second installment invoice of $321,844.95 in accordance with a construction schedule with stipulated milestones, which led to the receivable in question.

65. At the time the Monitor discussed this Construction Receivable with Management, Management was not aware of any issues with project and the related receivable; and it was only recently when Management looked into why the receivable remained unpaid did it discover the following:

a) the construction project was behind schedule, primarily due to the customer's delay in selecting finishing materials;

b) GST was included in the deposit that was previously billed to, and paid by, the Customer. Per Management, GST should not have been added to the deposit amount; and,

c) the Group's construction manager advised Management that due to the delays, and in an effort to get funds in faster, the agreed payment schedule was changed from 30%/30%/30%/10% to 30%/20%/20%/20%/10%

66. As a result of the above, the account receivable for the customer was adjusted down

from $321,844.95 to 189,020.05 in the books of DJ. The revised amount remains in the books of DJ as a collectible receivable as at the date of this report, and Management advises that it expects to collect this amount by the end of September, 2017. Management further advised that an additional progress payment will likely be billed in the near future. The Monitor has not taken any steps to confirm the information above with the customer as at the date of this report.

<u>Partner Receivable</u>

67. The situation involving this affiliated party and related receivable is somewhat more complicated in that there is an on-going business relationship between the parties as they are partners in four camps.

68. The Monitor has discussed this matter with Management at length, and based on its discussions with Management understands that the Group's US affiliate, Campcorp USA Inc., has possession of assets of the partner entity which will not be released until the receivable is retired. Accordingly, the Monitor is of the view that, although the timing of the collection of this receivable is uncertain, no adjustment to the accounts receivable in respect of this receivable is necessary at this time. The situation will, however, require ongoing review.

<u>University Receivable</u>

69. The Monitor understands that Campcorp USA Inc. entered into a Memorandum of Understanding ("MOU") with a university to construct and supply a student residence. Given that Campcorp USA Inc. is a separate legal entity from Campcorp and is not one of the Applicants in these CCAA proceedings, the Monitor questioned the receivable recorded in the books of Campcorp.

70. Management indicated that Campcorp USA Inc. worked with the university to design all of the dorms and the kitchen for the student residence under the MOU. Management further indicated that, although Campcorp USA Inc. is a separate legal entity, and not an Applicant in the CCAA proceedings, Management is frequently in communication with management from Campcorp USA Inc., and it is often the case that the entities work together to complete various contracts.

71. In this instance, Management advised that through discussions with management of

Campcorp USA Inc., it was determined that some of the exact kitchen equipment required for the project was on-hand in Canada at Campcorp. Management believes that Campcorp USA Inc. advised the university about the existence of this equipment, and the related potential cost savings, and as a result of those discussions, the university agreed to buy the equipment directly from Campcorp. As such, an invoice was created to sell the equipment to the university by Campcorp.

72. Management advises that the above transaction has not been reduced to writing, in part because the overall contract with the university has not been finalized.

73. It is the Monitor's view that the account receivable in the amount of $397,058.40 is not legally collectible at this time and should be removed from Campcorp's receivables. With this said, Management is confident that this kitchen equipment will ultimately be sold in conjunction with the project, but it remains a question of time at this stage.

<u>Impact of the CCAA proceedings on Accounts Receivable from July 15, 2017 to September 2, 2017</u>

74. Attached to this report as **Schedule "F"** is an analysis prepared by the Monitor outlining the change in the Group's accounts receivable from July 15, 2017 to September 2, 2017 based on information and an aged accounts receivable listing provided to the Monitor. Included in **Schedule "F"**, based on the above discussion in relation to the Construction Receivable, Affiliated Receivable and the University Receivable, the Monitor has adjusted the accounts receivable balance previously reported to the Court as at July 15, 2017. It is the Monitor's view that in order to assess the status of the accounts receivable currently, the adjusted opening position should be stated and used as a basis for comparison. For the Court's information, the adjustments noted for the July 15, 2017 would apply right back to the beginning of these CCAA proceedings as these items existed prior to the filing of the NOI and the application for the Initial Order. As such, one could review the Monitor's First report and apply these same figures to other balances previously reported as the impact on receivables would be the same.

75. As per **Schedule "F"**, the analysis suggests that:

a) The adjusted third party, collectible accounts receivable have increased by $787,280 and total $5,678,340.55; and,

b) Related Party/Intercompany accounts receivable as determined based on a review of the Group's accounts receivables listing with the Group's management total $1,936,788, and are in addition to the third party receivables noted above.

Status of Grand Rapids and HLCNG Receivables

76. The Monitor understands that the Group and its corporate legal counsel have met with the customer in relation to these receivables to discuss resolving the matter. The Monitor further understands that these discussions are in contemplation of litigation, and as such are being conducted on a without prejudice basis. The Monitor has not been advised of any further details outside of what has just been noted above; however, the Monitor has been advised that the parties remain interested in resolving the matter and that discussions are ongoing.

Status of Accounts Receivable owed to Campcorp by Canadian Natural Resources Ltd.

77. One final matter to disclose in relation to the accounts receivable balances reported by the Group relates to two large receivables from Canadian Natural Resources Ltd. ("CNRL") in the books of Campcorp totalling $2,128,977.98. For the purposes of the accounts receivable analysis to date, the Monitor has not removed this amount from the balances reported by the Group as Management believes this entire amount is due and owing by CNRL. The pursuit of the collection of the amounts owed by CNRL remains an ongoing matter that is being dealt with by the Group and is corporate legal counsel.

Status of Sale Proceedings of the Group's Yard and Farm

78. The Monitor understands that the Group has continued to list its Yard for sale as at the date of this report. The Monitor further understands that although one offer on the Yard that was being entertained by the Group has fallen through, it has received and is currently entertaining a new offer from a different party.

79. In the Monitor's First Report, the Monitor did not realize that a property commonly referred to by the Group as the "Farm" was an asset of the Applicants, but rather believed, in error, that the Farm was a personal asset of Shayne and/or Paul McCracken. Given this misunderstanding, the Farm was not mentioned in the Monitor's First Report as real property that was being offered for sale by the Group. The Monitor understands that the Farm is currently listed for sale; however, there are currently no offers pending at this time.

80. For the Court's ease of reference, similar to the Monitor's First Report, the Monitor provides a quick summary of some of the details with respect to the Yard and the Farm in the chart below:

54312 Range Road 255, Sturgeon County, Alberta (The "Farm")	The South East Quarter of Section Nineteen (19) Township Fifty Four (54) Range Twenty Five (25) West of the Fourth Meridian Containing 65.2 Hectares (161 Acres) more or less Excepting Thereout: All that portion of the said Quarter Section lying North of a Line Drawn Westerly and at Right Angles to the East Boundary of the said Quarter Section, Through a point thereon Six Hundred and Sixty (660) Feet Southerly from the North East Corner thereof, Containing 16.2 Hectares (40 Acres) more or less Excepting Thereout All Mines and Minerals	816956 Alberta Ltd.	152 205 493 (10/7/15) - Mortgage with First Island Financial Services Ltd. and Zenex Capital Corporation ($4,400,000.00) 162 322 778 (16/11/16) - Mortgage with Northland Mortgage & Investment Corporation ($750,000.00) 172 101 431 (27/4/17) - Mortgage with Canadian Western Bank ($2,200,000.00)
11210 Winterburn Road NW Edmonton, AB T5S 2B5 (Edmonton Yard)	Plan 862 2655 Block E Excepting Thereout All Mines and Minerals Area: 5.66 Hectares (13.99 Acres) more or less	1371047 Alberta Ltd.	112 394 192 (7/12/11) - Mortgage with 506221 Alberta Ltd. ($5,600,000.00) 162 322 778 (16/11/16) - Mortgage with Northland Mortgage & Investment Corporation ($750,000.00) 172 101 430 (27/4/17) - Mortgage with Canadian Western Bank ($4,000,000.00)

81. If a sale of one or both of these properties will be pursued, the Court's approval in this regard will be sought at a separate application in the future.

