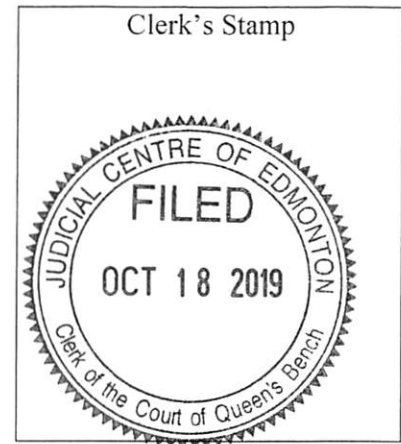


COURT FILE NO. 1703-12327

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL EDMONTON
CENTRE



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF
ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD.,
816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD.
and CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT **WRITTEN BRIEF OF CANADIAN WESTERN BANK FOR APPLICATION
BEFORE MR. JUSTICE S.D. HILLIER NOVEMBER 6, 2019 WITH RESPECT TO
COSTS CLAIMED AS AGAINST 726 REMOTE ACCOMMODATIONS LTD.,
726 MODULAR FINANCE LTD. AND RELIANT ASSET MANAGEMENT, LLC**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
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DOCUMENT

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File No.: 165813

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PART 1 INTRODUCTION

1. This brief is filed by Canadian Western Bank (“**CWB**”) in support of an application for payment of solicitor and own client costs from 726 Remote Accommodations Ltd., 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively, “**726 Remote**”) in connection with the assertion of claims by 726 Remote to various assets charged in favour of CWB (the “**Assets**”).

2. Attached hereto is the solicitor and own client Bill of Costs prepared by CWB, covering the period August 2, 2018 through May 14, 2019. Such costs are recorded at the standard hourly billing rates of the McLennan Ross LLP members involved in the file.

CWB Bill of Costs

TAB A

PART 2 FACTS

3. In December 2014, Canada North Camps Inc. (now known as 667402 Alberta Ltd.) and its affiliates (collectively, “CNC”) sold various assets to 726 Remote for a total purchase price of \$20 million plus GST (the “Sale”). In connection with the Sale, 726 Remote failed to obtain from CWB a release of CWB’s security interest over the Assets.
4. 726 Remote and CNC utilized the Assets in the operation of camps, in large part through a series of limited partnerships to which CNC provided management services.
5. CNC obtained court protection under the *Companies’ Creditors Arrangement Act* (“CCAA”) on July 5, 2017. Throughout the CCAA proceedings, 726 Remote was represented at court applications and was on the service list.
6. In various confidential documents filed in the CCAA proceedings, CNC included the Assets as being assets available for disposition for the benefit of the CNC estate.
7. In early August 2018, Ernst & Young Inc. as monitor in the CCAA proceedings (the “Monitor”) made CWB aware of a claim by 726 Remote to the Assets.
8. By September 6, 2018, CWB was still unclear on the basis for 726 Remote’s claim to the Assets, and sought an order directing that all creditors, including 726 Remote, file affidavit evidence outlining the nature of their claims. In addition, directions were provided to the Monitor and creditors with respect to the application then scheduled before Mr. Justice K.G. Nielsen to be heard October 23, 2018.

Transcript of September 6, 2018 Hearing,
pages 4-6, 9 and 16 **TAB B**

Order of September 6, 2018
(the “September 2018 Order”) **TAB C**

9. 726 Remote filed an affidavit pursuant to the September 2018 Order.

Affidavit of Barry Roman sworn
October 2, 2018 (without exhibits) **TAB D**

10. CWB filed an affidavit pursuant to the September 2018 Order on October 4, 2018.

Affidavit #6 of Jessie Taha sworn
October 3, 2018 (without exhibits) **TAB E**

11. Counsel for 726 Remote Christa Nicholson of Jensen Shawa Solomon Duguid Hawkes LLP advised she would be arguing various aspects of the application to determine 726 Remote's entitlement to the Assets, and requested an adjournment of the application.

12. The Monitor applied for directions from the Court as to the hearing of the claims of 726 Remote.

Letter of November 15, 2018 to the
Commercial Coordinator **TAB F**

Order of November 21, 2018 **TAB G**

13. Questioning of Paul McCracken and Barry Roman with respect to the claim of 726 Remote, was conducted December 4 and 5, 2018. At that time, counsel for the Monitor sought undertakings from 726 Remote as to whether 726 Remote had obtained CWB's release of its security interest in the Assets.

Undertakings from Questioning of Paul
McCracken on December 4-5, 2018,
pp. 270-272 **TAB H**

14. 726 Remote refused to provide an answer to such request for undertakings.

Answers to Undertakings dated
December 12, 2018 **TAB I**

Email exchange with JSS Barristers attached
to the Affidavit of Gulnara Machitova,
sworn December 20, 2018 **TAB J**

15. Upon receipt by CWB of the refusal to answer those undertakings by 726 Remote, CWB filed an application for a declaration of entitlement to the Assets.

Application of CWB filed
December 12, 2018

TAB K

16. Following Questioning of Paul McCracken and Barry Roman, Ms. Nicholson sought an adjournment of the hearing then scheduled for January 10-11, 2019. The Monitor and CWB advised Ms. Nicholson they would not agree thereto.

Affidavit of Gulnara Machitova filed
December 20, 2018

TAB L

17. On December 20, 2018, 726 Remote filed an amended application seeking an adjournment of the matters reflected therein.

Amended Application of
December 20, 2018

TAB M

18. On January 10, 2019, Ms. Nicholson argued for an adjournment of the hearing established pursuant to the Order of Mr. Justice Hillier of November 21, 2018. That application was adjourned to the next morning in order to afford 726 Remote the opportunity to answer undertakings previously refused.

Order of January 10, 2019

TAB N

19. On January 11, 2019, Mr. Justice Hillier refused the adjournment, and argument with regard to the merits of the application were heard, but due to illness of counsel were adjourned to March 14-15, 2019. In the interim, answers to undertakings provided by 726 Remote, which undertakings had previously been refused, were marked for identification on January 11, 2019 as Exhibit A and Exhibit C. As well, written interrogatories dated January 11, 2019 made of CWB, were marked for identification on January 11, 2019.

Exhibits A, B and C marked for
identification

TAB O

20. The application continued on March 14, 2019, and a decision was rendered by this Honourable Court on May 14, 2019.
21. Eventually the May 14, 2019 decision was reduced to a filed judgment, after negotiation as amongst counsel.

Order of Mr. Justice S.D. Hillier dated
May 14, 2019 **TAB P**

22. For the period from August 2, 2018 to May 14, 2019, CWB's counsel expended over 250 hours in asserting its entitlement to a first charge on the Assets, and was ultimately successful.
23. CWB is entitled to recover from CNC its costs of enforcement of its security, on a solicitor and his own client basis.

Sample of General Security Agreements
from CNC, Exhibit H to Taha Affidavit #1
sworn June 29, 2017 **TAB Q**

24. CWB asserts that 726 Remote "waited in the weeds" until the sale of Simonette and Berland was completed and the proposals in bankruptcy of the McCrackens were approved, and forthwith thereafter came forward with its assertion to entitlement. As Mr. Justice Hillier found:

[29] Although 726 has been included on the service list of the CCAA Proceedings from the outset in June 2017, it did not make any claim of actual ownership of property until July 12, 2018. This contradicted CNC's representations that its asset listing as reported to the Court in April 2018 was accurate. The significance of these misrepresentations will be profiled in greater depth below.

[30] The claims by 726 for the Ancillary Equipment and Small Wares first arose in November 2018, after having filed extensive material in relation to the Dorms asset six weeks earlier, as directed by the Court for all claimants. Of note, the Monitor's 17th Report, filed September 10, 2018 (paras 60-62), specifically advised of the intent to liquidate all Small Wares and 726 provided nothing in response.

Canada North Group Inc (Companies' Creditors Arrangement Act), Re, 2019 ABQB 307 ("CNC Group"), at paras 29-30

TAB R

25. Not only did 726 cause all respondent parties to expend considerable time and funds to respond to the applications, it was evident throughout that much of the evidence 726 sought to rely on was either unreliable or did not exist. For example:

- (a) With respect to Mr. Roman's knowledge of CWB's interest, Mr. Justice Hillier remarked that Roman obtained an undergraduate degree in economics and a master's degree in finance and had prior commercial banking and corporate experience. Despite Roman's background and experience and the probability of discussing CNC's lender liabilities, Roman maintained that he first became aware of CWB from McCracken in the spring of 2017. Mr. Justice Hillier refused to accept this evidence given Roman's background and education, or that he failed to comprehend the extraordinary size of the transaction within the business operations of CNC.

CNC Group, at paras 40-42 & 105 **TAB R**

- (b) With respect to the scope of CNC's business, 726 sought to rely on the ordinary business operations of a corporation which was part of the CNC Group which had nothing to do with the sale contract in dispute, Mr. Justice Hillier states:

[106] What 726 seeks to rely on is that one branch of the CNC Group, namely CampCorp Structures Ltd (or even more remotely, CampCore USA) did manufacture Dorm units. As such, the scope of business for the full CNC Group ought to inform of the business of CNC, as the entity with which 726 contracted for the sale of the Bonnyville Assets. It points to the description of the overall business of the CNC Group by the Monitor in its First Report, dated July 4, 2017.

[107] I find nothing in evidence which even hints that 726 was dealing with CampCorp, much less that the sale contract involved that corporation.

[111] In short, there is no reliable evidence to support that the manufacture and sale of Dorm units on a scale even approaching the disposition of assets by CNC was within its ordinary course of its business. If it were otherwise, the utility of financing under any GSA in these circumstances would be seriously undermined. The intention that inventory was secure was reinforced by the inclusion of the Bonnyville Dorms in the list of CNC assets from the commencement of the *CCAA* Proceedings.

CNC Group, at paras 106, 107 & 111

TAB R

26. Mr. Justice Hillier also noted that 726 made numerous assertions which quite simply were not borne out in the evidence:

[142] Counsel for 726 argues that both principals (Roman and McCracken) were ad idem that each MELA and the Bonnyville Agreement implicitly included these items. Nothing in the body of the agreements or schedules supports their recent assertion of consensus. Such a broad interpretation cannot be sustained on the facts here or as a valid legal consequence of the transactions, as structured by the parties. It is simply unreasonable to interpret that such an extensive array of property is, without more, encompassed in the language used, especially as part of a generic reference to site set-up costs.

[155] ... The evidence must be reliable and beyond doubt. Nothing in the documents points to any common agreement as to protection of 726 from the business risks, whether in respect of the Dorms, the Ancillary Equipment or Small Wares. The answers in Questioning from Roman and McCracken on this point do not inspire confidence. I find the evidence of McCracken, in particular, fails miserably to meet this standard of proof. Moreover, as an equitable remedy, the circumstances do not present Roman as an unwitting business operator who is unmindful of the risks of commercial enterprise.

CNC Group at paras 142 & 155

TAB R

27. In particular, Mr. Justice Hillier took issue with the unreliable and self-serving evidence of Mr. McCracken, which misled the Monitor, CWB and the Court:

51 The same list of equipment or inventory, sorted by location, was attached again to a confidential exhibit filed by McCracken, dated February 23, 2018, in support of potential sale to an

interested financial enterprise. Of note however, a number of assets on that same list had the letters "RMP" added, without highlight or any explanation. Only in Questioning, in December 2018, did it become known that these assets, otherwise included in valuations of CNC net worth, were now alleged by McCracken to have been part of a sale to 726 four years earlier. McCracken's later attempt in questioning to rationalize this property as part of a sale of a "going concern business" is facile and self-serving. Non-disclosure of the true status of the property cannot be justified in any context. Quite apart from the impact on a prospective purchaser, I find that the Monitor, CWB and the Court were misled by the sworn evidence of CNC as to its ownership of these assets.

CNC Group, at para 51

TAB R

PART 3 ISSUES

28. The following issues are raised in this application:

- (i) *Is CWB entitled to recover from 726 Remote, its costs of defending 726 Remote's claims on assets previously owned by CNC and how much is CWB entitled to recover?*

PART 4 ARGUMENT

- (i) *Is CWB entitled to recover from 726 Remote, its costs of defending 726 Remote's claims on assets previously owned by CNC and how much is CWB entitled to recover?*

Costs are payable to a successful party on application

29. It is well accepted law that costs awards are in the Court's discretion. However, that discretion is to be exercised judicially, with a sound basis for making a cost award that, overall, is reasonable in the circumstances. A successful party following a contested application should normally be awarded costs.

*R&R Consilium Inc v Talbot ("R&R"), 2019
ABQB 275 at paras 38-39*

*CWB Book of Authorities
("CWB BOA") TAB 1*

30. Generally, there are three types of costs awards:
- (a) Solicitor and own client or full indemnity costs - the successful party receives complete indemnification of their legal fees, which may also include payment for other services that are not essential to the litigation in the case;
 - (b) Solicitor-client costs - the successful party receives its reasonable legal fees and disbursements, which may not amount to complete indemnification; and
 - (c) Party-party costs - is the usual costs award in which the successful party receives the costs under Schedule C to the Rules, which may be "enhanced" to an amount more than those amounts set out in Schedule C using some multiplier thereof, extra lump sums, some percentage of solicitor and own client costs or some other reasonable calculation, together with reasonable disbursements.

R&R at para 41

CWB BOA TAB 1

31. Party-party costs are governed by Schedule C: Tariff of Recoverable Fees, *Alberta Rules of Court*, Alta Reg 124/2010. The quantum of damages claimed exceeds \$1.5 million therefore Column 5 applies.

Rules of Court, Alta Reg 124/2010,
Schedule C **CWB BOA TAB 2**

32. In Alberta, the *Rules of Court* set out factors the court may consider in exercising its discretion regarding costs, which include:

- (a) the result in the proceeding;
- (b) the amounts claimed and the amounts recovered;
- (c) the importance of the issues;
- (d) the complexity of the proceedings;
- (e) the conduct of any party tended to shorten or unnecessarily lengthen the proceeding;
- (f) a party's denial of, or refusal to admit, anything that should have been admitted;
- (g) whether any step or stage in the proceedings was improper, vexatious, or unnecessary; and
- (h) any other matter relevant to the question of costs.

Rules of Court, Alta Reg 124/2010,
Rule 10.33 **CWB BOA TAB 2**

33. The discretion to award costs must be exercised judicially and in line with the factors in Rule 10.33.

Stewart Estate v 1088294 Alberta Ltd.
("*Stewart*"), 2016 ABCA 144 at para 26
CWB BOA TAB 3

*Weatherford Canada Partnership v Artemis
Kautschuk und Kunststoff-Technik GmbH,
("Weatherford")* 2019 ABCA 92 at para 11
CWB BOA TAB 4

34. Party and party costs balance two competing interests: the unfairness of requiring a successful party whose conduct is not blameworthy to bear any costs and the chilling effect on parties bringing or defending claims if the unsuccessful party is required to bear all costs. The result of this balance is the concept of partial indemnification through party and party costs to the successful party. While costs are always in the discretion of the court, the law recognizes that when the litigation is complex and the amount at stake in the action greatly exceeds column 5, courts may award a multiplier of column 5 to help achieve the level of indemnification appropriate for party and party costs.

LSI Logic Corp. of Canada Inc. v. Logani,
2001 ABQB 968 at para 5
CWB BOA TAB 5

Weatherford, at paras 12-13
CWB BOA TAB 4

35. However, the general rule absent any misconduct on the part of the litigants is to award costs on a party and party basis, and this should represent partial indemnification of the successful party – approximately 40-50% of actual costs. Costs remain at the discretion of what the Court deems appropriate against the unsuccessful party.

*Trizec Equities Ltd. v Ellis-Don
Management Services Ltd.,* 1999 ABQB 801
at para 20
CWB BOA TAB 6

Rules of Court, Alta Reg 124/2010,
Rules 10.29 and 10.31 **CWB BOA TAB 2**

36. These principles are followed in CCAA proceedings. In the CCAA decision of *Calpine Canada Energy Ltd., Re*, 2008 ABQB 537, it was decided that the successful parties were to "receive the same level of reimbursement of costs, roughly commensurate with the

principle that a costs award should aim at providing 40% to 50% indemnity: *LSI Logic Corp. of Canada Inc. v Logani*, 2001 ABQB 968”.