Interim Financing Matters

82. As noted previously in this report, the Group has fully drawn the entire amount of the DIP as approved by the Court in the amount of $2.5 million. The Monitor has discussed

the need for additional funding with the Group and the CRO, and the Group and the CRO believe that no further DIP funding is required at this time. With this said, also as discussed previously, the Group and the CRO have also adjusted the Extended Projections to reflect no repayments of the DIP within the timeframe of the Extended Projections.

THE MONITOR'S RECOMMENDATIONS IN RELATION TO THE EXTENSION OF THE STAY, AND THE SALE OF THE GROUP'S HEAD OFFICE AS REQUESTED BY THE APPLICANTS

83. The Applicants are seeking an extension of the stay up to and including January 31, 2018. The Monitor believes that the Applicant will require at least this amount of time to adhere to the actions noted in the CRO's report, and finalize a Plan. Based on the Monitor's actions and knowledge to date, there is no indication that any creditor will be materially prejudiced by this further extension.

84. In addition to the above, as discussed earlier in this report, it is the Monitor's view that the Group continues to act in good faith and with due diligence with respect to these CCAA proceedings.

85. Given the above, the Monitor is of the view that the stay extension to January 31, 2018 requested by the Applicants is reasonable in the circumstances to allow it additional time to develop a viable Plan.

86. In addition, the Monitor recommends that the Court authorize the Group to carry out the ISSP substantially in accordance with the outline and indicative timeline as is described in the CRO's report, with the assistance of Peters, once engaged subject to the Monitor confirming the process to be undertaken is substantially in accordance with the outline and indicative timeline.

87. Finally, in the Monitor's view, the sale of the Group's Head Office is a reasonable and appropriate decision in these proceedings and should be approved by this Honourable Court.

Dated at Edmonton, this 18th day of September, 2017

Ernst & Young Inc.
In its capacity as Monitor of
Canada North Group Inc.;
Canada North Camps Inc.;
CampCorp Structures Ltd.;
D.J. Catering Ltd.;
816956 Alberta Ltd.;
1371047 Alberta Ltd.; and
1919209 Alberta Ltd.
and not in its personal or corporate capacity

Per:

Matt McCulloch, CPA, CA, CIRP, Licensed Insolvency Trustee
Senior Vice-President

SCHEDULE F

SCHEDULE F

Canada North Group Inc. et al - CCAA

Analysis of Change in Accounts Receivable

(July 15, 2017 to September 2, 2017)

A/R ANALYSIS AS AT JULY 15, 2017	Canada North Camps Inc	D.J. Catering Ltd.	Campcorp Structures	Totals	
Opening A/R Balance at July 15, 2017	12,128,207	821,428	3,426,659	16,376,294	
Adjustments as per Monitor's First Report:					
Less: Items to be Removed from A/R:					
Room Guarantees	1,765,034	-	-	1,765,034	
Grande Rapids Pipeline LP/HLCNG LP	7,440,462	-	-	7,440,462	
Doubtful Account	409,798	-	-	409,798	
Less: Related Party Receivables	1,291,787	-	65,968	1,357,755	
Balance as per Monitor's First Report	1,221,125	821,428	3,360,691	5,403,245	
Additional Revisions:					
Add back: Receivable Incorrectly Identified as Related Party	17,933			17,933	Note 1
Less: Receivable Incorrectly Not Identified as Related Party			233	233	Note 2
Revised Balance Prior to Adjustments Noted in Monitor's Second Report as at July 15, 2017	1,239,058	821,428	3,360,458	5,420,944	
Less: Pre-billed, not legally binding receivables:					
Construction Receivable Adjustment		132,825		132,825	Note 3
University Receivable			397,058	397,058	Note 4
Adjusted Collectible A/R at July 15, 2017	1,239,058	688,603	2,963,400	4,891,061	Note 5
A/R ANALYSIS AS AT SEPTEMBER 2, 2017					
Opening A/R Balance at September 2, 2017	3,982,584	559,122	3,470,481	8,012,187	
Less: Room Guarantees Not Removed from A/R	-	-	-	-	
Less: Pre-billed, not legally binding receivables:					
University Receivable			397,058	397,058	Note 4
Less: Related Party Receivables	1,826,764	-	110,023	1,936,788	
Adjusted Collectible A/R at September 2, 2017	2,155,820	559,122	2,963,399	5,678,341	Note 5
Net Increase/(Decrease) in A/R	916,762	(129,482)	(1)	787,280	

Note 1 During the preparation of Monitor's First Report, this balance was identified by Management as a related party balance when it actually was not a related party balance. The balance was excluded from the final collectible balance in the report. To correct this in the current report, the amount was added back to adjust the opening accounts receivable balance as at July 15, 2017.

Note 2 During the preparation of Monitor's First Report, this balance was not identified by Management as a related party balance when it actually was a related party balance. The balance was included in the final collectible balance in the report. To correct this in the current report, the amount was excluded to adjust the opening accounts receivable balance as at July 15, 2017.

Note 3 Based on the Monitor's discussion with the Group as discussed in the Monitor's Second Report, the opening balance of accounts receivable has been adjusted for this amount. The Group overbilled a customer by this amount. Since July 15, 2017, the entire original receivable balance was reversed and a new invoice was reissued for the correct amount.

Note 4 Based on Monitor's discussion with the Group, the opening balance, as well as the closing balance of accounts receivable have been adjusted for this amount. The Group has billed the customer for some equipment which has not been delivered yet, nor has the transaction been confirmed in writing between the parties.

Note 5 As noted in the Monitor's Second Report, the adjusted collectible accounts receivable balances include two receivables from CNRL totalling $2,128,977.98 in the books of Campcorp. Management believes this amount is due and owing, and the pursuit of the collection of this balance is an ongoing matter being dealt with by the Group and its corporate legal counsel.

COURT FILE NUMBER	1703 12327	Clerk's Stamp JUDICIAL DISTRICT OF EDMONTON FILED SEP 18 2017 Clerk of the Court
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED	
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD.,1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.	
DOCUMENT	**FIRST REPORT OF THE CHIEF RESTRUCTURING OFFICER, SEPTEMBER 18, 2017**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	R.e.l. group inc. Attn: Jonathan Solursh Jeff Gollob c/o Canada North Group 14238-134 Avenue Edmonton, AB T5L 5V8 Telephone 780.488.3391 Email: jsolursh@relgrp.com jgollob@relgrp.com	

Introduction

Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd.,1371047 Alberta Ltd. and 1919209 Alberta Ltd. (collectively referred as the "**Applicants**" or the "**Company**") are the debtor companies in proceedings initiated before this Honourable Court pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**"). An Initial Order was granted by this Court on July 5, 2017 (as subsequently amended and extended, the "**Initial Order**"). In accordance with the terms of the Initial Order, R.e.l. group inc. was engaged as the Chief Restructuring Officer ("**CRO**") of the Applicants, with the duties and responsibilities as set out in paragraph 38 of the Initial Order. Pursuant to paragraph 52 of the Initial Order, the CRO is authorized to report to this Honourable Court from time to time.

The activities of the CRO in the period from the date of the Initial Order through July 24, 2017 were summarized in the First Report of Ernst & Young Inc. as Monitor (the "**Monitor**"). This report summarizes the activities of the CRO since the date of the First Report, provides an overview of the Applicants' business and an outline of the Applicants' intended direction and process to be followed leading to the development and implementation of a comprehensive restructuring through a CCAA Plan of Arrangement.

Activities of the CRO

The activities highlighted below cover the seven week period from the date of the Monitor's First Report through the week ending September 15, 2017:

- Continued working with the Applicants to improve certain accounting functions including:

  a. System changes to negate the need for "dating" of accounts receivable, as previously discussed in the Monitor's First Report to the Court at par. 45 & 46;
  b. Eliminating the use of the financial reporting system to track customer "room guarantees", also discussed in the Monitor's First Report at par. 40-44;
  c. Implemented an accounts receivable roll forward to validate the changes to the system;
  d. Development of new cash disbursement control processes, with disbursements now approved and paid once per week;

e. Working with the Company's IT department to develop an automated work in process and short term revenue forecasting tool to improve visibility in sales and cash receipts;
f. Initiated the development of tools for ongoing analysis of sales budget to actual data;
g. Implemented treasury management tools including the co-ordination and management of the treasury function with the 13-week cash flow;
h. Introduction of various account classification changes for internal income and balance sheet reporting; and
i. Assisting with the reorganization of the accounting department to update roles and responsibilities.

- Assisted the Company in the recruitment and hiring of an additional experienced Chartered Accountant; for the first few months, he will assist the CRO team and help reduce professional fees. Thereafter, as he gains comfort with the Company's financial systems, the plan is to have him take over the role of running the accounting department including its treasury function;

- Performed financial analysis to support the restructuring of the Applicants' businesses, including:

    a. Developing normalized 5 year EBITDA statements segmented by line of business with analysis to assess viability by line of business;
    b. Review of the various secured claims to be dealt with in the CCAA process;
    c. Review of realty and other fixed assets and related liabilities;
    d. Analysis of various going concern restructuring scenarios; and
    e. Analysis of comparable public market data to gain insight into potential valuations in a going concern sale or investment scenario.

- Worked with the Company's management team and the shareholders to develop potential options to support a comprehensive restructuring designed to maximize value to all stakeholders and inform the future development of a CCAA Plan of Arrangement;

- Engaged in discussions with select third parties who had been identified as having an interest in investing or partnering with the Company as part of an overall restructuring;

- Developed information to be used in support of a comprehensive investment and sale solicitation process ("**ISSP**"), including:

   a. Inventorying and refreshing information in the Company's data room (hosted and maintained by Dentons, the Company's corporate counsel);
   b. Preliminary development of various financial analyses to be used in support of a solicitation process; and
   c. Preparation of an outline and suggested timeframe for implementation of the ISSP and development of a CCAA Plan of Arrangement.

- Supporting the Company in its weekly reporting to the Monitor and DIP Lender;

- Solicited proposals, developed the required information and engaged an experienced and qualified asset appraiser (Ron Victor of Mirterra Corp.) to provide an updated valuation of the Company's fixed assets. This comprehensive appraisal, along with the real estate appraisals referenced below, will be used by the Company in support of the ISSP and development of a CCAA Plan of Arrangement;

- Solicited proposals and engaged a qualified realty appraiser (CBRE Limited) to appraise various real property owned by the Company;

- Assisting the Company and providing the necessary support to manage ongoing suppliers in the CCAA process and communications with various stakeholders;

- Canvassing the market, reviewing proposals and assisting the Company in selecting a corporate finance firm to assist the CRO in implementing the ISSP. The CRO solicited proposals from seven Alberta based corporate finance firms with experience in the oil and gas field support service sector. Five proposals were received from reputable firms (two of the seven firms were conflicted and unable to submit proposals). The Applicants reviewed these proposals and selected Peters & Co., a Calgary based firm with significant expertise and established credentials, who submitted a competitive proposal which was determined to meet the needs and proposed timeline for the ISSP. The CRO is working with the Applicants and Peters & Co. to settle the terms of an engagement letter.

Overview of Current Business and Short Term Direction

Having reviewed the historical results of the Company and having had preliminary discussions with various market players, it is the considered view of the CRO that the proposed ISSP, managed by the CRO with support from Peters & Co. and oversight by the Monitor, will be the best process to optimize results and maximize returns for all stakeholders. It has been widely reported that the oil field service market has been destabilized by the material decline in the price of oil. The camp business is not immune to this; however, based on the Company's financial reporting and its work to date, the CRO remains of the view that the Applicants' camp business is viable. Moreover, the results suggest that it has future growth potential and can be profitable if the balance sheet restructuring which the Company seeks to implement through these proceedings is achieved. As with all businesses, there is and will continue to be commercial risk, especially in a recovering market; however, the current debt levels on the balance sheet can't be supported.

The Company's modular construction business has many interesting opportunities but its performance over the past two years has depleted Company resources at a time when camp revenue has been depressed. If one or two of the opportunities it is currently pursuing come to fruition in the near term, the modular construction business should have value. This line of business is largely based in the United States and is not being funded by the Applicants. Accordingly, its short-term viability does not have a direct impact on the Applicants' cash flow. If the pending opportunities come to fruition, it would add value and have a positive impact on the Applicants' restructuring efforts due to additional business opportunities through this U.S. based subsidiary.

ISSP and Steps Leading to the Development of a CCAA Plan of Arrangement

Set out below is an overview of the Applicants' intended direction and the proposed ISSP as well as a summary of the critical steps in that process. In summary, the Company proposes the following, subject to Court approval:

1. Listing real estate for sale: the sale of the Applicants' real estate assets will enable the Company to satisfy its direct first mortgage creditors, generate an estimated surplus for the benefit of those creditors holding collateral mortgage security and support a CCAA Plan of Arrangement. The Company will engage a realty firm to dispose of most, if not all, of its real estate that is surplus to the operations of the core business. This would be undertaken in a controlled and orderly manner over a period of time to maximize value;

2. Continuing to work with a previously identified, bona fide potential equity investor on structuring a transaction for the investment of new equity in the Company and new financing through a debt instrument. Discussions with this potential investor are ongoing. In addition, the Company will continue discussions with an independent potential sub-debt investor who has shown interest in supporting this type of transaction. In both cases, these discussions will continue in parallel with the ISSP as outlined below;

3. While continuing to work on step 2, initiate the formal ISSP to ensure a broad market canvass and identification of all potential options which may be available to the stakeholders in the event a transaction with the investor noted above does not come to fruition. The ISSP would be run concurrently and on an accelerated basis and will include:
    a. an open-ended call for investors or purchasers for its two operating divisions (the camp and construction businesses), designed to maximize the enterprise value for all stakeholders;
    b. market acceptable terms which will also allow for a degree of flexibility and stipulate that:
        i. the highest or any proposal need not be accepted;
        ii. the Company reserves the right to accept a viable proposal at any time and amend the terms of the process; and
        iii. any accepted proposal will be conditional on Court approval and is expected to be tied into the consummation of a CCAA Plan of Arrangement.

4. The Company, with the CRO's assistance will,
    a. complete the update and population of the data room;

b. work with Peters & Co. to support the development of teaser and pitch materials; and
c. work with the Peters & Co. to develop a list of parties who they will be approaching, supplemented by a list of twelve prospects previously identified by the Company and the CRO.

5. The CRO will take the lead on structuring and negotiating the final transaction with support from the solicitation firm and the Company's professional advisors.