Calpine Canada Energy Ltd., Re, 2008
ABQB 537 at para 14 **CWB BOA TAB 7**

37. CWB also adopts the section of the Monitor’s Brief on “Costs in CCAA Proceedings”.
38. There is general judicial recognition that Schedule C is a guide only and is seldom a fitting guide for complex and protracted civil litigation. It has also been recognized that the costs under Column 5 of Schedule C are severely out dated and do not provide a fair current money value for the efforts undertaken by application to obtain the relief they seek.

Marathon Canada Ltd v Enron Canada Corp, 2008 ABQB 770 (“*Marathon*”) at
para 30

CWB BOA TAB 8

R&R at paras 70 **CWB BOA TAB 1**

Test for granting enhanced costs

39. Courts have used various methods to achieve an appropriate level of indemnity in costs awards. The most commonly used method – regardless of the complexity of the case – is the application of a multiplier to the successful party’s Schedule C costs.

Stewart, at paras 25-26

CWB BOA TAB 3

40. While costs are always in the discretion of the court, the law recognizes that the circumstances in which such a multiplier may be warranted are, *inter alia*:
- (a) when the complexity of the action warrants it;
 - (b) when the amount in dispute significantly exceeds the \$1.5 Million threshold for Column 5; or

- (c) when the conduct of one of the parties warrants a multiplier.

Stewart, at paras 25-26

CWB BOA TAB 3

Weatherford, at para 13

CWB BOA TAB 4

41. Courts will often check the reasonableness of a multiplier by comparing the end calculation to the successful party's solicitor client costs. In complex and protracted litigation, Courts have shown a tendency to refer to 40-50% of solicitor client costs as a reasonable benchmark.

Marathon at paras 30-32

CWB BOA TAB 8

Klemke Mining Corp. v Shell Canada Ltd.,
2007 ABQB 427 at paras 41-42

CWB BOA TAB 9

Weatherford Canada Partnership v Addie
("Addie"), 2018 ABQB 571 at para 57

CWB BOA TAB 10

42. At times, a multiplier can be greater than two. This is typically applied in cases where the Court wishes to sanction misconduct.

Hill v Hill, 2013 ABCA 313 at paras 19,
25-27, and 52

CWB BOA TAB 11

43. However, Alberta courts have recognized that when Schedule C fees are inadequate, courts may use several different methods for determining appropriate costs, including the application of a multiplier to a column, extra lump sums, or some fraction of solicitor-client costs.

Addie, 2018 ABQB 571 at para 55

CWB BOA TAB 10

Test for granting costs on a solicitor-client basis

44. An award of solicitor and client costs will be rare and is based on a finding of intentional misconduct (reprehensible, scandalous or outrageous conduct) during the course of the litigation. Solicitor and client costs indemnify for costs that arise within the four corners of the litigation. Full indemnification costs, also known as solicitor and own client costs, compensate for services that are not strictly essential to the litigation.

Weatherford, at para 14

CWB BOA TAB 4

R&R, at para 43

CWB BOA TAB 1

45. The court has recognized multiple rare and exceptional or unusual cases where solicitor-client costs have been awarded. These include but are not limited to:

1. circumstances constituting blameworthiness in the conduct of the litigation by that party (Reese);
2. cases in which justice can only be done by a complete indemnification for costs (Foulis v. Robinson);
3. where there is evidence that the plaintiff did something to hinder, delay or confuse the litigation, where there was no serious issue of fact or law which required these lengthy, expensive proceedings, where the positively misconducting party was "contemptuous" of the aggrieved party in forcing that aggrieved party to exhaust legal proceedings to obtain that which was obviously his (Sonnenberg);
4. an attempt to deceive the court and defeat justice, an attempt to delay, deceive and defeat justice, a requirement imposed on the plaintiff to prove facts that should have been admitted, thus prolonging the trial, unnecessary adjournments, concealing material documents from the plaintiffs and failing to produce material documents in a timely fashion (Olson);
5. where the defendants were guilty of positive misconduct, where others should be deterred from like conduct and the defendants should be penalized beyond the ordinary order of costs (Dusik v. Newton);

6. defendants found to be acting fraudulently and in breach of trust (Davis v. Davis);

7. the defendants' fraudulent conduct in inducing a breach of contract and in presenting a deceptive statement of accounts to the court at trial (Kepic v. Tecumseh Road Builder et al.),

8. fraudulent conduct (Sturrock);

9. an attempt to delay or hinder proceedings, an attempt to deceive or defeat justice, fraud or untrue or scandalous charges (Pharand).

This demonstrates that a careful analysis has to be made of the facts in each case and also illustrates the wide discretion to be exercised by a trial judge who has the benefit of seeing and hearing the witnesses and distilling the essence of the lawsuit.

FIC Real Estate Fund Ltd. v Lennie, 2014
ABQB 105 at para 105

CWB BOA TAB 12

Conclusions

46. The estate has been delayed from at least August 2018 through to now, as a result of the assertion of 726 Remote to entitlement to the Assets.
47. Had 726 Remote asserted entitlement to the Assets at the outset, determination thereof could have occurred while CNC was still pursuing a restructuring of its affairs, and the Chief Restructuring Officer would not have wasted resources in pursuing the sale of the Assets on behalf of the estate.
48. On the whole, 726's application lacked merit and the manner in which 726 misused the Court's resources and the resources of the respondent parties is sufficient to justify the Court awarded costs payable to CWB on a solicitor and own client basis.

PART 5 REMEDY SOUGHT

49. CWB seeks:

- (a) An Order for costs on a full solicitor and own client basis in respect of the costs of the Application of 726 Remote Order various assets charged in favour of CWB.
- (b) In the alternative, and Order that CWB be awarded costs on an enhanced basis.
- (c) Costs of this application.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at the City of Edmonton, in the Province of Alberta, this 18th day of October, 2019.

MCLENNAN ROSS LLP

A large, stylized handwritten signature in black ink, appearing to be 'CR', is written over the firm name and the 'Per:' label.

Per:

Charles P. Russell, Q.C./Ryan Trainer
Solicitors for Canadian Western Bank

TAB A

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

Clerk's Stamp

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD.,
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 1919209 ALBERTA LTD. and CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT **SOLICITOR AND OWN CLIENT BILL OF COSTS – 726 REMOTE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McLENNAN ROSS LLP #600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	Lawyer: Charles P. Russell, Q.C. Telephone: (780) 482-9115 Fax: (780) 733-9757 Email: crussell@mross.com File No.: 165813
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**SOLICITOR AND OWN CLIENT BILL OF COSTS PREPARED BY McLENNAN ROSS LLP
 ON BEHALF OF CANADIAN WESTERN BANK**

Fees Claimed:

Date	Name	Description	Hours	Amount
08/02/2018	CHARLES P. RUSSELL	Prepare email to 726 counsel and report.	0.1	57.50
08/15/2018	CHARLES P. RUSSELL	Review information from 726 Remote and analyze value.	0.4	230.00
08/16/2018	CHARLES P. RUSSELL	Review Remote 726 issues; Register by serial number against Great White Sand and 726 Remote.	0.8	460.00
08/20/2018	CHARLES P. RUSSELL	Review research; Instruct and follow up research and information from 726 Remote.	0.4	230.00

Date	Name	Description	Hours	Amount
08/21/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re limited partnerships and CNC accounts receivable re 726 Remote.	0.2	115.00
08/21/2018	CHARLES P. RUSSELL	Review further 726 materials on Bonnyville and provide comment.	0.4	230.00
08/21/2018	CHARLES P. RUSSELL	Telephone call with R. Trainer and M. Marrelli re 726 arguments.	0.2	115.00
08/22/2018	CHARLES P. RUSSELL	Review 726 Affidavit and report to J. Taha.	0.2	115.00
08/23/2018	RYAN TRAINER	Review Affidavits of B. Roman and meet with M. Marrelli re strategy for attacking priorities.	0.5	127.50
08/23/2018	CHARLES P. RUSSELL	Review the Affidavit of B. Roman and other evidence and instruct R. Trainer on research issues.	0.3	172.50
08/24/2018	RYAN TRAINER	Meet with M. Marrelli of our office re results of priority research relating to dorms.	0.2	51.00
08/29/2018	RYAN TRAINER	Review Application and Affidavit materials filed Kingdom Holdings v 726 and advise M. Marrelli to amend research.	1.1	280.50
08/29/2018	CHARLES P. RUSSELL	Review and respond to R. Quinlan and R. Trainer's email re 726 priorities.	0.2	115.00
08/31/2018	MARCO MARRELLI	Finalize memo on priorities and send to C. Russell and R. Trainer.	0.3	58.50
08/31/2018	CHARLES P. RUSSELL	Review R. Quinlan's information on CNC General Security Agreement - Kilometre 147.	0.1	57.50

Date	Name	Description	Hours	Amount
09/03/2018	CHARLES P. RUSSELL	Review 726 emails and financial statements and report; Seek information from Dentons LLP and follow up.	0.7	402.50
09/13/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re accounts receivable, 726 release of funds and court application.	0.7	402.50
09/14/2018	CHARLES P. RUSSELL	Prepare for meeting; Meet with J. Taha; Attend Ernst & Young meeting; Debrief with J. Taha.	4.1	2,357.50
09/20/2018	CHARLES P. RUSSELL	Revise Affidavit for October 5, 2018 and email Branch.	1.3	747.50
10/10/2018	CHARLES P. RUSSELL	Review Affidavits of 726, BDC/ECN, Great White; Instruct research.	3.4	1,955.00
10/10/2018	CHARLES P. RUSSELL	Telephone call with D. Oko re 726 issues and review searches; Instruct registrations; Meet with M. Marrelli; Email branch re BDC priority; Telephone call with J. Taha.	1.6	920.00
10/12/2018	CHARLES P. RUSSELL	Review 726 application materials.	0.6	345.00
10/12/2018	CHARLES P. RUSSELL	Review Monitor's application materials; Instruct research.	1.1	632.50
10/13/2018	CHARLES P. RUSSELL	Review St. Albert listing agreement and respond; Review 726 Affidavit and brief re Kingdom and instruct T. Csandl on Schedule A.	0.4	230.00
10/14/2018	CHARLES P. RUSSELL	Review 726 documents and issues and follow up with Kingdom Properties.	0.2	115.00
10/25/2018	CHARLES P. RUSSELL	Prepare for and attend EY meeting; Review Orders and follow up on 726 issues.	2.6	1,495.00

Date	Name	Description	Hours	Amount
10/31/2018	CHARLES P. RUSSELL	Instruct R. Trainer re 726 issues.	0.1	57.50
11/01/2018	CHARLES P. RUSSELL	Review files for evidence for 726 Application and questioning; Telephone call with J. Taha.	0.8	460.00
11/02/2018	CHARLES P. RUSSELL	Review 726 issues; Telephone call with J. Taha.	0.7	402.50
11/02/2018	CHARLES P. RUSSELL	Review materials for 726 Application; Instruct M. Marrelli.	0.6	345.00
11/02/2018	MARCO MARRELLI	Research whether corporations can be "alter egos".	3.0	585.00
11/03/2018	MARCO MARRELLI	Research "alter ego" corporations.	1.4	273.00
11/04/2018	MARCO MARRELLI	Finalize memo on alter ego corporations.	1.0	195.00
11/04/2018	CHARLES P. RUSSELL	Review 726 issues, reports, financial statements; Email J. Taha and identify questions for 726.	2.1	1,207.50
11/05/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re 726 issues.	0.4	230.00
11/05/2018	CHARLES P. RUSSELL	Review further information for 726 dispute.	0.3	172.50
11/06/2018	CHARLES P. RUSSELL	Meet with M. Marrelli re research on 726.	0.1	57.50
11/07/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re bankruptcy and information for 726 questioning.	0.2	115.00
11/08/2018	CHARLES P. RUSSELL	Review serial number searches re loans 11 & 14.	0.3	172.50
11/08/2018	CHARLES P. RUSSELL	Review information from Cameron on LP's.	0.3	172.50
11/09/2018	CHARLES P. RUSSELL	Review email re White Sand Questioning.	0.1	57.50

Date	Name	Description	Hours	Amount
11/09/2018	CHARLES P. RUSSELL	Review materials for Questioning; Telephone J. Taha; Prepare memo to D. Bieganeck.	1.4	805.00
11/11/2018	CHARLES P. RUSSELL	Prepare for Questioning and email D. Bieganeck and R. Quinlan.	1.4	805.00
11/13/2018	CHARLES P. RUSSELL	Review materials on 726.	0.3	172.50
11/13/2018	CHARLES P. RUSSELL	Review court enquiry re Application and respond.	0.1	57.50
11/13/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re December applications.	0.2	115.00
11/15/2018	CHARLES P. RUSSELL	Review emails re 726 and respond; Report to J. Taha.	0.4	230.00
11/15/2018	CHARLES P. RUSSELL	Review emails re application and 726 issues; Meet with D. Bieganeck.	0.4	230.00
11/15/2018	CHARLES P. RUSSELL	Review draft letter to Hillier and respond.	0.2	115.00
11/20/2018	CHARLES P. RUSSELL	Review new application by 726 and report to J. Taha.	3.0	1,725.00
11/20/2018	CHARLES P. RUSSELL	Review client response to 726 new application.	0.1	57.50
11/21/2018	CHARLES P. RUSSELL	Review and prepare for court and telephone D. Bieganeck; Attend court; Report.	1.6	920.00
11/23/2018	CHARLES P. RUSSELL	Review D. Bieganeck's email to counsel and report.	0.1	57.50
11/23/2018	CHARLES P. RUSSELL	Review draft Order and respond (3x).	0.3	172.50
11/23/2018	CHARLES P. RUSSELL	Review revisions to Order.	0.1	57.50
11/25/2018	CHARLES P. RUSSELL	Instruct N. Ryan re documents for C. Nicholson.	0.1	57.50

Date	Name	Description	Hours	Amount
11/25/2018	CHARLES P. RUSSELL	Review and reply to 726 counsel and review exchange with Ernst & Young.	0.2	115.00
11/26/2018	CHARLES P. RUSSELL	Review of revised Order and endorse.	0.1	57.50
11/27/2018	CHARLES P. RUSSELL	Review emails on 726 issues and reply to C. Nicholson.	0.3	172.50
11/27/2018	CHARLES P. RUSSELL	Review new application materials by Monitor and confidential report.	0.4	230.00
11/27/2018	CHARLES P. RUSSELL	Review emails re information on 726 and follow up.	0.2	115.00
11/27/2018	CHARLES P. RUSSELL	Review 726 email.	0.1	57.50
11/28/2018	CHARLES P. RUSSELL	Review emails re CampCorp USA and 726 Affidavits and report.	0.8	460.00
11/30/2018	CHARLES P. RUSSELL	Review C. Nicholson's email and respond.	0.1	57.50
11/30/2018	CHARLES P. RUSSELL	Telephone call with C. Nicholson.	0.4	230.00
12/02/2018	CHARLES P. RUSSELL	Review and reply re 726 issues and review Interrogatories; Prepare email to D. Bieganeck.	1.0	575.00
12/02/2018	CHARLES P. RUSSELL	Review CWB security and reply to 726 counsel; Email J. Taha.	1.9	1,092.50
12/02/2018	CHARLES P. RUSSELL	Prepare answers to Interrogatories.	0.2	115.00
12/03/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re 726 and Affidavits.	0.2	115.00
12/03/2018	CHARLES P. RUSSELL	Respond to C. Nicholson; Prepare for court and Questioning.	0.9	517.50
12/03/2018	CHARLES P. RUSSELL	Review Interrogatories and draft Affidavit #7; Review PPR and follow up.	0.9	517.50

Date	Name	Description	Hours	Amount
12/03/2018	CHARLES P. RUSSELL	Review and follow up on payout of CampCorp.	0.1	57.50
12/03/2018	CHARLES P. RUSSELL	Review of confidential 20K supplement and revise letter to C. Nicholson.	0.3	172.50
12/03/2018	CHARLES P. RUSSELL	Review materials and draft Order and prepare for court and Examinations.	0.8	460.00
12/03/2018	SHAWNA RICZU-NASH	Meet with C. Russell re Personal Property Registry registration.	0.1	17.50
12/04/2018	CHARLES P. RUSSELL	Attend court and follow up on Questioning and instruct service of Affidavit #7.	2.2	1,265.00
12/04/2018	CHARLES P. RUSSELL	Review S. Delblanc's request and instruct E. Kiss.	0.1	57.50
12/04/2018	CHARLES P. RUSSELL	Prepare for and attend Questioning of P. McCracken.	4.9	2,817.50
12/04/2018	CHARLES P. RUSSELL	Review emails re exhibits for Questioning.	0.3	172.50
12/04/2018	CHARLES P. RUSSELL	Instruct E. Kiss re leases and instruct R. Trainer.	0.2	115.00
12/04/2018	CHARLES P. RUSSELL	Review and reply to various issues for Questioning.	0.5	287.50
12/04/2018	CHARLES P. RUSSELL	Prepare for Questioning and court; Telephone J. Taha.	1.9	1,092.50
12/04/2018	RYAN TRAINER	Call with C. Russell; Review draft questioning of P. McCracken and B. Roman.	0.3	76.50
12/05/2018	RYAN TRAINER	Attending McCracken Questioning - half day.	4.5	1,147.50
12/05/2018	CHARLES P. RUSSELL	Attend Questioning of P. McCracken; Meet with D. Bieganeck; Review documents.	7.9	4,542.50
12/06/2018	CHARLES P. RUSSELL	Review service of Affidavit #7.	0.1	57.50

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Date	Name	Description	Hours	Amount
12/06/2018	CHARLES P. RUSSELL	Prepare for and attend Questioning of B. Roman; Meet to discuss settlement.	4.7	2,702.50
12/07/2018	CHARLES P. RUSSELL	Review emails re 726 issues and report to J. Taha; Review answers on foreign exchange and respond to Business Development Bank of Canada.	0.3	172.50
12/07/2018	CHARLES P. RUSSELL	Review emails from counsel and respond; Telephone call with J. Taha.	0.3	172.50
12/07/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re Campcorp and 726	0.6	345.00
12/08/2018	CHARLES P. RUSSELL	Review emails and information on 726 Questioning and follow up; Respond on Order.	0.8	460.00
12/10/2018	CHARLES P. RUSSELL	Review email from C. Nicholson and respond; Prepare application; Order transcript and reply to counsel.	0.8	460.00
12/10/2018	CHARLES P. RUSSELL	Review emails re dispute on 726 entitlement and reply.	0.2	115.00
12/10/2018	CHARLES P. RUSSELL	Review and reply to C. Nicholson's email re 726 issues and reply to K. Lenz.	0.2	115.00
12/11/2018	CHARLES P. RUSSELL	Revise application and review PPSA and instruct research on continuation of security; Review emails with counsel.	0.6	345.00
12/11/2018	CHARLES P. RUSSELL	Revise application and email D. Bieganeck.	0.1	57.50
12/11/2018	CHARLES P. RUSSELL	Telephone call to J. Taha re 726 issues.	0.4	230.00
12/11/2018	CHARLES P. RUSSELL	Review and respond re inquiry of Court and revise application.	0.1	57.50
12/11/2018	CHARLES P. RUSSELL	Review C. Nicholson's email and D. McAllister's undertakings and respond.	0.4	230.00

Date	Name	Description	Hours	Amount
12/12/2018	CHARLES P. RUSSELL	Review D. Bieganek's email and instruct E. Kiss.	0.1	57.50
12/12/2018	CHARLES P. RUSSELL	Review McCracken counsel's email.	0.1	57.50
12/12/2018	CHARLES P. RUSSELL	Review correspondence re McCracken undertakings.	0.1	57.50
12/12/2018	CHARLES P. RUSSELL	Telephone call with J. Taha re C. Nicholson's application and our application.	0.1	57.50
12/12/2018	CHARLES P. RUSSELL	Instruct M. Marrelli re research on continuation of security.	0.1	57.50
12/12/2018	RYAN TRAINER	Meet with M. Marelli re perfection of security interest under the PPSA.	0.2	51.00
12/12/2018	MARCO MARRELLI	Research regarding the sale not in the ordinary course of business and how it affects the registered security interest.	6.8	1,326.00
12/13/2018	MARCO MARRELLI	Further research regarding the sale not in the ordinary course of business and how it affects the registered security interest.	1.1	214.50
12/13/2018	RYAN TRAINER	Meet with M. Marelli re 726 priority issue.	0.2	51.00
12/13/2018	CHARLES P. RUSSELL	Review transcript of September 6, 2018 application and review undertakings.	0.8	460.00
12/13/2018	CHARLES P. RUSSELL	Review D. Bieganek's email and respond on undertakings.	0.1	57.50
12/14/2018	CHARLES P. RUSSELL	Prepare draft of brief for January application.	0.2	115.00
12/14/2018	CHARLES P. RUSSELL	Review and reply to emails on adjournment.	0.9	517.50
12/14/2018	CHARLES P. RUSSELL	Review and instruct E. Kiss re application.	0.1	57.50

Date	Name	Description	Hours	Amount
12/14/2018	CHARLES P. RUSSELL	Review undertakings and CWB information and email D. Bieganeck and review PPSA issues.	0.5	287.50
12/15/2018	CHARLES P. RUSSELL	Review Monitor's brief and instruct research and prepare CWB brief; Report; Follow up on Campcorp USA discharge.	3.1	1,782.50
12/16/2018	CHARLES P. RUSSELL	Review emails re research for brief and respond.	0.1	57.50
12/16/2018	MARCO MARRELLI	Review Monitor's brief; Research case law on adverse inference.	3.0	585.00
12/17/2018	MARCO MARRELLI	Draft brief regarding adverse inference for application on January 10.	1.9	370.50
12/17/2018	CHARLES P. RUSSELL	Instruct M. Marrelli re brief.	0.1	57.50
12/17/2018	CHARLES P. RUSSELL	Telephone call with J. Taha and review brief.	0.5	287.50
12/17/2018	CHARLES P. RUSSELL	Review draft Order and approve.	0.1	57.50
12/17/2018	CHARLES P. RUSSELL	Review email re evidence with Monitor's brief.	0.1	57.50
12/17/2018	CHARLES P. RUSSELL	Review evidence and Monitor's brief and identify issues for our brief.	0.9	517.50
12/18/2018	CHARLES P. RUSSELL	Revise brief.	0.2	115.00
12/18/2018	MARCO MARRELLI	Review and revise brief per C. Russell's instructions.	5.3	1,033.50
12/19/2018	MARCO MARRELLI	Prepare materials for brief.	3.2	624.00
12/19/2018	CHARLES P. RUSSELL	Revise brief and instruct M. Marrelli; Review revised brief.	0.5	287.50
12/19/2018	CHARLES P. RUSSELL	Revise brief and instruct M. Marrelli.	1.3	747.50
12/19/2018	CHARLES P. RUSSELL	Prepare service letter.	0.1	57.50

Date	Name	Description	Hours	Amount
12/21/2018	CHARLES P. RUSSELL	Review and instruct M. Marrelli re 726 application and new evidence and rebuttal brief.	0.2	115.00
12/21/2018	CHARLES P. RUSSELL	Review offer on units and seek instructions and respond; Review 726 brief to identify issues.	0.4	230.00
12/21/2018	CHARLES P. RUSSELL	Review emails on briefs and email J. Taha and write escrow agent.	0.3	172.50
12/27/2018	MARCO MARRELLI	Review 726 and Sand Tiger brief; Research and prepare rebuttal briefs.	4.5	877.50
12/27/2018	RYAN TRAINER	Meet with M. Marelli re strategies and drafting response brief.	0.7	178.50
12/27/2018	WHITNEY SMITH	Assist M. Marrelli to search for Great White Sand Tiger document for brief; Discussion with M. Marrelli re email from C. Russell.	0.4	54.00
12/28/2018	RYAN TRAINER	Meet with M. Marrelli re caselaw research on whether 726 was required to register interest in TVs and other appliances.	0.5	127.50
12/28/2018	CHARLES P. RUSSELL	Review draft rebuttal Affidavit and instruct M. Marrelli and R. Trainer; Review brief.	1.6	920.00
12/28/2018	CHARLES P. RUSSELL	Instruct M. Marrelli re changes to brief.	0.1	57.50
12/29/2018	MARCO MARRELLI	Review 726 brief and prepare research regarding relief from forfeiture and rectification.	4.5	877.50
12/30/2018	MARCO MARRELLI	Revise rebuttal brief as per C. Russell's instructions	2.0	390.00
01/01/2019	CHARLES P. RUSSELL	Revise brief and instruct M. Marrelli.	1.9	1,121.00

Date	Name	Description	Hours	Amount
01/02/2019	CHARLES P. RUSSELL	Revise brief and letter to court; Follow up on revisions; Instruct E. Kiss.	1.9	1,121.00
01/02/2019	CHARLES P. RUSSELL	Review email from court and respond.	0.1	59.00
01/02/2019	MARCO MARRELLI	Prepare and finalize rebuttal brief for filing and service.	2.8	560.00
01/02/2019	RYAN TRAINER	Assist M. Marelli; Review and make significant edits to reply brief of CWB.	4.8	1,368.00
01/02/2019	CHARLES P. RUSSELL	Instruct N. Ryan and M. Marrelli re brief.	0.4	236.00
01/03/2019	CHARLES P. RUSSELL	Review J. Taha's email on briefs and follow up.	0.1	59.00
01/03/2019	CHARLES P. RUSSELL	Review information from Monitor on rebuttal.	0.1	59.00
01/04/2019	CHARLES P. RUSSELL	Review briefs and evidence for court application.	0.9	531.00
01/04/2019	CHARLES P. RUSSELL	Review further materials for Court.	0.2	118.00
01/06/2019	CHARLES P. RUSSELL	Review documents for Court.	0.1	59.00
01/07/2019	CHARLES P. RUSSELL	Review transcripts.	2.7	1,593.00
01/07/2019	CHARLES P. RUSSELL	Review transcripts.	0.4	236.00
01/08/2019	CHARLES P. RUSSELL	Review transcripts and prepare for Court.	0.9	531.00
01/08/2019	CHARLES P. RUSSELL	Meet with D. Bieganeck re court application and telephone call with C. Nicholson.	0.2	118.00
01/09/2019	CHARLES P. RUSSELL	Instruct E. Kiss re reports registered for Court.	0.1	59.00
01/09/2019	CHARLES P. RUSSELL	Review materials and prepare for Court.	2.5	1,475.00
01/09/2019	CHARLES P. RUSSELL	Review materials and prepare for court.	2.7	1,593.00

Date	Name	Description	Hours	Amount
01/10/2019	CHARLES P. RUSSELL	Prepare for Court.	3.5	2,065.00
01/10/2019	CHARLES P. RUSSELL	Attend Court and follow up; Order searches.	7.5	4,425.00
01/11/2019	CHARLES P. RUSSELL	Prepare answers to Interrogatories; Deal with counsel; Prepare for and attend Court.	9.3	5,487.00
01/12/2019	CHARLES P. RUSSELL	Review and revise Order; Deal with counsel on various issues involving next application; Communicate with the Trail Coordinator's Office.		
01/14/2019	WHITNEY SMITH	Send Affidavit of J. Taha #1 to Commercial Coordinator; Search for paper copy of Affidavit of J. Taha #1.	0.3	40.50
01/21/2019	CHARLES P. RUSSELL	Review emails from R. Quinlan, S. Nicholson and J. Taha and respond.	0.1	59.00
01/22/2019	CHARLES P. RUSSELL	Review email re request for letter of no interest and report to J. Taha; Review C. Nicholson's re draft Order and respond.	0.3	177.00
01/22/2019	CHARLES P. RUSSELL	Review further comments on Order.	0.1	59.00
01/22/2019	CHARLES P. RUSSELL	Telephone call with R. Quinlan re C. Nicholson's Orders.	0.2	118.00
01/23/2019	CHARLES P. RUSSELL	Review emails re revisions to Order and respond and telephone J. Taha.	0.6	354.00
01/23/2019	CHARLES P. RUSSELL	Review monitor request on sales and follow up with J. Taha.	0.1	59.00
01/29/2019	CHARLES P. RUSSELL	Review and follow up on settling Order and 22 nd report.	0.2	118.00
01/29/2019	CHARLES P. RUSSELL	Review 22nd report and report.	0.5	295.00

Date	Name	Description	Hours	Amount
01/29/2019	CHARLES P. RUSSELL	Review 22nd confidential report and email for information.	0.5	295.00
02/05/2019	CHARLES P. RUSSELL	Prepare email re settling order.	0.1	59.00
02/07/2019	CHARLES P. RUSSELL	Review C. Nicholson's email and follow up; Email BC counsel re cost Order.	0.1	59.00
02/07/2019	CHARLES P. RUSSELL	Review transcript and email J. Taha.	0.2	118.00
02/08/2019	CHARLES P. RUSSELL	Telephone call with C. Nicholson re Order(2x) and follow up on exhibits; Telephone J. Taha.	0.3	177.00
02/08/2019	CHARLES P. RUSSELL	Review exhibits and email C. Nicholson.	0.1	59.00
02/12/2019	CHARLES P. RUSSELL	Prepare email to D. Bieganek and C. Nicholson and Ernst & Young.	0.1	59.00
02/12/2019	CHARLES P. RUSSELL	Review draft Order on First Island and respond; Email C. Nicholson re January Order.	0.2	118.00
02/13/2019	CHARLES P. RUSSELL	Review M. McCulloch's email re proposal and email C. Nicholson re transcript.	0.2	118.00
02/14/2019	CHARLES P. RUSSELL	Review information for court order.	0.1	59.00
02/14/2019	CHARLES P. RUSSELL	Review draft Orders from C. Nicholson and telephone C. Nicholson and respond; Telephone J. Taha.	0.6	354.00
02/15/2019	CHARLES P. RUSSELL	Review drafts of Orders and respond to C. Nicholson.	0.8	472.00
02/17/2019	CHARLES P. RUSSELL	Review S. Delblanc's analysis of claims and report to J. Taha and email M. McCulloch et al.	0.2	118.00

Date	Name	Description	Hours	Amount
02/19/2019	CHARLES P. RUSSELL	Review email exchange re Order; Review file and transcripts and respond.	0.6	354.00
02/19/2019	CHARLES P. RUSSELL	Review emails re small sales and respond; Review transcript.	1.2	708.00
02/19/2019	CHARLES P. RUSSELL	Instruct E. Kiss re December and January briefs.	0.1	59.00
02/20/2019	CHARLES P. RUSSELL	Review 726 brief and earlier CWB briefs and instruct M. Marrelli, R. Trainer and E. Kiss re rebuttal and email D. Bieganeck.	1.2	708.00
02/20/2019	CHARLES P. RUSSELL	Review evidence and start brief; Instruct M. Marrelli.	1.7	1,003.00
02/20/2019	CHARLES P. RUSSELL	Revise brief.	0.6	354.00
02/21/2019	CHARLES P. RUSSELL	Review C. Nicholson's email re Court.	0.1	59.00
02/21/2019	CHARLES P. RUSSELL	Revise brief and meet with M. Marrelli; Respond to J. Taha.	0.4	236.00
02/21/2019	CHARLES P. RUSSELL	Review financial statements and revise brief.	0.5	295.00
02/21/2019	CHARLES P. RUSSELL	Revise brief and instruct M. Marrelli.	0.9	531.00
02/21/2019	MARCO MARRELLI	Locate financial statements to revise brief; Review instructions from C. Russell.	2.7	540.00
02/22/2019	MARCO MARRELLI	Review and revise supplemental brief.	0.6	120.00
02/25/2019	MARCO MARRELLI	Review and revise brief; Review transcript of questioning of B. Roman for evidence to refute 726 Remote's brief; Assemble tabs for brief.	2.7	540.00