6. Attached as Exhibit 'A' is a draft indicative timeline outlining the major steps and proposed milestones for the ISSP as well as other ongoing work which will be used for that purpose as well as in the development of a draft CCAA Plan of Arrangement.

Other Matters

7. Working in tandem with the ISSP process, the Company will continue to:
   a. work on maximizing value and accelerating collection of disputed accounts receivable;
   b. identify surplus assets to be sold; and
   c. develop the terms of a CCAA Plan of Arrangement intended to address both secured and unsecured creditors.

Dated this 18th day of September, 2017.

R.e.l. group inc., in its capacity as
Chief Restructuring Officer

Jonathan Solursh
Managing Principal

Jeff Gollob
Principal

TAB A

Exhibit A

Canada North Group
Indicative Timeline
September 2017

Project	Description	Target Completion Date	Status	Process Time	Comments
Solicitation Process					
	Engage Solicitation Firm	2017-09-15			
	Pitch Materials & Preliminary List of Prospects	2017-10-06		2 weeks	
	Company Approval	2017-10-17			
	Go to Market	2017-10-18			
	Receive Offers	2017-12-06		7 weeks	
	Analyze and Clarify Offers (Finish by date)	2017-12-13		1 week	
	Choose Partner and Negotiate Definitive Agreement	2018-01-17		5 weeks	
Appraisals - Assets					
	Select/Engage Appraiser	2017-08-23			
	Draft Report(s)	2017-09-25			
	Final Report(s)	2017-10-02			
Appraisals - Realty					
	Select/Engage Appraiser (All except Morningstar)	2017-08-24			
	Draft Report(s)	2017-09-25			
	Final Report(s)	2017-10-02			
	Engage Appraiser (Morningstar)	2017-09-01			
	Draft Report(s)	2017-10-10			
	Final Report(s)	2017-10-17			
Data Room					
	Substantial Completion of Documents	2017-10-03			
SER					
	Substantial Completion	2017-10-23			
	Completion	2017-10-30			
CCAA Claims Process		[2017-11-29]			
CCAA Plan		[2018-01-17]			Corresponds to "Definitive Agreement" date in Solicitation Process section above
Court Approval and Creditors Meeting		[2018-02-23]		4-6 weeks	
Sanction Order		[2018-03-02]		1 week	
Closing of Transaction		[2018-03-09]		1 week	

TAB 16

Clerk's Stamp

FILED JUL 24 2017

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., AND 1371047 ALBERTA LTD.
DOCUMENT	MONITOR'S FIRST REPORT July 24, 2017
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com <u>COUNSEL</u> Duncan Craig LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attention: Darren R. Bleganek, QC Phone: 780-441-4386 Fax: 780-428-9683 Email: dbleganek@dcllp.com

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EXHIBITS

INTRODUCTION AND PURPOSE OF THE REPORT

1. On July 5, 2017, Canada North Group Inc. ("**CNG**"), Canada North Camps Inc. ("**CNC**"), Campcorp Structures Ltd. ("**Campcorp**"), D.J. Catering Ltd. ("**DJ**"), 816956 Alberta Ltd. ("**816**"), And 1371047 Alberta Ltd. ("**137**") (hereinafter collectively referred as the "**Applicants**" or the "**Companies**" or the "**Group**") made an application before this Honourable Court requesting certain relief under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "**CCAA**") and obtained, inter alia, an initial order (the "**Initial Order**"), a stay of proceedings ("**Stay**") against the Applicants for a period of 30 days up to and including August 3, 2017, and the appointment of Ernst & Young Inc. ("**EYI**" or the "**Monitor**") as monitor of the Applicants. In addition to the appointment of the Monitor, the Initial Order also included the appointment of R.e.l. group inc. as Chief Restructuring Officer ("**CRO**").

2. Prior to the application noted above, on June 26th, 2017, each of CNG, CNC, Campcorp, and DJ filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 ("**BIA**") and EYI consented to act as Trustee in each instance. These NOI proceedings commenced by CNG, CNC, Campcorp and DJ under the BIA were taken up and continued under the CCAA.

3. The purpose of this report (the "**Monitor's First Report**") is to provide this Honourable Court and the Applicants' creditors and other interested parties with information and a recommendation in connection with the Group's application for an extension of the Stay imposed under the Initial Order up to and including November 3, 2017. Specifically, this report will address the following:

    a) The Monitor's activities since the date of the Initial Order;
    b) The CRO's activities since the date of the Initial Order;
    c) The conduct of the Applicants since the date of the Initial Order;
    d) Changes and developments pertaining to the Companies' weekly cash flow projection previously provided in support of the Initial Order;
    e) The status of Applicants' restructuring efforts and the related Plan of Compromise or Arrangement (the "**Plan**");
    f) The potential addition of 1919209 Alberta Ltd. ("**1919**") as an applicant to the CCAA proceedings
    g) Other matters relevant to these CCAA proceedings or the Applicants' application for an extension of the Stay at this time; and,

h) The Monitor's recommendations in relation to the extension of the Stay, and the addition of 1919 to these CCAA proceedings as requested by the Applicants.

DISCLAIMER

4. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with the Applicant's management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation. Future oriented financial information reported or relied on in order to prepare this report is based on management's assumptions regarding future events; actual results will vary from forecast, and such variations may be material.

5. This report should be read in conjunction with the Affidavit of Shayne McCracken which has been filed by the Applicants' Counsel in support of this application.

6. All references to dollars are in Canadian currency unless otherwise noted.

MONITOR'S ACTIVITIES SINCE THE DATE OF THE INITIAL ORDER

7. Since the date of the Initial Order, the Monitor's activities have included the following:

   a) arranging for notice of the CCAA proceedings to be published in both the Edmonton Journal and the National Post as directed by the Court. This notice ran on July 12, 2016 in both publications as this was the earliest date that could be obtained given the timing of the Initial Order and publication cut-off deadlines stipulated by both newspapers;

   b) sending the required notice of the CCAA proceedings to the Group's creditors within 5 days of the Initial Order;

   c) establishing a website at *http://documentcentre.eycan.com/Default.aspx* under the "Canada North Group et al" link where all of the materials filed with the Court and all Orders made by the Court in connection with these CCAA proceedings are available/ being made available in electronic form;

   d) implementing procedures and timelines with the Group and the CRO for the monitoring of the Group's cash flows and for ongoing reporting of variances between actual results and the Group's cash flow projections;

e) reviewing and testing information in relation to the Group's actual cash flows and related disbursements, and further review of the Group's accounts receivable and the potential impact of these proceedings on the on-going accounts receivable balance;

f) extensively meeting with (by telephone or in person) management of the Group, the CRO, the Group's counsel and counsel to the Monitor to discuss ongoing operations, issues arising with creditors and customers, and the CCAA proceedings in general;

g) corresponding with numerous creditors and other stakeholders regarding the state of affairs and the CCAA proceedings in general;

h) discussing various ideas and potential options with the CRO and the Group with respect to a preliminary direction with respect to the draft of the Plan to be offered to the creditors in these CCAA proceedings; and

i) preparing this First Report.