Date	Name	Description	Hours	Amount
02/25/2019	CHARLES P. RUSSELL	Review and instruct N. Ryan and review further evidence and telephone J. Taha and instruct R. Trainer.	0.6	354.00
02/25/2019	CHARLES P. RUSSELL	Revise brief and instruct M. Marrelli.	0.7	413.00
02/25/2019	CHARLES P. RUSSELL	Revise brief.	0.7	413.00
02/26/2019	CHARLES P. RUSSELL	Revise brief.	0.8	472.00
02/26/2019	CHARLES P. RUSSELL	Revise brief.	0.6	354.00
02/26/2019	CHARLES P. RUSSELL	Attend court re Brief.	0.1	59.00
02/26/2019	CHARLES P. RUSSELL	Review evidence and instruct M. Marrelli.	0.4	236.00
02/26/2019	MARCO MARRELLI	Review transcripts of questioning of B. Roman and P. McCracken for argument to refute CNC sale in ordinary course of business; Assemble tabs for brief.	4.3	860.00
02/27/2019	MARCO MARRELLI	Review and finalize brief for binding.	2.0	400.00
02/27/2019	CHARLES P. RUSSELL	Revise brief.	0.8	472.00
02/27/2019	CHARLES P. RUSSELL	Meet with M. Marrelli re brief and instruct final review by R. Trainer.	0.3	177.00
02/27/2019	CHARLES P. RUSSELL	Revise brief; Telephone J. Taha.	0.4	236.00
02/27/2019	RYAN TRAINER	Review rebuttal brief; Provide M. Marrelli with comments.	0.3	85.50
02/28/2019	CHARLES P. RUSSELL	Review Monitor's brief.	0.5	295.00
03/05/2019	CHARLES P. RUSSELL	Review R. Quinlan's email re Application.	0.1	59.00
03/08/2019	CHARLES P. RUSSELL	Review and follow up for preparation on application.	0.1	59.00

Date	Name	Description	Hours	Amount
03/08/2019	CHARLES P. RUSSELL	Telephone call J. Taha re Application and follow up with D. Bieganeck.	0.2	118.00
03/12/2019	CHARLES P. RUSSELL	Review materials for Court.	0.5	295.00
03/13/2019	CHARLES P. RUSSELL	Prepare for Court.	3.5	2,065.00
03/14/2019	CHARLES P. RUSSELL	Prepare for Court.	1.3	767.00
03/14/2019	MARCO MARRELLI	Attend hearing; Research regarding rectification and the parole evidence rule to refute point made by counsel of 726 in her submissions.	8.2	1,640.00
03/14/2019	RYAN TRAINER	Research and review case law re standard of due diligence imposed on a banker; Research case law re rectification; Strategy meeting with M. Marelli re responding to 726's argument.	4.5	1,282.50
03/14/2019	RYAN TRAINER	Attend 726 Special Application.	3.5	997.50
03/14/2019	CHARLES P. RUSSELL	Attend Court and follow up on further requirements for argument.	8.5	5,015.00
03/15/2019	CHARLES P. RUSSELL	Prepare for and attend Court.	8.5	5,015.00
03/15/2019	CHARLES P. RUSSELL	Review research and prepare for Court.	1.2	708.00
03/16/2019	CHARLES P. RUSSELL	Review and consider evidence on application and report to J. Taha.	0.5	295.00
03/19/2019	CHARLES P. RUSSELL	Telephone call with J. Taha re court application	0.1	59.00
03/27/2019	CHARLES P. RUSSELL	Review draft letter and PPR summary for Judge and respond.	0.2	118.00
03/29/2019	CHARLES P. RUSSELL	Review email from C. Nicholson and respond to R. Quinlan.	0.1	59.00

Date	Name	Description	Hours	Amount
04/03/2019	CHARLES P. RUSSELL	Review and reply to emails with other counsel on the PPR report to the Court.	0.2	118.00
04/04/2019	CHARLES P. RUSSELL	Prepare email to R. Quinlan re submissions to the Court.	0.1	59.00
04/08/2019	CHARLES P. RUSSELL	Review exchanges re PPR registrations and discrepancies and revised draft letter to Court and email R. Quinlan.	0.5	295.00
04/17/2019	CHARLES P. RUSSELL	Review email from C. Nicholson and report.	0.1	59.00
04/18/2019	CHARLES P. RUSSELL	Review R. Quinlan's redraft and respond.	0.2	118.00
04/18/2019	CHARLES P. RUSSELL	Telephone call with R. Quinlan (2x) re C. Nicholson's changes to letter and review.	0.3	177.00
04/22/2019	CHARLES P. RUSSELL	Review revised PPR summary.	0.1	59.00
04/30/2019	CHARLES P. RUSSELL	Telephone call with J. Taha re decision and respond to counsel re refinancing.	0.1	59.00
05/14/2019	CHARLES P. RUSSELL	Review Judgment and report.	1.2	708.00
	TOTAL		250.2	\$115,145.00

Summary of Recorded Time:

Individual	Rate	Hours	Amount
CHARLES P. RUSSELL	\$575.00	84.9	\$48,817.50
CHARLES P. RUSSELL	\$590.00	81.9	\$48,321.00
RYAN TRAINER	\$255.00	8.2	\$2,091.00
RYAN TRAINER	\$285.00	13.1	\$3,733.50
MARCO MARRELLI	\$195.00	38.0	\$7,410.00
MARCO MARRELLI	\$200.00	23.3	\$4,660.00
SHAWNA RICZU-NASH	\$175.00	1.4	\$17.50
WHITNEY SMITH	\$135.00	1.0	\$94.50
Total Fees		216.3	\$115,145.00

Taxable Disbursements:

DESCRIPTION	AMOUNT
Swann Hallberg & Associates – Roman Transcript	\$231.00
Swann Hallberg & Associates – McCracken Transcript	\$719.10
BC Corporate Searches	\$27.90
CORES Searches	\$26.32
CORES Documents	\$13.16
PPR Searches	\$11.28
Carswell	\$624.86
Total Taxable Disbursements	\$1653.62

Other Charges:

DESCRIPTION	AMOUNT
Photocopies/Colour Photocopies	341.70
Printing/Scanning	721.81
Total Other Charges	\$1063.51

GST:

(a)	Amount claimed on fees:	\$5,757.25
(b)	Amount claimed on disbursements:	\$ 82.68
(c)	Amount claimed on other charges:	\$ 53.18
	TOTAL GST:	\$5,893.11

By making the above claim for an additional amount on account of goods and services tax, the party entitled to the costs award warrants that it is not entitled under the *Excise Tax Act* (Canada) to a refund or rebate of any goods and services tax paid.

Total Amount Claimed:

Fees:	\$115,145.00
Disbursements:	\$1,653.62

Disbursements (GST Exempt):	Nil
Other Charges:	\$1,063.51
GST:	\$5,893.11
TOTAL:	\$123,755.24

Amount Allowed by Assessment Officer:

Fees:	\$
Disbursements:	\$
Other Charges:	\$
GST:	\$
TOTAL:	\$

Person Responsible for Preparation of this Bill of Costs:

McLennan Ross LLP

Per: _____
Charles P. Russell, Q.C.
Solicitors for Canadian Western Bank

CERTIFICATE OF ASSESSMENT OFFICER

I, _____, certify
the following amount(s) that [*is/are*] to be paid

By Plaintiff: \$ _____

By Defendant: \$ _____

To _____
(Name of party or parties to receive the costs awarded)

I also certify the following special circumstance(s) and the amount to be paid by each party with respect
to the special circumstance(s):

Special Circumstances

DESCRIPTION	AMOUNT TO BE PAID
	\$
	\$
	\$
	\$

Dated: _____

Name of Assessment Officer: _____

TAB B

Action No: 1703-12327
E-file Name: EVQ18667402ALBERTA
Appeal No: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF
667402 ALBERTA LTD., 18592318 ALBERTA LTD., 816956 ALBERTA LTD.,
1370147 ALBERTA LTD., 1919209 ALBERTA LTD., AND
CANADA NORTH GROUP HOLDINGS LTD.

P R O C E E D I N G S

September 6, 2018
Edmonton, Alberta

Transcript Management Services, Calgary
1901-N, 601 – 5 Street SW
Calgary, Alberta T2P 5P7
Phone: (403) 297-7392 Fax: (403) 297-7034

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1 Proceedings taken in the Court of Queen's Bench of Alberta, Law Courts, Edmonton,
2 Alberta

3
4 September 6, 2018

Morning Session

5
6 The Honourable Mr. Justice Hillier

Court of Queen's Bench of Alberta

7
8 S.N. Finlay

For the MD of Greenview

9 A. Steen

For Northland Managers Investment Corp.

10 R.J. Wasylyshyn

For the Receiver for Income Growth Fund Ltd.

11 D. McAllister

For 726 Modular Financing Canada Ltd.

12 D. McAllister

For 726 Remote Accommodations Ltd.

13 B. Lawrence

For the Town of Bonnyville

14 B. Lawrence

For Athabasca County

15 C.P. Russell, Q.C.

For Canadian Western Bank

16 S. Rohatyn

For Aurora Lodging

17 R. Quinlan (by telephone)

For the Monitor, Ernst & Young

18 J. Oliver

For BDC

19 R. Flewelling

For Great White Sand Tiger Lodging Ltd.

20 T.M. Warner

For National Leasing Group & ECN Capital Corp.

21 N. Valji

Court Clerk

22
23
24 THE COURT:

Good morning, everyone. Please be seated.

25
26 Ms. Finlay.

27
28 **Submissions by Ms. Finlay**

29
30 MS. FINLAY:

Thank you, Sir. Thank you for hearing us this morning. The -- the reason that we're before you is set out in our brief that we forwarded to your office. I don't know if you've had a change to review that.

31
32
33
34 THE COURT:

I have your letter, and, yes, I do have the brief

35 itself as well.

36
37 MS. FINLAY:

Okay. If you've had a chance to read it, I won't go through that, but perhaps I can just summarize briefly. We understood that an application had been set by the monitor for September 21st, and that the correspondence setting that date indicated that there would be municipal tax issues that would be dealt with at that hearing. In a subsequent email from Mr. Quinlan, he advised the parties as to

1 what those municipal tax issues would -- would be, which, in summary, was that -- and
2 this dealt with the town of Bonnyville, whether or not the town of Bonnyville, especially
3 for tax arrears applied in respect of the dorms and similar items located on the Bonnyville
4 camps on which there were outstanding property taxes.

5
6 That same issue arose in respect of our client's outstanding -- taxes that are outstanding
7 to my client upon some other camps that were buildings that were leased from a number
8 of other parties. In those proceedings dealing with the MD of Greenview, the parties had
9 agreed to put aside funds with respect to those taxes pending a determination in an -- in
10 an appeal that was recently heard on June 12th, entitled the *Virginia Hills* case, but in this
11 matter dealing with the MD of Bonnyville, the parties, I understand, wanted to bring that
12 -- an issue forward with respect to the effect of special maintenance priority on the 21st.

13
14 So two issues with that, one, it is a fairly significant matter, and we would suggest that if
15 that issue is going to be determined that all parties be required to bring their applications
16 and the matter be heard in a fulsome way, but primarily our position is that the *Virginia*
17 *Hills* matter does have the potential to impact matters in these proceedings, and,
18 therefore, our suggestion was that any municipal tax issues dealing with priority and the
19 existence of a special lien be adjourned until the -- an outcome -- a final outcome in the
20 *Virginia Hills* appeal.

21
22 I wanted to just discuss very briefly -- I wanted to highlight what the *Virginia Hills*
23 appeal deals with. Obviously I won't go into that in any detail, but the *Virginia Hills*
24 appeal involves an appeal of an order for advice and direction and distribution of funds,
25 funds that were held resulting from the sale of property, including easements, leases, and
26 wells and a number of other pieces of property that would be characterized as linear
27 property. The court declared in that case -- there was no written reasons. It was simply an
28 order -- that -- as part of the order that the pre-receivership linear tax claims of the
29 municipality were -- were only unsecured claims and did not form a secured claim, and
30 so the municipalities had no further claims to funds held by the receiver.

31
32 There were two arguments that were advanced in the -- in the appeal of that order by the
33 -- the receiver, or, sorry, there were three arguments that were advanced in that appeal
34 that it's my submission could touch on the issues arising in these matters. One, it was
35 argued that the municipalities are agents of the Crown, and, therefore, any priority or
36 realization on those special liens were subject to the rules that relate to statutory Crown
37 liens.

38
39 Secondly, they suggested that the removal of language in the -- the -- the acts that used to
40 apply to municipal taxes and special liens was called the *Municipal Taxation Act*, and in
41 the section that granted a security interest in that legislation had some additional

1 language, and the -- or the receiver argued in the *Virginia Hills* case that the removal of
 2 that language made the special lien provision in the current *MGA*, section 348,
 3 ambiguous with respect to what lands and improvements are being referred to. Thirdly,
 4 they argued that a special lien only relates to taxes in respect of a parcel of land, and a
 5 parcel of land under the *MGA* does not include improvements.

6
 7 So those are the three issues that we suggest -- if the Court of Appeal is -- accepts those
 8 arguments, those arguments would have an impact on determinations in these
 9 proceedings on the scope and status and the existence of a special lien on the
 10 improvements in this case.

11
 12 THE COURT: Let me try and cut to the chase on all of this. In
 13 your discussion with colleagues, including the monitor in respect of the Bonnyville issue,
 14 what discord has there been as to the wisdom of your request for deferral to *Virginia Hills*
 15 and the determination by the Court of Appeal that would inform the issues as
 16 crystallized?

17
 18 MS. FINLAY: I do not -- I do not -- I have had discussions
 19 with my friends in Palliser and Mr. Hakanen (sic) --

20
 21 MR. ROHATYN: Mr. Rohatyn from Parlee.

22
 23 THE COURT: Thank you.

24
 25 MS. FINLAY: And we've had discussions, and my
 26 understanding is that they understand the issues that arise in *Virginia Hills*, but I don't
 27 have a firm position from them on this adjournment today -- this adjournment request
 28 today.

29
 30 **Discussion**

31
 32 THE COURT: Okay. Let me just alert you that if you're going
 33 to be speaking principally on behalf of those who are opposed to the concern about
 34 litigating a matter that's already been dealt with at Queen's Bench once largely, and I
 35 recognize there may be distinctions, but I don't know the full import of those, then I want
 36 to know what's the most efficient use of our time. If, having the players here together,
 37 there's a way in which this can be dealt with, because there's some wisdom in not simply
 38 rerunning the issues that overlap at cost to however many parties feel impacted by this,
 39 then I am going to be very interested to know what those are, but I don't intend to spend a
 40 whole lot of time here today with that, and I'm wondering if it doesn't make some sense
 41 just to give you an opportunity to talk amongst yourselves, because I'm rather

1 predisposed to adjourn so that this matter is dealt with more effectively, once we've got
2 *Virginia Hills*.

3
4 MR. ROHATYN: Sir, if I could address that, there have been
5 some discussions, less so with Ms. Finlay, more so with counsel for the town of
6 Bonnyville, of Aurora Lodgings claimed ownership of dorms located on the Bonnyville
7 lands, so our discussions have been -- been mainly focussed with counsel for the town of
8 Bonnyville, and we've indicated to the town that in principle we don't -- we don't oppose
9 what is being sought today, which is an order setting aside these issues until *Virginia*
10 *Hills* can be determined, subject to some directions regarding scheduling once that
11 occurs.

12
13 THE COURT: Okay. So is there anybody that is objecting to
14 what Ms. Finlay is proposing here? Oh, my -- yes, Mr. Russell.

15
16 **Submissions by Mr. Russell**

17
18 MR. RUSSELL Thank you, My Lord. I'm -- I'm not -- CWB
19 isn't objecting to this.

20
21 THE COURT: Okay.

22
23 MR. RUSSELL: It -- it makes sense, I think, to have the issue put
24 over until we've seen what the Court of Appeal has to say. The only thing I would
25 suggest is that the creditors who have different security interests over property that are on
26 these various parcels of land, they have different kinds of problems. Some of them may
27 well be considered to be fixtures. Many of them would be serial-numbered goods,
28 manufactured homes. Some of them is rolling stock.

29
30 To the extent that the *Virginia Hills* Court of Appeal decision is -- is not going to
31 determine all of the issues in kind of a blanket way, for example, if the Court of Appeal
32 simply said, The municipalities have no charge over any personal property on -- on the
33 premises, if that was what the decision was, then it wouldn't be necessary for these
34 various creditors to be showing the Court or getting ready to show the Court what the
35 nature of their collateral is, but to the extent -- and -- and my friends are -- are in a much
36 better position to advise on this than I am, but to the extent that there is going to be some
37 factual premise that each of these creditors are going to have to deal with sooner or later,
38 I'd prefer that some direction be given by the Court that the -- the various creditors put in
39 affidavits giving a description of what their collateral is so that we know whose collateral
40 is purely rolling stock, whose collateral is something that may be more problematic for --
41 for the creditor.

1
2 THE COURT: And you're proposing that that would be as part
3 of today's order, if the Court grants the adjournment on the Bonnyville issue as it relates
4 to the 21st of September, pending *Virginia Hills*, that in all events creditors impacted be
5 obliged by a date specified to itemize or to particularize the nature of their claims.
6

7 MR. RUSSELL: Assuming that the *Virginia Hills* Court of
8 Appeal decision might not simply make all of that irrelevant, and -- and my friends would
9 be better off -- would be better able to answer that.
10

11 THE COURT: Well, I'm not so sure it's such a hardship for
12 that to be characterized, even in the absence. What I'm worried about is that if *Virginia*
13 *Hills* takes seven weeks to issue, just a hypothetical but not an unrealistic anticipated
14 timeframe, given that it was argued in June, and then after that all of those affidavits
15 being prepared, and I don't know how many there are, frankly, but then everybody's got
16 to bring themselves up to speed, whereas if they know if those were prepared within the
17 next three -- or whatever number seemed reasonable to those impacted by the Court's
18 direction -- weeks, then everybody would have at least some sense of what the landscape
19 was.
20

21 No, they don't know what the answer is in *Virginia Hills*, but they can then apply
22 *Virginia Hills*. If it eliminates most of the issues that would distinguish between some of
23 the natures of the claims, fine. There's no real hardship in having at least declared what
24 your interest is based on. That would be my first inclination.
25

26 MR. RUSSELL: And as -- yeah, and -- and, My Lord, that -- that
27 makes perfect sense to me. I suspect that most of the creditors are going to be able to put
28 in affidavits which simply append their proofs of claim that they have filed, which will
29 presumably have their security interests, append a PPR registration, which shows their
30 registration, either by serial number or not, and to the extent that it's not patently evident
31 that this is a motor vehicle, as opposed to something else, some explanation of that.
32

33 There are -- there are other issues, though, and I know Mr. Quinlan is intending to briefly
34 address this as well. For example, 726, Mr. McAllister's client, has an ownership claim
35 with regard to various assets that were at three of the limited partnership projects, and this
36 came as a surprise, I guess for lack of a better word, to CWB, as we had understood that
37 the McCracken's (phonetic) affidavits had indicated that -- assuming we're talking about
38 the same collateral, that that collateral was actually available for CNC, and if it wasn't,
39 then we need to know. You know, if there's a viable argument that it -- that it wasn't, that
40 it belongs to 726, then I think we also need to see what 726's claim is so that we can
41 assess the -- what arguments might have to be addressed in due course with regard to

1 that, and -- and, My Lord, I remind you that we also have October 23rd booked.

2
3 THE COURT: I had forgotten that because I know that Ms.
4 Hinz had been looking at a calendar date and a special assignment for me to sit
5 commercial in early December, which seemed like a more realistic date at which we may
6 be able to deal with at least outcome of *Virginia Hills*. We may not. We're beholden by
7 whatever is a fair timeline off of a decision issued from the Court of Appeal, but we were
8 trying to be as proactive as we could. What is on the October date?
9

10 MR. RUSSELL: Mr. Quinlan will be able to advice on that, but I
11 have anticipated that some of the creditors who are owners -- purported owners who want
12 to take their equipment back off site --
13

14 THE COURT: Right.
15

16 MR. RUSSELL: -- are going to want to be able to do so, so there
17 would be a question with regard to a cost -- you know, cost allocation, potential exposure
18 to the property taxes, and that -- those sorts of issues, totally aside from the legitimacy of
19 the ownership issues. So it -- so it seems to me that the first step is for all known creditors
20 who have collateral out there to be putting in their evidence with regard to their collateral,
21 and that those who have ownership claims doing the same, because then at least we've --
22 we've got some matrix to build on, and we may or may not be able to get things
23 substantively dealt with on October 23rd, but I know there will be issues aside from the
24 municipality issues that do have to be dealt with.
25

26 THE COURT: Do you know, or Mr. Quinlan may be in a better
27 position, but do you know -- I believe that that's probably in front of Justice Nielsen
28 because I am away in that period of time.
29

30 MR. RUSSELL: I -- I don't know.
31

32 THE COURT: So you may --
33

34 MR. RUSSELL: -- My Lord.
35

36 THE COURT: Okay. Okay.
37

38 MR. QUINLAN: Sorry, My Lord, the -- Mr. Quinlan --
39

40 THE COURT: Hi.
41

1 MR. QUINLAN: -- for the monitor. Yeah, that -- that date is
2 before Justice Nielsen.

3
4 THE COURT: Okay. That's why I'm not familiar with it.
5 Okay, fair enough.

6
7 Is there anything else from your perspective? I hear you on both the ownership and the --
8 the nature of claim, security clarifications or what your request would be for affidavits to
9 assert those on a timely basis. Anything else from your perspective?

10
11 MR. RUSSELL: No, My Lord. Once we've seen certainly the
12 property ownership claims --

13
14 THE COURT: Right.

15
16 MR. RUSSELL: -- once we've seen the evidence of that, we can
17 determine whether CWB sees an argument that they have a challenge to that. We may
18 want to have some questioning, but I suggest that we can, through counsel, try to get that
19 rolling, as long as we get the first step of the affidavits tabled.

20
21 THE COURT: Which is why I was saying that I don't think
22 that that should be held up by time in relation to *Virginia Hills* at all. I think we should be
23 moving ahead. Your point about questioning is something that I'm not going to speculate
24 on. I'm going to leave it to counsel. If you need directions, of course we'll give it to you,
25 but I rather anticipate you can get that done in an orderly fashion as well.

26
27 MR. RUSSELL: Yes.

28
29 THE COURT: Okay.
30 Mr. Quinlan, I think I'm going to turn to you as it relates to the lay of the land. Is there
31 anything further that you want to say on Ms. Finlay's request for adjournment on
32 Bonnyville and the taxation issue?

33
34 **Submissions by Mr. Quinlan**

35
36 MR. QUINLAN: No, My Lord. The monitor didn't object to that
37 adjournment. I mean, the monitor certainly booked the court application for the 21st. We
38 had a number of matters we thought might come before it, some of which won't be
39 proceeding due to events that have occurred since the booking, but we were -- all of you
40 are applying for advice and direction. We anticipated that both Sand Tiger and Aurora
41 would be bringing substantive applications to have those issues determined, so they were

1 really driving the bus. We were just getting it set on course.

2
3 With your -- the monitor's not opposed to that, in terms of what Mr. Russell's indicated. I
4 believe that the only party that these (INDISCERNIBLE) issues apply to are Aurora and
5 Tiger and 726. Aurora has dorms, which were sold and were the subject of a vesting --
6 prior vesting order by Mr. Justice Nielsen, so those dorms are already off site, and there's
7 money to be in the monitor's trust account pending determination of some of these issues.

8
9 As for Sand Tiger and 726, their dorms remain on site. I don't believe -- I believe all
10 those parties just had dorms. The monitor had received documentation from each of those
11 parties. I don't believe there's any rolling stock or any -- any other assets of that nature
12 that are subject of those ownership claims.

13
14 THE COURT: But you would agree with Mr. Russell as a
15 matter of due diligence it would make sense for the Court to make direction and
16 timeframes within which all of these claims, not just the notice of claims but the nature of
17 them, is itemized in affidavit form?

18
19 MR. QUINLAN: The monitor has no issue with that here. I -- I
20 can advise the Court that each party has been cooperative in providing the monitor with
21 their documentation, so we seen them, but I don't think it would be a problem or nor do I
22 think it would be a bad thing for the Court to have -- to direct that that evidence -- that
23 those documents be put in affidavit form and circulated to all the various creditors
24 involved in this matter through our server clubs.

25
26 THE COURT: I'm not sure. I understand that you are
27 volunteering to do that collectively. I might have thought that the nature of those claims
28 and the not posturing but the position being asserted was better in the hands of counsel in
29 respect of those claimants than for the monitor to act as a collective voice as to what it
30 interprets or understands from what's been received.

31
32 MR. QUINLAN: Sir, no, in the interests of adjudication I agree
33 with you. I believe it's those parties who'd be better served by putting their own
34 affidavits forward.

35
36 THE COURT: Okay.

37
38 MR. QUINLAN: I was just simply trying to advise that they have
39 provided the monitor with their documents already.

40
41 THE COURT: Sure, this is not a criticism --

1 MR. QUINLAN: (INDISCERNIBLE)

2
3 THE COURT: Sure, this Court's not criticizing anything that's
4 transpired to date. It is a matter of due diligence for the Court to have proper lay of the
5 land, to flesh out what it is that's going to be problematic, perhaps out of *Virginia Hills*,
6 but, in any event, it's an appropriate caution, and it may give rise to questioning if a party
7 takes a position that impacts some other claims or wasn't anticipated to be the position
8 taken by that party. Then others could initiate questioning and get that scheduled.

9
10 All right, is there any reason, since you have the Court's attention for the moment, Mr.
11 Quinlan, why there ought not to be a deadline set at the end of the first week of October
12 for those claims to be placed in affidavit form?

13
14 MR. QUINLAN: No, Sir. I think that would be an appropriate
15 date, given that -- well, the court hearing we have already scheduled for October 23rd.

16
17 THE COURT: Right.

18
19 MR. QUINLAN: Just so that if all affidavit evidence is in by the
20 first week of October, I think that would give the parties sufficient time so that whatever
21 other issues that are separate and apart from the fact issues can be considered and
22 determined on the 23rd, if that's the hearing.

23
24 **Decision**

25
26 THE COURT: All right. Then unless there's any other
27 objection, I'll make an almost imperceptible pause before I then declare that October the
28 5th will be the date for all filings to address claims by creditors, and I believe that Mr.
29 Russell makes a useful distinction. Those claims of ownership, to the extent that that's a
30 distinction with a difference, and I believe it is, are similarly to place their position in
31 affidavit form by the October 5th date as well.

32
33 MR. QUINLAN: My Lord, Mr. Quinlan here, just to clarify, is
34 October the 5th the date for any monitor's report as well for that October 23rd -- that --

35
36 THE COURT: No, I believe that the monitor, because of your
37 function, should have some delay period within which to prepare the monitor's report.
38 Given that this is for the 23rd, it would make some sense for your report to be in by the --
39 just give me a second to get back to that calendar -- by the 10th of October. Well, maybe
40 I need to give you the 11th since it looks like the 8th is a holiday. So the monitor's report
41 will be in by October the 11th, and you would follow the practice note in respect of filing

1 of briefs. I don't really want to try and case-manage Justice Nielsen's issues. Did he
2 provide directions as to timing for submissions for this October 23rd date?

3
4 MR. QUINLAN: No, Sir, he did not.

5
6 THE COURT: Well, then it seems to me, not knowing what the
7 full breadth of that is, that those applicants should have their materials in by October -- is
8 it October 23 that Justice Nielsen's hearing this?

9
10 MR. QUINLAN: Correct.

11
12 THE COURT: That the applications then would be in by the
13 12th and responses by the 17th of October. That's not exactly compliant with the practice
14 note, but it seems to me it gives Justice Nielsen a reasonable period of time within which
15 to make assessments.

16
17 Ms. Finlay.

18
19 MS. FINLAY: Thank you, Sir. Might I simply ask that the
20 order with respect to the filing of the affidavits also provide a direction that those
21 affidavits identify the municipality in which the property or assets are located?

22
23 THE COURT: I think that's a good caution, an appropriate
24 piece of due diligence, to alert those likely impacted by it.

25
26 MS. FINLAY: Thank you.

27
28 THE COURT: Mr. Russell.

29
30 MR. RUSSELL: My Lord, might I also ask that the affidavits in
31 the case of the creditors show the debt levels that they are claiming?

32
33 THE COURT: Quite so.

34
35 MR. RUSSELL: Okay.

36
37 THE COURT: That also makes complete sense.

38
39 Mr. Quinlan, are there any other matters that the direction for the 5th of October should
40 itemize?
41

1 MR. QUINLAN: No, Sir, I think -- I think Ms. Finlay and Mr.
2 Russell have sufficiently articulated the -- the two additional points beyond the
3 identification of the assets on the terms of the assets.
4

5 THE COURT: All right. Is there any feedback with respect to
6 the Court's proposed dates, recognizing that I'm really affecting the schedule for the
7 hearing contemplated in front of Justice Nielsen, as opposed to myself? Nothing else? All
8 right, then I will leave those dates. Who is preparing this order? Mr. Quinlan, will you
9 prepare it?
10

11 MR. QUINLAN: I think for the sake of brevity, My Lord, it
12 should be someone who is currently in town. I'm -- I'm in the mountains right now. I
13 won't be back until about Monday. Perhaps I can impose upon Ms. Finlay or Mr. Russell
14 to take the lead in drafting it.
15

16 THE COURT: Their body language tells me they're trying to
17 sort that out.
18

19 MS. FINLAY: Very subtle.
20

21 MR. RUSSELL: I'm pushing off the --
22

23 THE COURT: I can see that, Mr. Russell.
24

25 Ms. Finlay, how are you responding to this push?
26

27 MS. FINLAY: I'm happy to prepare the orders and circulate
28 them to counsel so that they make sure that I get it right. I was just saying to my friend,
29 Mr. Russell, that I propose to prepare two orders, one with respect to the -- unless you
30 direct otherwise -- one with respect to the October 23rd hearing and the filings that are
31 required with respect to that and then one with respect to the adjournment of simply the
32 municipal tax issues on the 12th of -- 21st, sorry, of September, so that if that date is -- is
33 necessary for any other matters, it stays open, but just adjourning those matters, subject to
34 a final determination in the *Virginia Hills* matter.
35

36 THE COURT: That makes complete sense, but it isn't just the
37 deadlines in respect of briefs by applicants. It's also the October 5 dates in respect of
38 ownership --
39

40 MS. FINLAY: Yes.
41

1 THE COURT: -- as well as creditor claims.
2
3 MS. FINLAY: Yes, I simply meant that --
4
5 THE COURT: Okay.
6
7 MS. FINLAY: -- there -- there --
8
9 THE COURT: Your own adjournment is a separate issue. I
10 quite agree.
11
12 MS. FINLAY: Yes, thank you, Sir.
13
14 THE COURT: A second order will be appropriate.
15
16 MS. FINLAY: Yes.
17
18 MR. RUSSELL: And -- and, My Lord, Mr. McCullough had just
19 suggested to me that it -- it might be helpful for creditors to describe not only what their
20 collateral is but where -- in which municipality it is -- the collateral is located to the best
21 of their knowledge. That will probably help the municipalities figure out whether there's
22 a fight with Wild Aven (phonetic) or not.
23
24 THE COURT: Quite so.
25
26 MS. FINLAY: Yes.
27
28 THE COURT: You understand that will be incorporated,
29 please, Ms. Finlay?
30
31 MS. FINLAY: Yes, and I will -- I will circulate those draft
32 orders to all counsel.
33
34 **Discussion**
35
36 THE COURT: Okay. Okay. Is there anything further, then, in
37 respect of the adjournment on *Virginia Hills* or the matter as to clarification of claims as
38 may impact -- well, and it wouldn't just be restricted by what Justice Nielsen may be
39 dealing with. I think it's a useful tool and backdrop moving forward for other matters. It
40 isn't just going to inform the October 23rd proceedings.
41

1 If not, then it seems to me that what I would like, Mr. Quinlan, is at least some verbal
2 update as to what September 21 looks like, and, indeed, I might suggest that the Court
3 has read the materials for First Aven (phonetic) Financial and Xenex (phonetic) that Ms.
4 Ferris (phonetic) has provided. I don't know that there is any dispute with respect to
5 either the appraisal or the proposed language of an order that would list. I don't know
6 how controversial all of that is and whether an order would be contemplated. I want to
7 know how we can make best use of the September 21st date, so I will invite you, Mr.
8 Quinlan, to speak to that.