CRO'S ACTIVITIES SINCE THE DATE OF THE INITIAL ORDER

8. The CRO was engaged by the Group on July 6, 2017, and representatives of the CRO commenced work immediately thereafter. Commencing July 10, 2017, the CRO has been on site at the Group's premises for a significant amount of time since being engaged. The CRO has advised the Monitor that its actions to date have included the following:

a) initiated daily management meetings with senior management of the Group to provide a forum to coordinate restructuring efforts and help to ensure timely communication among the management team and the CRO;

b) commenced the process of reviewing and understanding the Group's structure, assets and liabilities including the various secured lenders and major equipment lessors;

c) assisting management with day to day challenges arising as a result of the CCAA filing;

d) initiating a new cash management procedure to ensure efficient control of cash and cash reporting that takes into account the requirements of the Monitor and the DIP lender;

e) undertaken a detailed review and update of the 13-week cash flow projections previously filed with the Court;

f) engaged in introductory meetings or calls with various parties who have expressed an interest in participating in a restructuring through refinancing, purchasing assets or investing in the Group;

g) Initiated a review of the Company's financial reporting to understand the debt level that could be supported by operations post-restructuring;

h) commenced a review of the various turnaround and profit enhancement programs management had implemented prior to the CCAA;

i) engaged in discussions and meetings with the Monitor to co-ordinate its involvement and oversight, as required under the Initial Order. In addition, the CRO and Monitor have agreed on a plan to avoid duplication of efforts and use Edmonton-based resources wherever feasible, in order to assist the CRO in an effort to reduce professional costs;

j) Initiated the development of a detailed analysis of the Group's material assets and related liabilities for all individual entities within the Group that would help to inform a comprehensive balance sheet restructuring plan;

k) commenced a review of several potential real estate sales that were initiated by the Group prior to the date of the CCAA Order in an effort to determine if completing such transactions are beneficial to the future viability of the Group and in line with the CCAA process and objectives; and,

l) worked with management and the Interim Lender on implementation of the credit facility approved under the Initial Order as well as the working capital support for the recent upturn in work/revenue as a result of the B.C. wildfires.

CONDUCT OF THE APPLICANT SINCE THE DATE OF THE INITIAL ORDER

9. The CRO has been working extensively with the Group since being engaged in these CCAA proceedings and has advised the Monitor that the Group's management and staff have been making significant efforts in all respects and are cooperating fully with the efforts of the CRO.

10. In addition to the above, the Monitor has also worked quite extensively with management of the Group, and as a result, is of the opinion that the Applicants have acted in good faith and with due diligence in connection with its continued operations and the CCAA proceedings since the date of the Initial Order. Nothing has come to the attention of the Monitor to suggest that the Applicants are not diligently working towards filing a Plan to restructure its affairs within these proceedings.

11. The Monitor has been advised that the CRO and the Applicants continue to pursue preliminary discussions with numerous different parties for sources of new financing, new equity and/or capital injections, and has advised the Monitor that several parties are keen to move forward with their various discussions in this regard.

12. The Group has advised that all employee wages and related source deductions have been paid as required, and in addition, all required payments and filings on account of GST have also been made as required.

13. The Monitor has been monitoring the cash receipts and disbursements made by the Group, and based on its review, is not aware of any material transactions that would be considered outside the normal operations of the business.

CHANGES AND DEVELOPMENTS PERTAINING TO THE GROUP'S WEEKLY CASH FLOW PROJECTIONS

Actual Results Versus Projections

14. Attached as Schedule "A" to this report is an analysis prepared by the Group with the assistance of the CRO comparing the projected weekly cash flows (from the "Revised Projections" filed by the Monitor with its Proposed Monitor's Report) to actuals for the weeks ended July 8, 2017 and July 15, 2017.

15. As outlined in Schedule "A", in aggregate, the Group's actual ending cash balance for the period noted above is higher than projected by $403,331. The Group's management

sites several reasons for these variances, the more significant of which are outlined in the paragraphs which follow.

Cash Collections

16. In aggregate, total cash collections were higher than projected by $349,443. The largest reason for this variance relates to "Collections - catering A/R", in that this line item is higher by $290,077 on account of a number of factors including:

a) as noted in the Proposed Monitor's Report, the Group's management indicated that it took a conservative approach with respect to projected cash collections outlined in the Revised Projections. Several accounts receivable were received earlier than anticipated (one such example includes the receipt of approximately $79,000 from the B.C. Wildfire work earlier than expected, in addition to a number of other smaller amounts); and,

b) the receipt of approximately $157,000 on account of the Big Stone Tansi receivable which was not included as a cash collection in the Revised Projections.

17. Other cash collection variances related again to receipts which were received earlier than projected from construction (Campcorp) receivables of $17,615 and the recovery of an insurance over payment in the amount of $33,526 that was in the process of being recovered at the time the Revised Projections were being prepared, but the recovery of and timing of this recovery were uncertain.

Cash Disbursements

18. In aggregate, cash disbursements from operations (without considering the additional fire camp costs and revenue, discussed next) for the period were lower than projected by $160,851. There are a few significant reasons for this variance, which include the following:

a) Source Deductions for the Group were not yet paid as at July 15, 2017, and as per the projection totalled $74,083. In the end, this is simply a timing difference. The Monitor discussed this matter with the Group on July 19, 2017, and advises that there was a misunderstanding which arose as a result of the interpretation of the wording in the Initial Order with respect to the payment of the source deductions by the Group for pre-filing amounts. After a discussion with the Monitor in this regard, the amounts owing were paid as required on July 19, 2017 (which falls outside the period of review and will be an increase in cash outflows for the week ended July 22, 2017)

b) Actual costs in relation to the Group's construction projects were $57,427 lower than projected. At the time the Revised Projections were prepared, the Group's management was not able to consult with its construction team to confirm it had captured the allocation of the costs in relation to its on-going projects in accordance with the construction schedules of the projects. As such, a timing difference in this regard has occurred.

c) The Group has not been required to deposit $50,000 with its credit card provider to continue to use its cards post-filing. The Group believes this is simply a timing difference as the amount is reflected in the New Projections (the New Projections will be defined and discussed later in this report). The Monitor understands that the credit cards are paid as charges are incurred and, as such, the credit card issuer was not listed by the Group as a creditor as at the date of the NOI or CCAA proceedings as no amounts were due and owing. As a result, the credit card provider was not directly notified by the Monitor of the CCAA proceedings.

d) A number of utility and property tax expenses were significantly lower than projected, which appears to be a timing issue.

e) Only $38,257 of the "Contingency" amount was used resulting in a cash savings of $30,186 as compared to the Revised Projections.

f) The above cash savings variances were partially offset by a few expenses that were not known at the time of the Revised Projections. These expenses include a payment to WCB in the amount of $25,000 and professional fees paid primarily on account of the CRO as per the CRO's Court-approved engagement letter with the Group.

Interim Financing ("DIP")

19. As at July 15, 2017, the actual amount of DIP financing requested and received by the Group from the Interim Lender was in the amount of $450,000.00 and in line with the Revised Projections.

Other Comments

20. Since the filing of the NOI proceedings, the Group has been called upon under a contract with the Province of British Columbia ("BC") to house the firefighters currently working to fight the wildfires in BC. This will have a significant positive impact on future cash inflows and receivables; however, in the short term a significant cash outflow will be required for labour and supplies to fund the working capital related to this contract. For the two week period ended July 15, 2017, the Group incurred $150,123 of expenditures in relation to the BC fire camps that were not anticipated at the time the Revised Projections were prepared. At present, this presents a significant unexpected cash outflow to the Group, but significant cash inflows should result in the near future as a result. The Group expects to receive funds from the BC Government within 30 days of each invoice.

21. As noted in the Proposed Monitor's Report, given that projections are based on future related assumptions, the results will vary from projected and the variations could be material. The Monitor believes that the Group is mindful of the implications of the cash flow results and is working diligently to maintain and build its business. Further, the Monitor believes that the primary reasons for the variances noted above are reasonable in the circumstances.