9
10 MR. QUINLAN: Well, the -- the good part, My Lord, with --
11 with those issues being moved off that date to the October date, I -- I certainly don't think
12 we need the full day that was scheduled. The -- the two primary matters that I think
13 would be for Your Lordship on that day are Ms. Ferris's application for approval of the
14 sale of the farm. I think what might be a contentious issues is the amount that the monitor
15 will be asking for as a holdback from those (INDISCERNIBLE). The two dates that Your
16 Lordship were to bring the approval of that sale, so that issue, I think, will be live before
17 Your Lordship on that day.

18
19 I do -- I do not believe it's been filed yet, but I -- I understand from speaking to their
20 counsel yesterday that Staley Construction (phonetic), who was the first mortgagee in
21 respect of the Winterburn yard that's already been sold, is going to be bringing an
22 application for interim distribution of those sale proceeds, which are currently being held
23 by the monitor. Again, there would be that issue before the Court, and should Your
24 Lordship grant the interim distribution, there may be a contested issue with respect to,
25 again, how much the monitor will have as a holdback for those sales proceeds or any
26 final cost out they should -- which obviously will not be determined until the end of these
27 proceedings.

28
29 So with -- with those two things being heard, I think that everything else being moved
30 off, those are likely going to be the only issues before Your Lordship on that day. There
31 may -- they may (INDISCERNIBLE) be a sale going through as well. The monitors have
32 some ongoing negotiations with that, but I don't know if that will be concluded in time to
33 be heard on September 21.

34
35 THE COURT: I'm sorry, sale on what?

36
37 MR. QUINLAN: Oh, the sale of some assets on what we call the
38 Monea (phonetic) camp.

39
40 THE COURT: Okay, just --

41

1 MR. QUINLAN: So those negotiations are still ongoing, and I'm
2 not sure we'll be completed in time.

3
4 THE COURT: Okay.

5
6 MR. QUINLAN: But that may be added to the list last minute.

7
8 THE COURT: Okay, I'm not opposed to last-minute
9 attendance in court where matters are basically sorted out and therefore need Court
10 approval or fine-tuning in respect of an amount or a date or things of that sort. If there's a
11 substantive dispute, then I need to know what point of time that matter is intended to be
12 crystallized and presented to the Court so that the parties have materials that the Court
13 can review and effectively address on a prepared or informed basis.

14
15 So we've got Ms. Ferris's application. I don't have anything from your office in respect
16 of the issue of the holdback, if that's the only point in contention there, so that needs to
17 be addressed shortly. On the Staley Construction on Winterburn, once again, that needs to
18 be crystallized to know what the basis is for a proposed holdback and what the pushback
19 on that would be by Staley.

20
21 MR. QUINLAN: Yes, My Lord. I -- I -- can advise that it's our
22 intention to have our application document our monitor's report, confidential
23 supplemental monitor's report and our brief, all filed on Monday, within our normal
24 commercial list filing deadline.

25
26 THE COURT: Okay.

27
28 Mr. Russell.

29
30 MR. RUSSELL: And, My Lord, Mr. McCullough had also just
31 mentioned to me that there might be a few other cleanup issues that may be in the
32 application that haven't been mentioned here, but he had anticipated anything overly
33 contentious.

34
35 THE COURT: Okay. Okay, well, you've got my overview of
36 things. I don't mind dealing with matters in the nature of housekeeping. Let's make sure
37 that we are moving forward and have court direction for those things that the parties have
38 sorted out, but particularly where it's quite obvious and it has been throughout the past 15
39 months that no one judge is able to give you a seamless audience on issues, it's really
40 important that the difference between housekeeping or let's remain current items and
41 contentious issues needs to be well-planned and addressed on a timely basis.

1 So in that I haven't made any direction of course for questioning in respect of the October
2 5 affidavits, you're going to need to do that on a prompt and timely basis, all right?

3
4 Ms. Finlay?

5
6 MS. FINLAY: Sir, it occurred to me that -- so we're going to
7 have affidavits prepared by creditors that disclose the nature of their claim and then any
8 ownership issues. Those will identify the municipalities in which those items are located.
9 Will you be looking for -- will it assist the Court then to have municipalities, after the
10 October 5th date, then particularize their claims based on the affidavits that they receive,
11 because I think the whole purpose was to be able to try to bring at least to a head people's
12 various interests that they're claiming in these items.

13
14 Now, municipalities would only be claiming an interest or a special lien on items that fall
15 within the definition of obviously the lands but also the improvements. For that, we will
16 need to rely on the affidavits. Now, maybe we don't need to deal with that in such a
17 formal way. We may be able to deal with that by discussion, but if we're going to have a
18 time where all -- all of the property is going to be identified and people's claims
19 identified, does it make sense to set a date by which the municipalities would review
20 those things and identify the items that they -- they assert a special lien on.

21
22 THE COURT: I think that again makes eminent sense in
23 crystallizing people's thought processes. I have alerted you and it's not anything that's
24 going to get formalized in today's directions, but we have set up a special commercial
25 sitting that isn't just accommodating Canada North, of course, but for the week of
26 December the 5th, so with that in mind, it seems to me that impacted municipalities, in
27 reviewing the October 5 affidavits that identify property within their jurisdictions, should
28 be responding and placing evidence that would support their entitlement, irrespective of
29 or setting aside what the Court may interpret of section -- is it 341? I've forgotten now.

30
31 MS. FINLAY: Section -- section 348.

32
33 THE COURT: Eight.

34
35 MS. FINLAY: Yes.

36
37 THE COURT: 348, thank you, of the *MGA* that there be a date
38 set for those to be expressed, and I might suggest that that be not later than October the
39 26th. Is there any pushback against that date? It will be right after Justice Nielsen's, so
40 everybody will have had at least a couple of breakfasts post that process to finalize
41 positions.

1 Ms. Finlay, any reaction to 26th?

2
3 MS. FINLAY: No, Sir, that date is fine for us.

4
5 THE COURT: Okay. I will have you, if you would, capture
6 that in that same order.

7
8 MS. FINLAY: Yes, I will, Sir.

9
10 THE COURT: All right, superb.

11
12 MR. RUSSELL: My Lord, would it be appropriate for us to book
13 a day in the week of December 5th so we have something for whatever falls out of the
14 October 23rd?

15
16 THE COURT: I believe that that's prudent.

17
18 MR. RUSSELL: All right.

19
20 THE COURT: Bearing in mind that, of course, Ms. Hinz
21 should be alerted that in the event the *Virginia Hills* isn't decide, then we're going to
22 have to adjourn because that's a central piece as to not only whether the matter can be
23 argued, because we're awaiting that decision, but the scope or time allotment to it. You
24 should get a full day, I believe, unless counsel think it should be even longer. I don't
25 know. I don't know how many municipalities there are, how similar or dissimilar their
26 positions may be.

27
28 You people will assess that. It is a fresh commercial sitting, so she will give you that
29 amount of time that you collectively determine would be needed for this, on the basis that
30 in the event you don't have *Virginia Hills* that you may not be able to make use of it, and
31 that's unfortunate.

32
33 MR. RUSSELL: My Lord, perhaps what we could do after --
34 after we -- you've adjourned, we could have counsel stay on the phone and just
35 collectively discuss what -- what might work then.

36
37 THE COURT: I think that makes complete sense.

38
39 Ms. Finlay, anything further?

40
41 MS. FINLAY: No, is -- the courtroom available?

1 THE COURT CLERK: Yeah, it is.

2
3 MS. FINLAY: Okay.

4
5 THE COURT: Oh, you're so good, dear, then.

6
7 MS. FINLAY: Okay.

8
9 THE COURT: All right. Is there anything else? Do I have Ms.
10 Ferris on the phone or Ms. Ferris's office? All right, then I will just leave it with you,
11 Mr. Quinlan, to have due diligent discussions with Ms. Ferris as to holdback. That seems
12 to be the only live issue on her application and to alert the Court about the best use of the
13 September 21st date, all right?

14
15 MR. QUINLAN: Understood, My Lord.

16
17 THE COURT: Okay. Anything else this morning?

18
19 MS. FINLAY: Nothing, Sir.

20
21 THE COURT: Thanks, everyone, for attending. We are
22 adjourned.

23
24
25 PROCEEDINGS CONCLUDED

26
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Certificate of Record

I, Nelin Valji, certify that this recording is the record made of the evidence in the proceedings in Court of Queen's Bench, held in courtroom 611, at Edmonton, on the 6th day of September, 2018, and I, Nelin Valji, was the court official in charge of the sound-recording machine during the proceedings.

1 **Certificate of Transcript**

2
3 I, Kaye Garner, certify that

4
5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the
6 best of my skill and ability, and the foregoing pages are a complete and accurate
7 transcript of the contents of the record, and

8
9 (b) the Certificate of Record for these proceedings was included orally on the record and
10 is transcribed in this transcript.

11
12 Kaye Garner, Transcriber

13 Order Number: AL-JO-1002-1178

14 Dated: December 11, 2018
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TAB C

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
667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956
ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA
LTD. and CANADA NORTH GROUP LP HOLDINGS LTD.

APPLICANT MUNICIPAL DISTRICT OF GREENVIEW #16

DOCUMENT ORDER – ADVICE AND DIRECTION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Reynolds, Mirth, Richards & Farmer LLP
Barristers & Solicitors
3200 Manulife Place
10180 - 101 Street
Edmonton, AB T5J 3W8

Lawyer: Shauna N. Finlay
Telephone: (780) 425-9510
Fax: (780) 429-3044
File No: 80699-068-MJM

DATE ON WHICH ORDER PRONOUNCED: September 6, 2018

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice S. D. Hillier

UPON THE APPLICATION of the Municipal District of Greenview No. 16 ("Greenview"); AND UPON HAVING READ the Brief of Greenview filed on the 31st of August, 2018; AND UPON HEARING from counsel for Greenview, counsel to Aurora Lodging Inc., counsel for the Canadian Western Bank, counsel for the Monitor and such other counsel as were present;

IT IS HEREBY ORDERED AND DIRECTED THAT:

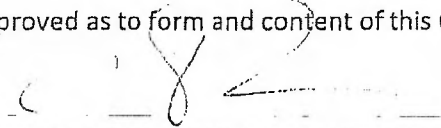
1. On or before October 5, 2018, any secured creditors or parties claiming an ownership interest in the within proceedings, except municipal creditors with respect to unpaid municipal property taxes and arrears, shall file an affidavit (the "October 5th Affidavits") in the within proceedings identifying:
 - i. any and all secured claims with respect to property now or previously owned or operated by all or any of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd., Canada North Group LLP Holdings Ltd. or any prior applicants in these proceedings;
 - ii. any and all ownership claims with respect to property held or operated by all or any of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd., Canada North Group LLP Holdings Ltd. or any prior applicants in these proceedings;
 - iii. the security interest held to secure such claims;
 - iv. the basis of any and all ownership claims;
 - v. the municipality in which the collateral charged by the security interest or the property with respect to which ownership is claimed was located immediately prior to the commencement of these proceedings; and
 - vi. the debt associated with each secured claim or ownership claim.
2. On or before October 26th, 2018, any and all municipal creditors claiming a special lien in any of the security identified in the October 5th Affidavits shall file affidavits identifying:
 - i. the property over which the municipality claims a special lien under s. 348 of the *Municipal Government Act*, R.S.A. 2000, c. M-26, as amended, and any other evidence that would support the municipality's entitlements to the special lien on that property; and
 - ii. the outstanding property taxes and arrears claimed to be secured by the special lien.
3. With respect to the October 23, 2018 hearing currently scheduled before the Honourable K. G. Nielsen, the following filing deadlines shall apply:
 - i. the Monitor's report shall be filed on or before October 11, 2018;

- ii. any application materials shall be filed by the applicant on or before October 12, 2018; and
- iii. any materials filed in response to an application shall be filed on or before October 17, 2018.

for clerk

 J. C. B. A.

Approved as to form and content of this Order:



Charles P. Russell, Q.C.
 McLennan Ross LLP
 Counsel for Canadian Western Bank



Steve Rohatyn
 Parlee McLaws LLP
 Counsel for Aurora Lodging

Ryan Quinlan
 Duncan Craig LLP
 Counsel for the Monitor, Ernst & Young

Bryce Lawrence
 Brownlee LLP
 Counsel for Athabasca County & Town of Bonnyville

Coralee Mohr
 Witten LLP
 Counsel for Northland Mortgage & Investment Corporation

Darcy McAllister
 McAllister LLP
 Counsel for 726 Modular Financing

Terrence M. Warner
 Miller Thomson
 Counsel for National Leasing Group Inc. & ECN Capital Corp

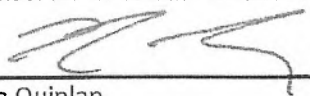
Ryan Flewelling
 Regent Law
 Counsel for Great White Sand Tiger Lodging Ltd

- ii. any application materials shall be filed by the applicant on or before October 12, 2018; and
- iii. any materials filed in response to an application shall be filed on or before October 17, 2018.

J. C. Q. B. A.

Approved as to form and content of this Order:

Charles P. Russell, Q.C.
McLennan Ross LLP
Counsel for Canadian Western Bank



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Counsel for the Monitor, Ernst & Young

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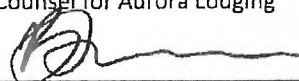
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Witten LLP
Counsel for Northland Mortgage & Investment
Corporation

Darcy McAllister
McAllister LLP
Counsel for 726 Modular ^{Finance Canada Ltd.} ~~Financing~~
and 726 Remote Accommodations, Ltd

Terrence M. Warner
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Mclennan Ross LLP
Counsel for Canadian Western Bank

Steve Rohatyn
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Counsel for Aurora Lodging

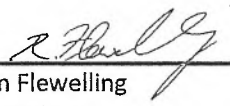
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Ryan Flewelling
Regent Law
Counsel for Great White Sand Tiger Lodging Ltd

TAB D

COURT FILE NUMBER 1703-12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF
ARRANGEMENT OF 667402 ALBERTA LTD.,
18512398 ALBERTA LTD., 816956 ALBERTA
LTD., 1371047 ALBERTA LTD., 1919209
ALBERTA LTD. and CANADA NORTH
GROUP LP HOLDINGS LTD.

APPLICANT MUNICIPAL DISTRICT OF GREENVIEW #16

AFFIDAVIT
(VOLUME 1 OF 2)

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

DARCY McALLISTER
McALLISTER LLP
2500, 10155 102 Street, Edmonton, AB T5J 4G8
T: (780) 425-2500 F: (780) 425-1222
File No. 87659-0

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
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LTD., 1371047 ALBERTA LTD., 1919209
ALBERTA LTD. and CANADA NORTH GROUP LP
HOLDINGS LTD.

APPLICANT MUNICIPAL DISTRICT OF GREENVIEW #16

AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT DARCY McALLISTER
McALLISTER LLP
2500, 10155 102 Street, Edmonton, AB T5J 4G8
T: (780) 425-2500 F: (780) 425-1222
File No. 87659-0

AFFIDAVIT OF BARRY ROMAN

Sworn on October 2, 2018

I, BARRY ROMAN, of Arlington, in the State of Virginia, United States of America, SWEAR AND SAY THAT:

1. I am the President and Director of 726 Remote Accommodations, Ltd. and 726 Modular Finance Ltd. ("726"), and as such have personal knowledge of the matters hereinafter deposed to, except where the same is stated to be based upon information and belief, and where so stated, I verily believe the same to be true.