Expected Changes in Future Week's Projections

22. Attached to this report as Schedule "B" is a set of cash flow projections (the "New Projections") as prepared by the Group with the assistance of the CRO. As will be evident from a review of Schedule "B" only a condensed version of the New Projection is being filed with the Court on account of the Group's and the CRO's concerns with respect to the possibility of sensitive operational details being shared with the Group's competitors or otherwise. The Group has advised the Monitor that it is comfortable releasing more detailed versions of the New Projections to legitimate stakeholders for legitimate purposes in relation to these CCAA proceedings, provided some form of confidentiality undertaking is agreed to between the Group and the requesting party.

23. In discussions with the Group and the CRO, the Monitor has been advised that a number of significant changes/developments have occurred since the commencement of these CCAA proceedings that, in the view of the Group and the CRO, necessitated the creation of the New Projections. Examples of these changes/developments include the following:

a) the addition of the BC Fire Camp revenues and expenses that were not known to the Group or the Monitor at the time of the Revised Projections;

b) an anticipated increase in the amount of professional fees associated with the CCAA proceedings based on work required to date, and anticipated future work required;

c) an anticipated need for an increase to the amount of interim financing permitted in the Initial Order primarily required to fund increased working capital requirements associated with the BC Fire Camps; and,

d) to illustrate to the Court and other stakeholders the anticipated cash position of the Group further into the future, in conjunction with the Group's request for an extension of the Stay.

24. The New Projections were first presented and reviewed with the Monitor on the afternoon of July 19, 2017, and given the timing of this report the Monitor has not been able to thoroughly review or test the New Projections with the Group or the CRO; however, the Monitor can advise that from its preliminary review and work on the New Projections, it is of the initial view that the Group, with the assistance of the CRO, has made a reasonable effort to prepare the New Projections accurately. Similar to the Revised Projections filed with the Proposed Monitor's Report, the Group's management has indicated that the New Projections are likely conservative.

25. Provided the Group achieves figures in the New Projections, the following notable points are presented for consideration by the Court and the Group's stakeholders by the Monitor at this time:

a) Total cash collections will be $6,792,634 over the New Projection Period. If the actual collections for the weeks ended July 8 and July 15th are added to this figure, the total actual and projected cash collections will be $7,349,810 from the commencement of the CCAA proceedings. This is an increase of $3,192,157 over the Revised Projections wherein the Group projected to collect a total of $4,157,653. This significant variance is the result of a number of factors, but primarily relates to the increase in revenues on account of the BC fire camp work, and the additional month of collections not included previously in the Revised Projections;

b) Total cash expenditures are projected to be $6,174,581 over the New Projection period. Similar to the above this significant increase is the result of a number of factors, but primarily relates to the increase in costs associated with the BC fire camp work, increased professional fees, and the additional month of payments required to maintain operations;

c) In order for the Group to operate in accordance with the New Projections, an increase in the interim financing permitted under the Initial Order will be required. As per Schedule B, the amount of interim financing required could be as high as $2.45 million in the week ended August 19, 2017, before seeing that same amount be reduced in subsequent weeks from projected repayments by the Group. The end balance of outstanding interim financing in the New Projections is $1.1 million lower than the amount reflected in the Revised Projections; however, the cash balance is also lower (discussed in the next two points that follow);

d) The negative cash position of CWB is slightly reduced in the New Projections in comparison to the Revised Projections from -$11,972,857 to -$11,930,565 or a difference of $42,292. The Monitor understands that this reduced amount reflects the most current position of CWB that was known to the Group and the CRO since the commencement of the CCAA proceedings;

e) The ending cash balance in the Group's other account changes from $934,109 in the Revised Projections to $312,546;

f) Professional fees are projected to be $956,686 in the New Projections which have increased on account of anticipated additional work required by all of the professionals involved in the CCAA proceedings as well as the additional month of time included in the New Projections; and,

g) Overall, the Group's ending position in the New Projection with respect only to the CWB indebtedness, cash in other bank accounts and the ending outstanding interim financing improves by $520,729 over the Revised Projections.

26. The Group was not able to provide the Monitor with a rolling schedule of aged accounts receivables or payables that they project would result in conjunction with the New Projection. As such, the Monitor cannot comment on the anticipated status or quantum of the Group's accounts receivables or payables as a result of the New Projections at this time. The Monitor advises that the Group has committed to adding this reporting to the

information the Monitor will receive on a weekly basis.

STATUS OF APPLICANTS' RESTRUCTURING EFFORTS AND THE RELATED PLAN

27. The Group's business and operations are very complex, and as at the date of this report it is simply too early in the process to provide any definitive view as to what a comprehensive restructuring plan might include. The CRO has indicated that further work is required to develop a more complete understanding of the operations and the various stakeholders as a precursor to the development of a comprehensive restructuring plan. However, based on the CRO's preliminary work to date and the co-operation of the management team, the CRO believes that there is certainly potential for a going concern plan that could provide significantly greater value to stakeholders as compared to a liquidation.

28. Notwithstanding the above comments, as noted earlier in this report the Monitor understands that the CRO has engaged in introductory meetings and/or calls with various parties who have expressed an interest in participating in the restructuring through refinancing, purchasing assets, investing in the Group, or a combination thereof. While very preliminary, these discussions do provide an initial indication of market interest in providing support for a restructuring plan;

29. In addition to the above, while more work is needed to gain comfort with the analysis and reporting, the CRO is of the initial view that several profit and gross margin improvements have been realized by the Group on account of changes to operations, staffing and other operational matters. The Monitor has not been able to review this information with the Group or the CRO as at the date of this report.

ADDITION OF 1919209 ALBERTA LTD. ("1919") AS AN APPLICANT TO THE CCAA PROCEEDINGS

30. The Monitor has recently been advised that the Applicants will be requesting of the Court that a related company, 1919 (owned 100% by Shayne McCracken), be added as an applicant in these proceedings.

31. The Monitor understands that 1919 has leased assets from Weslease Income Growth Fund L.P. ("**Weslease**"), which in turn, 1919 then leased to the Group and these assets are now used in the Group's operations. The Monitor has been advised that the total outstanding on the various lease agreements with Weslease is approximately $6 million.

32. The assets subject to the Weslease leases include:

a) 3 Jack and Jill Dorms;

b) 2 Power Distribution Centres; and,

c) 1 Waste Water Treatment Plant.

33. The Monitor further understands that a stay is required to prevent Weslease from acting on its rights with respect to the various leases and potentially disrupting the business of the Group.

34. The Monitor received the above noted information from the Group and its counsel, and has also reviewed the Second Affidavit of Shayne McCracken filed with the Court on July 20, 2017 and, based on this information and the Second Affidavit, the Monitor believes that the inclusion of 1919 as an Applicant is reasonable in the circumstances.

OTHER MATTERS RELEVANT TO THE CCAA PROCEEDINGS OR THE APPLICANTS' APPLICATION FOR AN EXTENSION OF THE STAY AT THIS TIME

The Treatment and Recording of Accounts Receivable

35. Over the course of these CCAA proceedings, the Monitor has reviewed or been advised of the Group's accounting practices with respect to its accounts receivable, and notes that some of the Group's historical practices in this regard, in the Monitor's opinion, are not typical.

36. There are four such areas worthy of note in this regard, and they are outlined below and will be discussed in further detail in the paragraphs that follow:

a) The inclusion of the Grand Rapids Pipeline Limited Partnership ("**Grand Rapids**") and the Heart Lake Canada North Group LP ("**HLCNG**") related receivables in CNC's aged accounts receivables totaling $7,489,273.01 (or $5,356,231 and $2,133,042.01 respectively);

b) The inclusion of customer "room guarantees" on camp reservations;

c) The inclusion of internally generated draft invoices at month end for the purpose of assisting management in matching revenues with expenses and/or to assist the Group with evaluating the performance of its various camps on a timely basis, all as part of an accrual for month-end closing; and,

d) The issuance of customer invoices which often changes the accounts receivable balances at any specific date.

Grand Rapids and HLCNG Receivables

37. The issue of the inclusion of the Grand Rapids and HLCNG accounts receivable in the Group's aged accounts receivable has been previously disclosed to the Court and various stakeholders, and was discussed at length at the initial application in these CCAA proceedings.

38. Management advises that there is a dispute as to the quantum of these accounts receivable and, for the purposes of this report, the Monitor notes that this remains an on-going issue that is being pursued.

39. For the purposes of the cash flow projections, and the Monitor's review and analysis of the collectible accounts receivable for the Group (discussed later in this report), these amounts have been removed in an effort to be as conservative as possible.

"Room Guarantees" on Camp Reservations

40. From a further review of the aged accounts receivable of the Group, the Group's management advised that a number of Room Guarantees were also included in the total accounts receivable balance reported by the Group.

41. The Group's management has explained to the Monitor that in several instances, a customer will request a large booking at a specific camp, or a new customer may call and request a booking, and in such instances, the Group may request a Room Guarantee payment from the customer. Such a request, in the opinion of the Monitor, is not unreasonable and is in line with other hospitality providers; however, in several instances, the payment of the Room Guarantee is not enforced and payment by the end customer is only made after actual services by the Group have been rendered. An example of this relates to well known, repeat customers of the Group, where a Room Guarantee is invoiced, but not enforced; however, if an unknown or infrequent customer requests a reservation in a high demand location, the Group's management advises that the Room Guarantee must be paid in order to hold the reservation.

42. In the view of the Monitor, the above practice differs from normal industry practice whereby a typical hospitality provider would require a credit card or some other form of deposit at the time of booking. However, the camp business differs in that most charges are invoiced to the employer and not paid by individual credit cards.

43. As a result of the NOI and CCAA proceedings, in several instances, the Group advised that its customers were reluctant to pay any room guarantee. After discussion with the Monitor, it was agreed that these Room Guarantee amounts be reversed out of Receivables. The Group has removed some of these deposits as at the date of this report, however others remain in accounts receivable at present, but are being adjusted out by the Monitor in its review of accounts receivable (discussed later in this report).

44. The Monitor calculates the total of the Room Guarantees in question (based on the information provided by the Group) to be $2,916,588.58. A further analysis of the accounts receivable will be discussed later in this report.

Inclusion of Draft Invoices in Accounts Receivable

45. In addition to the above two matters, the Monitor also understands that the Group includes a number of draft invoices ("Draft" or "Drafts") in its accounts receivable balance. The Monitor understands that the Group uses its invoicing system for the purpose of calculating month end accruals and that Drafts are created to reflect the accrual in an effort to match expenses with revenue. The end result is that the Drafts are posted to the Group's receivables at month end, but per the Group's Management, any such Drafts are reversed in due course after month-end when the weekly invoice is issued to the customer, and only the actual invoice tendered to the customer at a later date ultimately remains as a receivable until collected. Management has advised that there are no such Drafts included in the accounts receivable balances currently being reviewed by the Monitor, and has indicated that the Group will, with the assistance of the CRO, be reviewing and likely changing its practice in this regard in the post CCAA filing period and in due course.

Dating of Invoices

46. The Monitor discovered while conducting a review of accounts receivable (post CCAA), that the Group currently dates its weekly invoices to customers for services rendered on

the last day of the week in which the services were rendered, not on the actual date that the invoice is issued. The Monitor understands that this practice again arises out of the Group's desire to try and match revenues with the applicable expenses in the applicable time frame. This, however, creates an issue with respect to weekly reporting of the accounts receivable balances produced on any given date as the balances could change as a result of dating invoices to match the date the services is provided versus the date the invoice is issued.

47. In an effort to report on the status and quantum of the accounts receivable since the filing of these CCAA proceedings, the Monitor requested and received a listing of the aged accounts receivables as at July 8, 2017 from the Group on July 13, 2017. On July 19, 2017, when the Monitor requested the same analysis for the week ended July 15, 2017, the Monitor was provided with a revised aged accounts receivables listing as at July 8, 2017. The aggregate difference between the two July 8 receivables listings is $309,402.59.

48. This issue was discussed with the Group and the CRO, and the Group has advised that they have implemented new procedures to allow for improved reporting and to address this matter going forward. A detailed review and discussion of the accounts receivables as at both July 8, 2017 and July 15, 2017 follow in the next section of this report.

Impact of the CCAA proceedings on Accounts Receivable to July 15, 2017

49. Attached to this report as Schedule "C" is an initial analysis prepared by the Monitor outlining the change in the Group's accounts receivable from June 27, 2017 to July 8, 2017 based on an aged accounts receivable listing provided to the Monitor on July 13, 2017. As per Schedule "C", the analysis suggests that:

a) The adjusted third party, collectible accounts receivable have increased by $180,207.09 and total $5,361,841.27; and,

b) Related Party/Intercompany accounts receivable as determined based on a review of the Group's accounts receivables listing with the Group's management total $1,109,524.71, and are in addition to the third party receivables noted above.

50. As discussed previously in this report, upon attempting to conduct the same analysis for the week ended July 15, 2017, the Monitor was provided with a new aged accounts receivable listing for the week ended July 8, 2017 and the total amount of receivables for the Group had changed (increased) by $309,402.59 on account of the inclusion of work performed and invoiced on the date it was performed versus the date the invoice was issued (discussed earlier). This increase was attributed to an increase in the both the CNC and DJ accounts receivable in the amounts of $300,647.44 and $8,755.15 respectively.

51. Given the above, the Monitor prepared a revised analysis for the week ended July 8, 2017, and the results of this analysis are outlined in Schedule "D" attached. Based off of the figures outlined in this revised analysis, the Monitor advises that:

a) The adjusted third party, collectible accounts receivable have now increased from June 27, 2017 by $489,609.68 (which is $309,402.59 higher than the Monitor's first analysis in Schedule "C") and now total $5,475,865.91; and,

b) Related Party/Intercompany accounts receivable have increased by $195,377.95 to $1,304,902.66.

52. To close out this analysis, the Monitor prepared an analysis of the Group's aged accounts receivable as at July 15, 2017 to tie into the most recent projection versus actual performance analysis possible as at the date of this report. This analysis is attached as Schedule "E" to this report. Based off of the figures provided, it appears that:

a) The adjusted third party, collectible accounts receivable have now increased from June 27, 2017 by $469,840.45 (which is a slight drop ($19,769.23) from the revised July 8, 2017 balance as per Schedule "D") and total $5,403,244.83; and,

b) Related Party/Intercompany accounts receivable have increased to $1,357,754.51.

53. Despite the issues in relation to the accounts receivable noted in this report, the analysis conducted by the Monitor in relation to the Group's accounts receivable up to the week ended July 15, 2017 suggests that the collectible third party accounts receivable for the

Group have increased since the commencement of these CCAA proceedings.

Potential Sale of the Group's Head Office and Yard Properties

54. The Monitor understands that the Group is currently entertaining offers on both its Head Office property and its Yard.