2. 726 are in the business of leasing commercial modular buildings for remote workforce environments, such as dormitories, kitchens, and recreation facilities to be used in the oil and gas and mining industries.
3. 726 are both British Columbia corporations which are the wholly-owned Canadian subsidiaries of the Virginia-based company Reliant Asset Management, LLC, of which I am also President.
4. 726 Modular Finance Ltd. and 726 Remote Accommodations Ltd. are alter egos of one another, agents of one another and they share the same staff and management.

The Limited Partnerships

5. 726 entered into 4 limited partnership agreements with various parties, including Canada North Group LP Holdings Ltd. ("CNG"), for projects referred to as:
 - a. Bonnyville Project;
 - b. Wandering River Project;
 - c. Peace River Lodge Project; and
 - d. Kilometer 147 Project.(collectively, the "Limited Partnerships").
6. The relevant limited partnership agreements included provisions whereby 726 was to provide certain equipment for use by each partnership, typically in the form of a lease. Each is addressed in further detail below.

The General Partnerships

7. Each of the Limited Partnerships included as one of the partners a general partner, respectively, as follows:
 - a. Bonnyville Lodge GP Ltd.;
 - b. Wandering River Lodge GP Ltd.;
 - c. Peace River Lodge GP Ltd.; and
 - d. Kilometer 147 GP Ltd.(collectively, the "General Partners").

8. Each of the General Partners was a corporation and was governed by a unanimous shareholders agreement, which included 726 as a party and also included Canada North Camps Inc. ("CNC") as a party.
9. I am a director of each of the General Partners.
10. CNC was subsequently amalgamated into 18512398 Alberta Ltd.
11. CNC entered into general security agreements with each of the Limited Partnerships without the knowledge or consent of 726, then registered security interests in the Alberta Personal Property Registry based upon the same as against equipment it did not own.

(i) Bonnyville Lodge Project

12. On December 10, 2014, 726 entered into a limited partnership with Bonnyville Lodge GP Ltd. and CNG (the "Bonnyville Limited Partnership Agreement") relating to a project at the following lands:

Plan 082 6492, Block 3, Lot 7

and

Plan 132 4161, Block 4, Lots 1, 2, 3, 4, 5, and 6.

(the "Bonnyville Lands").

13. The Bonnyville Limited Partnership Agreement required that 726 was to provide the following equipment to the partnership:

- 22 units KDR;
- 2 well sites;
- 1 dorm; and
- 6 J&J dorms.

The above noted structures also contain a number of small wares (the structures above and the small wares therein are collectively referred to as the "Bonnyville Equipment").

14. Only at such time as the partnership had made distributions to 726 in the aggregate sum of \$20,000,000.00, followed by distributions to CNG in the aggregate sum of \$8,000,000.00, was 726 to transfer the Bonnyville Equipment, free and clear of any encumbrances, to the partnership. Attached as **Exhibit "A"** is a copy of the Bonnyville Limited Partnership Agreement.
15. On or about December 30, 2014, 726 purchased the Bonnyville Equipment from Canada North Camps Inc. A wire transfer for payment in the amount of \$21,000,000.00 for the Bonnyville Equipment was completed on December 11, 2014. Attached as **Exhibit "B"** is a schedule of the

Bonnyville Equipment, along with copies of the relevant invoices, bill of sale and email confirming payment for the Bonnyville Equipment.

16. 726 provided the Bonnyville Equipment to the partnership in accordance with the Bonnyville Limited Partnership Agreement. Distributions to 726 in the aggregate sum of \$20,000,000.00, followed by distributions to CNG in the aggregate sum of \$8,000,000.00, were never made. The Bonnyville Equipment was therefore never transferred by 726 to the partnership.
17. One of the partners of the Bonnyville Limited Partnership was Bonnyville Lodge GP Ltd. of which both 726 and CNC were shareholders. Bonnyville Lodge GP Ltd. was governed by a unanimous shareholder agreement, to which both 726 and CNC were parties (the "Bonnyville Lodge USA"). It was an express term of the Bonnyville Lodge USA that its board of directors would not, unless otherwise determined by unanimous resolution of the board, do the following:

(f) Borrow money on the credit of the Corporation or the Limited Partnership;

(g) issue, reissue, sell or pledge debt obligations of the Corporation of the Limited Partnership;

(h) give guarantees on behalf of the Corporation of the Limited Partnership to secure performances of an obligation of any person;

(i) enter into an agreement or instrument or series thereof, witnessing any capital expenditures, loans or continuing indebtedness of the Corporation or the Limited Partnership in excess of \$100,000.00;

(j) encumber the assets or undertaking of the Corporation or the Limited Partnership, except as may be necessary to secure loans or advances authorized by subparagraph (i);

(n) authorize any payment to the Limited Partners from the Limited Partnership other than in accordance with the proportionate interest of the Limited Partners therein, other than as provided for in Section 16.9 of the Limited Partnership Agreement.

Attached as **Exhibit "C"** is a copy of the Bonnyville Lodge USA.

18. On or about March 29, 2017, CNC registered a purported security interest in the Alberta Personal Property Registry as against some or all of the Bonnyville Equipment. Attached as **Exhibit "D"** is a copy of a Personal Property Registry Search for registration number 17032937455, identifying the Bonnyville Equipment therein.
19. The Bonnyville Equipment is presently located on the Bonnyville Lands, as follows:
 - 6 trailers of the dorm on Parcel #3;
 - 2 trailers of the dorm on Parcel #2;

- 15 units of the kitchen on Parcel #1; and
- 7 units of the kitchen on Parcel #6.

(ii) ***Wandering River Lodge Project***

20. On December 29, 2014, 726 entered into a limited partnership with CNG and others (the "Wandering River Lodge Limited Partnership Agreement") relating to a project at the following lands:

THE NORTH EAST QUARTER OF SECTION THIRTY-FIVE (35)
TOWNSHIP SEVENTY-ONE (71)
RANGE SEVENTEEN (17)
WEST OF THE FOURTH MERIDIAN
CONTAINING 65.2 HECTARES (161 ACRES MORE OR LESS)
EXCEPTING THEREOUT:
(A) 0.417 HECTARES (1.03 ACRES)
MORE OR LESS, AS SHOWN ON ROAD PLAN 498PX
(B) 0.414 HECTARES (1.02 ACRES), MORE OR LESS, AS SHOWN ON ROAD PLAN 80 20469
EXCEPTING THEREOUT ALL MINES AND MINERALS.

(the "Wandering River Lands").

21. The Wandering River Lodge Limited Partnership Agreement required that 726 was to provide certain equipment (the "Wandering River Lodge Equipment") via a lease agreement (the "Wandering River Lodge Lease Agreement"). Attached as **Exhibit "E"** is a copy of the Wandering River Lodge Limited Partnership Agreement.
22. It was an express provision of the Wandering River Lodge Lease Agreement that the lease in question was a true lease and not a sale and, further, that the Wandering River Lodge Limited Partnership would not acquire an ownership interest in the Wandering River Lodge Equipment. Attached as **Exhibit "F"** is a copy of the Wandering River Lodge Lease Agreement. Attached as **Exhibit "G"** is an equipment schedule outlining the Wandering River Lodge Equipment and relevant supporting ownership documentation.
23. One of the partners of the Wandering River Lodge Limited Partnership was Wandering River Lodge GP Ltd. of which both 726 and CNC were shareholders. Wandering River Lodge GP Ltd. was governed by a unanimous shareholder agreement, to which both 726 and CNC were parties (the "Wandering River Lodge USA"). It was an express term of the Wandering River Lodge USA that its board of directors would not, unless otherwise determined by unanimous resolution of the board, do the following:

(f) Borrow money on the credit of the Corporation or the Limited Partnership;

(g) issue, reissue, sell or pledge debt obligations of the Corporation of the Limited Partnership;

(h) give guarantees on behalf of the Corporation of the Limited Partnership to secure performances of an obligation of any person;

(i) enter into an agreement or instrument or series thereof, witnessing any capital expenditures, loans or continuing indebtedness of the Corporation or the Limited Partnership in excess of \$100,000.00;

(j) encumber the assets or undertaking of the Corporation or the Limited Partnership, except as may be necessary to secure loans or advances authorized by subparagraph (i);

(n) authorize any payment to the Limited Partners from the Limited Partnership other than in accordance with the proportionate interest of the Limited Partners therein.

Attached as **Exhibit "H"** is a copy of the Wandering River Lodge USA.

24. On March 29, 2017, CNC purported to enter into a general security agreement with Wandering River Lodge LP, by its general partner Wandering River Lodge GP Ltd., as debtor (the "Wandering River Lodge GSA"). Attached as **Exhibit "I"** is a copy of the Wandering River Lodge GSA.
25. On or about March 29, 2017, CNC then registered a purported security interest in the Alberta Personal Property Registry as against some or all of the Wandering River Lodge Equipment. Attached as **Exhibit "J"** is a copy of a Personal Property Registry Search for registration number 17032937499, identifying the Wandering River Lodge Equipment therein, as well as additional equipment that is owned by 726.
26. The Wandering River Equipment is presently located at the Wandering Rivers Lands.

(iii) Peace River Lodge Project

27. In or about January 2015, 726 entered into a limited partnership with, *inter alia*, Canada North Group LP Holdings Ltd. (the "Peace River Lodge Partnership Agreement") relating to a project at the following lands:

THE NORTHEAST QUARTER OF SECTION THIRTY (30)
TOWNSHIP EIGHTY THREE (83)
RANGE TWENTY TWO (22)
WEST OF THE FIFTH MERIDIAN,
CONTAINING 64.7 HECTARES (160 ACRES), MORE OR LESS.
EXCEPTING THEREOUT: - (A) 0.636 HECTARES (1.57 ACRES)
MORE OR LESS, AS SHOWN ON ROAD PLAN 609BM
(B) 2.48 HECTARES (6.13 ACRES), MORE OR LESS, AS SHOWN ON

ROAD PLAN 1552LZ

(C) 11.2 HECTARES (27.81 ACRES), MORE OR LESS, DESCRIBED AS FOLLOWS: - COMMENCING AT A POINT ON THE NORTH LIMIT OF THE ROAD, AS SHOWN ON ROAD PLAN 609BM TWENTY HUNDRED AND FORTY-ONE AND TWENTY SIX HUNDREDTHS (2041.26) FEET EASTERLY FROM THE EAST BOUNDARY OF THE SAID QUARTER SECTION MEASURED ALONG THE SAID NORTH LIMITED THENCE EASTERLY ALONG THE SAID NORTH LIMIT TO THE INTERSECTION WITH THE SAID EAST BOUNDARY THENCE NORTHERLY ALONG THE SAID EAST BOUNDARY ELEVEN HUNDRED AND EIGHTY-SEVEN AND THREE HUDNREDTHS (1187.03) FEET: THENCE SOUTH WESTERLY IN A STRAIGHT LINE TO THE POINT OF COMMENCEMENT.

(D) 0.259 HECTARES (0.64 ACRES), MORE OR LESS, AS SHOWN ON ROAD PLAN 4418NY

(E) 0.350 HECTARES (0.86 ACRES) MORE OR LESS FOR ROAD PLAN 9221439. EXCEPTING THEREOUT ALL MINES AND MINERALS.

(the "Peace River Lands").

28. The Peace River Lodge Partnership Agreement required that 726 was to provide certain equipment (the "Peace River Lodge Equipment") via a lease agreement (the "Peace River Lodge Lease Agreement"). Attached as **Exhibit "K"** is a copy of the Peace River Lodge Limited Partnership Agreement.
29. It was an express provision of the Peace River Lodge Lease Agreement that the lease in question was a true lease and not a sale and, further, that the Peace River Lodge Limited Partnership would not acquire an ownership interest in the Peace River Lodge Equipment. Attached as **Exhibit "L"** is a copy of the Peace River Lodge Lease Agreement, a schedule outlining the Peace River Equipment and additional supporting ownership documentation.
30. It was a further provision of the Peace River Lodge Partnership Agreement that following the expiration of the lease pertaining to the Peace River Lodge Equipment, 726 would sell the Peace River Lodge Equipment to the Peace River Lodge Limited Partnership for an aggregate of \$1.00.
31. One of the partners of the Peace River Lodge Limited Partnership was Peace River Lodge GP Ltd. of which both 726 and CNC were shareholders. Peace River Lodge GP Ltd. was governed by a unanimous shareholder agreement, to which both 726 and CNC were parties (the "Peace River Lodge USA"). It was an express term of the Peace River Lodge USA that its board of directors would not, unless otherwise determined by unanimous resolution of the board, do the following:

(f) Borrow money on the credit of the Corporation or the Limited Partnership other, than pursuant to the equipment lease between the Limited Partnership and 726 dated the day of January, 2015, or any equipment lease or land lease, including any renewals or extensions thereof, approved by the Board of Directors or the Corporation and entered into between a Limited Partner and the Limited Partnership on or following the date hereof (a "Qualified Lease");

(g) issue, reissue, sell or pledge debt obligations of the Corporation of the Limited Partnership;

(h) give guarantees on behalf of the Corporation of the Limited Partnership to secure performances of an obligation of any person;

(i) enter into an agreement or instrument or series thereof, witnessing any capital expenditures, loans or continuing indebtedness of the Corporation or the Limited Partnership in excess of \$100,000.00, other than a Qualified Lease;

(j) encumber the assets or undertaking of the Corporation or the Limited Partnership, except as may be necessary to secure loans or advances authorized by subparagraph (i);

(n) authorize any payment to the Limited Partners from the Limited Partnership other than in accordance with the proportionate interest of the Limited Partners therein, or in accordance with the provisions of: (i) a Qualified Lease; or (ii) the operating agreement entered into between the Limited Partnership, 726 and CNC as of the ____ day of January, 2015.

Attached as **Exhibit "M"** is a copy of the Peace River Lodge USA.

32. On March 29, 2017, CNC purported to enter into a general security agreement with Peace River Lodge LP, by its general partner Peace River Lodge GP Ltd., as debtor (the "Peace River Lodge GSA"). Attached as **Exhibit "N"** is a copy of the Peace River Lodge GSA.
33. On or about March 29, 2017, CNC then registered a purported security interest in the Alberta Personal Property Registry as against some or all of the Peace River Lodge Equipment. Attached as **Exhibit "O"** is a copy of a Personal Property Registry Search for registration number 17032937563, identifying the Peace River Lodge Equipment therein.
34. The Peace River Equipment is presently located at the Peace River Lands.
35. For clarity, the project at the Peace River Lands was intended to occur in two phases. While the Peace River Lodge Equipment was taken to the Peace River Lands, equipment which was intended to fall under the second phase (the "Peace River Phase 2 Equipment") was manufactured in Arizona, USA, but was never actually leased to the Peace River Limited Partnership and was never transported to the Peace River Lands. It presently remains in

Arizona. Attached as Exhibit "P" is documentation concerning the Peace River Phase 2 Equipment.

(iv) Kilometer 147 Project

36. On December 10, 2014, 726 entered into a limited partnership with, *inter alia*, Canada North Group LP Holdings Ltd. (the "Kilometer 147 Limited Partnership Agreement") relating to a project at the following lands:

The southern 25 acre parcel of MLL 130166 in the Province of Alberta, or such other MLL, as set out in the land lease between the Partnership and Kingdom Properties Ltd. as landlord, dated November 20, 2014.