55. For the Court's ease of reference, the Monitor provides a quick summary of some of the details of these two properties in the chart below:

Municipal Address	Legal Description	Owner	Mortgage / Date
14238 - 134 Avenue Edmonton, AB T5L 5V8 (Office Building)	Plan 902 1619 Block 13A Lot 8 Excepting Thereout All Mines and Minerals	1371047 Alberta Ltd.	082 516 418 (26/11/08) - Mortgage with Business Development Bank of Canada ($2,000,000.00) (amending agreement to increase to $3,440,000)
11210 Winterburn Road NW Edmonton, AB T5S 2B5 (Edmonton Yard)	Plan 862 2655 Block E Excepting Thereout All Mines and Minerals Area: 5.66 Hectares (13.99 Acres) more or less	1371047 Alberta Ltd.	112 394 192 (7/12/11) - Mortgage with 506221 Alberta Ltd. ($5,600,000.00) 162 322 778 (16/11/16) - Mortgage with Northland Mortgage & Investment Corporation ($750,000.00) 172 101 430 (27/4/17) - Mortgage with Canadian Western Bank ($4,000,000.00)

56. The Monitor understands that the CRO is reviewing the details of the pending offers/sale transactions of these properties with the Group and it's counsel, and if a sale of one or both of these properties will be pursued, the Court's approval in this regard will be sought at a separate application in the future.

Interim Financing Matters

57. As noted previously in this report, up to the week ended July 15, 2017 the Group requested and received a total of $450,000 from Business Development Bank as the Interim Lender as provided for in the Initial Order. As discussed previously, the actual cash flow results of the Group for the two week period ended July 15, 2017 were favourable in comparison to the Revised Projections filed with the court, and the funding

received from the Interim Lender was in line with the Revised Projections.

58. On the morning of July 20, 2017, the Group with the assistance of the CRO requested and received thereafter an additional $450,000 of interim funding from the Interim Lender to continue to support on-going operations and these CCAA proceedings. With this July 20, 2017 advance, the total interim borrowings by the Group are now at $900,000 which is $300,000 higher than projected in the Revised Projections as at the end of the week of July 22, 2017. The Group and the CRO have advised that the bulk of this variance stems from the additional working capital requirements of the BC Fire Camps, and that if the BC Fire Camp costs were removed approximately $386,754 of costs (and hence borrowings) would have been avoided. If this is the case, the actual borrowings of the Group to date would be more in the area of $500,000, not $900,000 which would be $100,000 less than projected to the end of July 22, 2017. Given the date of this report and the fact that the projected versus actual analysis has not yet been completed, the Monitor has not been able to review the Group's comments in this regard; however, the CRO has provided some analysis in support of this claim and it is the preliminary view of the Monitor that the explanation outlined above is reasonable.

59. As discussed earlier in this report, given the recent and unanticipated expenses incurred/to be incurred in connection with the BC Fire Camps work, along with the other costs as reflected in the New Projections, the Group anticipates that an increase to the borrowing limit as per the Initial Order will be required. Further, it is anticipated that such a request will likely need to be made in due course given that there remains only $100,000 of borrowing room available room in the current interim financing limits stipulated in the Initial Order. Based on the New Projections included as Schedule "B" to this report, it appears that as much as $2,450,000 (with the highest level owing being in the week ended August 19, 2017) will be required in interim financing up to the period ended October 28, 2017. With this said, and again as noted earlier in the report, the New Projections also indicate that should the actual results of the Group meet the figures presented in the New Projections that the end balance with respect to the outstanding interim financing will be $800,000 which is a $1.1 million improvement over the amount originally anticipated in the Revised Projections.

THE MONITOR'S RECOMMENDATIONS IN RELATION TO THE EXTENSION OF THE INITIAL STAY, AND THE ADDITION OF 1919 TO THESE CCAA PROCEEDINGS AS REQUESTED BY THE APPLICANTS

60. The Applicants are seeking an extension of the stay up to and including November 3, 2017. The Monitor believes that the Applicant will require at least this amount of time to resolve some of the outstanding issues noted in this report, investigate and pursue new equity or financing options, and finalize a Plan. Based on the Monitor's actions and knowledge to date, there is no indication that any creditor will be materially prejudiced by this further extension.

61. In addition to the above, as discussed earlier in this report, it is the Monitor's view that the Group continues to act in good faith and with due diligence with respect to these CCAA proceedings.

62. Given the above, the Monitor is of the view that the stay extension requested by the Applicants is reasonable in the circumstances to allow it additional time to develop a viable Plan.

63. Further, in the Monitor's view, the addition of 1919 as an Applicant to these CCAA proceedings is reasonable and appropriate in the circumstances.

Dated at Edmonton, this 24th day of July, 2017

Ernst & Young Inc.
In its capacity as Monitor of
Canada North Group Inc.;
Canada North Camps Inc.;
CampCorp Structures Ltd.;
D.J. Catering Ltd.;
816956 Alberta Ltd.; and,
1371047 Alberta Ltd.
and not in its personal or corporate capacity

Per:

Matt McCulloch, CA, CPA, CIRP, Licensed Insolvency Trustee
Senior Vice-President

SCHEDULE E

SCHEDULE E

A/R Analysis as at July 15, 2017

	Canada North Camps Inc.	D.J. Catering Ltd.	Campcorp Structures	Totals
Opening A/R Balance at June 27, 2017	12,169,611.02	1,497,799.55	3,433,078.71	17,100,489.28
Less Room Guarantees Removed from A/R by the Group:				
Amec Foster Wheeler	33,447.00			
Barrier Coating Inc.	33,975.00			
NCSG Hauling & Rigging Ltd.	49,486.50			
Newalta Corporation	21,100.00			
Nighthawk Enterprises Ltd.	18,000.00			
Pembina Pipeline	49,602.60			
Surepoint	2,708.40			
Thurber Engineering Ltd.	1,326.00			
Tri Can Well Services	90,000.00			
Triple Fox Energy	623.40			
X-Calibur	25,002.75			
Benedict Pipeline Inc.		101,850.00		
Canyon Technical Services Ltd		57,050.25		
Delphi Energy Corp		279,143.15		
Evergreen Energy Ltd.		123,500.00		
McStrong Safety Services		3,770.55		
New Venture Safety		18,000.00		
Rainbow Riggers Ltd.		52,250.00		
Randy See Enterprises Ltd.		34,200.00		
Trican Well Service Ltd.		68,500.00		
XTO Energy Canada		130,500.25		
Total Room Guarantees Removed from A/R by the Group	325,271.65	868,764.20	0.00	1,194,035.85
Closing Adjusted A/R Balance at June 27, 2017	11,844,339.37	629,035.35	3,433,078.71	15,906,453.43
Less Items Still Included in A/R:				
Room Guarantees	1,722,552.73			
Alstar Construction Room Guarantee	42,481.40			
Grande Rapids Pipeline LP/HLCNG LP	7,440,462.00			
Doubtful Account	409,798.41			
Total Items Still Included in A/R	9,615,294.54	0.00	0.00	9,615,294.54
Less: Related Party Receivables	1,291,786.80		65,967.71	1,357,754.51
Adjusted Collectible A/R at June 27, 2017	937,258.03	629,035.35	3,367,111.00	4,933,404.38
Closing A/R Balance at July 15, 2017	12,128,206.54	821,428.32	3,426,659.02	16,376,293.88
Less: Items Still Included in A/R	9,615,294.54			9,615,294.54
Less: Related Party Receivables	1,291,786.80		65,967.71	1,357,754.51
Adjusted Collectible A/R at July 15, 2017	1,221,125.20	821,428.32	3,360,691.31	5,403,244.83
Net Increase/(Decrease) in A/R	283,867.17	192,392.97	-6,419.69	469,840.45