37. The Kilometer 147 Limited Partnership Agreement required that 726 was to provide certain equipment (the "Kilometer 147 Equipment") via a lease agreement (the "Kilometer 147 Lease Agreement"). Attached as Exhibit "Q" is a copy of the Kilometer 147 Limited Partnership Agreement.
38. It was an express provision of the Kilometer 147 Lease Agreement that the lease in question was a true lease and not a sale and, further, that the Kilometer 147 Limited Partnership would not acquire an ownership interest in the Kilometer 147 Equipment. Attached as Exhibit "R" is a copy of the Kilometer 147 Lease Agreement, a schedule of the Kilometer 147 Equipment and additional supporting ownership documentation.
39. Some of the Kilometer 147 Equipment was purchased by 726 Modular Finance Limited from Aramark Remote Workplace Services.
40. One of the partners of the Kilometer 147 Limited Partnership was Kilometer 147 GP Ltd. of which both 726 and CNC were shareholders. Kilometer 147 GP Ltd. was governed by a unanimous shareholder agreement, to which both 726 and CNC were parties (the "Kilometer 147 USA"). It was an express term of the Kilometer 147 USA that its board of directors would not, unless otherwise determined by unanimous resolution of the board, do the following:

(f) Borrow money on the credit of the Corporation or the Limited Partnership other, than pursuant to the equipment lease between the Limited Partnership and 726 dated the ___ day of December 2014, or any equipment lease or land lease, including any renewals or extensions thereof, approved by the Board of Directors or the Corporation and entered into between a Limited Partner and the Limited Partnership on or following the date hereof (a "Qualified Lease");

(g) issue, reissue, sell or pledge debt obligations of the Corporation of the Limited Partnership;

(h) give guarantees on behalf of the Corporation or the Limited Partnership to secure performances of an obligation of any person;

(i) enter into an agreement or instrument or series thereof, witnessing any capital expenditures, loans or continuing indebtedness of the Corporation or the Limited Partnership in excess of \$100,000.00, other than a Qualified Lease;

(j) encumber the assets or undertaking of the Corporation or the Limited Partnership, except as may be necessary to secure loans or advances authorized by subparagraph (i);

(n) authorize any payment to the Limited Partners from the Limited Partnership other than in accordance with the proportionate interest of the Limited Partners therein, or in accordance with the provisions of: (i) a Qualified Lease; or (ii) the operating agreement entered into between the Limited Partnership, Heart Lake CNP LP as of the ____ day of December 2014.

Attached as **Exhibit "S"** is a copy of the Kilometer 147 USA.

41. On March 29, 2017, CNC, as secured party, entered into a general security agreement with Kilometer 147 LP, by its general partner Kilometer 147 GP Ltd., as debtor (the "Kilometer 147 GSA"). Attached as **Exhibit "T"** is a copy of the Kilometer 147 GSA.
42. On or about March 29, 2017, CNC then registered a security interest in the Alberta Personal Property Registry as against some or all of the Kilometer 147 Equipment. Attached as **Exhibit "U"** is a copy of a Personal Property Registry Search for registration number 17032937524, identifying the Kilometer 147 Equipment therein.
43. The Kilometer 147 Equipment is presently located at a property bearing the legal description of SW-11-77-8-W4, in the Regional Municipality of Wood Buffalo, Alberta.

Small Wares

44. Remote accommodations are sold with standard wares. Each of the above-described dorm units were purchased by 726 already equipped with each room having a bed, mattress, television, desk and chair. The above-described kitchen units came included with fryers, ranges, mixers, standalone fridges, microwaves, shelving and, in the case of the dining units, dining tables and chairs. The recreational dorms came equipped with exercise equipment, pool tables and foosball tables.
45. It is standard for these included wares not to be particularized within the invoices for sale, as is indeed the case here.

No Knowledge or Unanimous Consent of Security

46. None of the General Security Agreements purportedly entered into by the Limited Partnerships, described above, were entered into with the knowledge or consent of either 726 or myself.
47. I and 726 only were apprised of the General Security Agreements by the Monitor and the Monitor's counsel during the course of these CCAA proceedings.

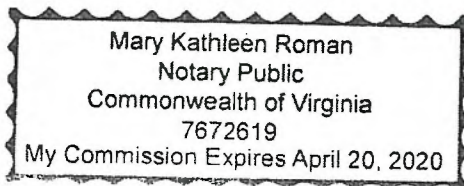
Admissions by Paul and Shaun McCracken

48. On September 25, 2018, I spoke to Paul McCracken and Shaun McCracken, who confirmed to me that they understood all dorms located at the above-noted projects were owned by 726. Moreover, they confirmed that they understood all of the small wares located at the above-noted projects were owned by 726.
49. On September 26, 2018, I again spoke with Paul McCracken, who reiterated his understanding that all of the small wares located at the above-noted projects were owned by 726. He further explained that he had understood that Canada North was only taking security on the receivables of the partnership and that he believed that any security over dorms or small wares was invalid as 726 had not consented to such security.
50. I have requested that Paul and Shane McCracken, or either of them, swear an Affidavit concerning the understanding of the relevant ownership issues. To date, they have failed or refused to do the same. Attached as **Exhibit "V"** is a copy of an email in which I made this request.

SWORN BEFORE ME at Arlington, in the)
State of Virginia, United States of)
America, this 2nd day of October,)
2018.)

[Signature])
A Notary Public In and For the State of)
Virginia)

[Signature]
BARRY ROMAN

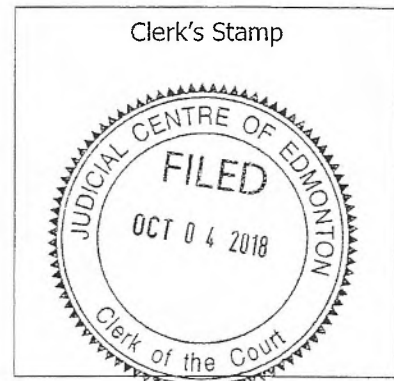


TAB E

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD.,
18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD.,
1919209 ALBERTA LTD. and CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT **AFFIDAVIT #6 OF JESSIE TAHA**

ADDRESS FOR SERVICE	McLENNAN ROSS LLP	Lawyer: Charles P. Russell, Q.C.
AND CONTACT	#600 McLennan Ross Building	Telephone: (780) 482-9115
INFORMATION OF	12220 Stony Plain Road	Fax: (780) 733-9757
PARTY FILING THIS	Edmonton, AB T5N 3Y4	Email: crussell@mross.com
DOCUMENT		File No.: 165813

AFFIDAVIT OF JESSIE TAHA SWORN ON THE 3RD DAY OF OCTOBER, 2018

I, JESSIE TAHA, of the City of Edmonton, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am a Senior Assistant Vice President working in the Credit Risk Management area of Canadian Western Bank ("CWB"). I have been informed by my review of the CWB files prepared in the ordinary course of business in connection with the loans to the "**Applicants**" (being those entities set out in the style of cause herein) and also have personal knowledge of the matters described herein. I am authorized by CWB to make this Affidavit.
2. CWB has provided financing to 1851239 Alberta Ltd. (previously known as Canada North Camps Inc.) ("**185**"), which facilities have been guaranteed by 667402 Alberta Ltd. (previously known as Canada North Group Inc.) ("**667**"), 816956 Alberta Ltd. ("**816**"), 1371047 Alberta Ltd. ("**137**") and Canada North Group LP Holdings Ltd. ("**LP Holdings**") (the "**Loans**"). The balance due and owing to CWB on such Loans is \$21,692,844.18 exclusive of unpaid legal costs. Attached hereto and marked as **Exhibit "A"** is a true copy a statement of such indebtedness.
3. True copies of the guarantees referenced in paragraph two above are attached hereto and marked as **Exhibits "B", "C", "D", and "E"** respectively (the "**Guarantees**").

4. As security for payment of the Loans, CWB holds General Security Agreements from 667, 185 and LP Holdings, and true copies of such general security agreements are attached hereto and marked as **Exhibits "F", "G", "H" and "I"** respectively (the "**CWB GSAs**").
5. CWB holds no guarantee or security from 1919209 Alberta Ltd.
6. Attached hereto and marked as **Exhibits "J", "K", "L", and "M"**, are Personal Property Registry ("**PPR**") search results on each of 667, 185, 816 and LP Holdings.
7. CWB has registered a Caveat charging lands based upon the General Security Agreement granted to CWB by 185, claiming an interest in such lands. Attached hereto and marked as **Exhibit "N"** is a true copy of such caveat, and attached hereto and marked as **Exhibits "O" and "P"** are true copies of the certificates of title to the lands charged thereby.
8. CWB also holds guarantees of the Loans from D. J. Catering Ltd. and Campcorp Structures Ltd., the shares of which were transferred in connection with the sale of the Berland and Simonette camps in April 2018. True copies of such guarantees, and general security agreements, are attached hereto and marked as **Exhibits "Q", "R", "S", "T", "U", and "V"**.
9. CWB also holds Full Liability Guarantees from the following:
 - (a) HML Lodge GP Ltd. and HML Lodge Limited Partnership, a true copy of which is attached hereto and marked as **Exhibit "W"**;
 - (b) Bigstone Tansi GP Ltd. and Bigstone Tansi Resources Limited Partnership, a true copy of which is attached hereto and marked as **Exhibit "X"**;
 - (c) Peace River Lodge GP Ltd. and Peace River Lodge Limited Partnership, a true copy of which is attached hereto and marked as **Exhibit "Y"**;
 - (d) Bonnyville Lodge GP Ltd. and Bonnyville Lodge Limited Partnership, a true copy of which is attached hereto and marked as **Exhibit "Z"**;
 - (e) Kilometre 147 GP Ltd. and Kilometre 147 Limited Partnership, a true copy of which is attached hereto and marked as **Exhibit "AA"**; and
 - (f) Heart Lake Canada North Group GP Ltd. and Heart Lake CNC Limited Partnership, a true copy of which is attached hereto and marked as **Exhibit "BB"**.
10. One or more of the Applicants holds General Security Agreements over various of their affiliates and the limited partnerships with which they have been involved (the "**CNC GSAs**"). By virtue of the CWB GSAs, CWB has a security interest over the assets charged by the CNC GSAs.
11. I have been informed by representatives of Ernst & Young Inc. as Monitor in these proceedings, and do verily believe that the M.D. of Greenview No.16, Athabasca County, Bonnyville and perhaps others, may be claiming a special lien under s. 348 of the *Municipal Government Act* with respect to assets within their jurisdictions previously owned or operated by one or more of the Applicants.
12. CWB claims a first secured charge over assets of the Applicants, in the following locations, subject to any valid claims of persons described in paragraph 14 below:
 - (a) Wabasca 1251 lands;

- In addition, CWB asserts a claim to all accounts receivable, inventory and cash generated from disposition of any such assets and the Applicants' business operations pre CCAA and post CCAA.

- SWORN BEFORE ME** at the
City of Edmonton,
in the Province of Alberta
the 3rd day of October, 2018

Charles P. Russell, Q.C.
Barrister and Solicitor

JESSIE TAHA

TAB F



Our File: 204-196164

Your File:

Lawyer:

Telephone:

Email:

Fax:

Darren R. Bieganeck, QC

780.441.4386

dbieganeck@dcllp.com

780.969.6381

November 15, 2018

Via E-mail

The Honourable Mr. Justice S.D. Hillier
c/o Commercial Court Coordinator
Court of Queen's Bench of Alberta
Law Courts Building
1A Sir Winston Churchill Square
Edmonton, AB T5J 0R2

Attention: Sharon Hinz

Dear Mr. Justice S.D. Hillier:

Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al
QB Action Number 1703 12327
Applications Scheduled for December 4 and 5, 2018

With reference to the above captioned matter, I am writing to you in my capacity as counsel to the Monitor to provide you with an update on the anticipated proceedings for the two dates presently scheduled for hearings before you and to request some time early next week, either before you directly or by way of telephone conference, to obtain case management directions with respect to one of the matters which was anticipated to go before you on those dates but for reasons which will be explained below is no longer in a position to proceed.

To begin with, we initially anticipated the matters to be addressed your Lordship on December 4 and 5 were as follows:

- a) The municipal tax issue and priority for same against equipment located at the Applicant Camps (the "Municipal Tax Issue"). The parties involved in that particular application are the municipalities, the Monitor, Canadian Western Bank ("CWB") and various equipment lessors/claimants;
- b) The ownership and priority issue in respect of certain camp equipment claimed by 726 Remote Accommodations Ltd./726 Modular Financing ("726") and what the Monitor has termed the "Small Wares Issue". The parties affected by those issues include CWB, 726 and a company called Great White Sand Tiger Ltd. (small wares only) ("Sand Tiger"). Other parties have expressed an interest in participating but largely on a watching brief basis. Those parties include

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780.428.6036 • 1.800.782.9409 • Fax: 780.428.9683

2800 Scotia Place, 10060 Jasper Avenue, Edmonton, Alberta T5J 3V9

Kingdom Properties Ltd. and Aurora Lodging Inc. (for ease of reference refer to these issues as the "726 Issues");

- c) Kingdom Properties Ltd. and 726 suggested at the last appearance before Justice Nielsen that they may have ownership issues to address before your Lordship on December 4 and 5 (the "Kingdom Issues");
- d) The Monitor has three items which it needs to address:
 - a. A small housekeeping matter arising from the sale of the farm and payment to First Island Financial Services Ltd. ("First Island") which is not anticipated to be contested;
 - b. Approval of the sale of a kitchen unit; and
 - c. The extension of the stay of proceedings.

All of the Monitor's issues herein simply referred to as the "Monitor's Application".

In respect of the matters noted above, it appears that the only matter which will be proceeding on December 4 or 5 is the Monitor's Application.

With respect to the balance of matters:

- a) On the Municipal Tax Issue, the parties are awaiting receipt of the Court of Appeal's decision in the *Virginia Hills* matter. Even if we were to be in receipt of that decision next week, it is not feasible for the parties to digest the decision, determine its ramifications or applicability for the issues before the Court and prepare the appropriate Briefs of Law to address same. The parties affected by that application have agreed that the matter should simply be adjourned indefinitely pending the issuance of the Court of Appeal's decision in *Virginia Hills*;
- b) **With respect to the 726 Issues, the Monitor seeks some case management direction from you.** Christa Nicholson of JSS Barristers in Calgary has recently been appointed counsel for 726 (and other interests which may be engaged in relation to the issues which are before the Court) to deal with the priority and certain ownership issues. That retainer is just in the process of being finalized. The parties had scheduled a questioning of Mr. McCracken and Barry Roman, 726's affiant, for tomorrow but given the late retention of insolvency counsel, that questioning cannot proceed. Ms. Nicholson is not available to proceed tomorrow with the questioning of Mr. McCracken. The Monitor and others are not prepared to proceed with questioning of Mr. McCracken and Mr. Roman on separate days (despite Mr. Roman's availability on November 16, 2018). Pushing the questioning to Ms. Nicholson's available dates will not afford the parties adequate time to put together briefs or transcripts for December 4 or 5. While the Monitor, and certainly others, recognize new counsel need to be accommodated, the Monitor is quite concerned with delaying this application inordinately as the issue of entitlement to the units claimed by 726 is holding up progress in terms of bringing this matter to some form of conclusion. It affects everything. Simply by way of explanation, if the units are declared to be owned by 726 and not subject to any security of, for example, the Bank, then that is going to have an affect on additional recovery and, by extension, the cost allocations. If the units are declared to be the property of the Applicants and subject to CWB's security, they will then need to be liquidated

and that too will, by extension, have an affect on recovery and the cost allocations. Until this issue is addressed, this matter cannot be moved toward finalization and it is imperative for all parties concerned that the application proceed.

While we believe counsel could readily craft a form of Procedural Order to address questioning, we, at this stage, do not yet have the Commercial List Assignments for the New Year and will therefore need some guidance from the Court on scheduling that application, timing for questioning and the exchange of materials. To that end, we are requesting an opportunity to address those matters directly with you, as noted at the commencement of this letter, either by way of telephone conference or appearance. The parties who have expressed interest in being included in that hearing or conference call are: myself (for the Monitor), Ms. Nicholson, Mr. McAllister and Ms. Clarke, Ms. Nicholson's associate (if Ms. Nicholson is unavailable) (for 726), Mr. Russell (for the Bank), Messrs. Flewelling and Chimuk (for Sand Tiger), Ms. Hamelin (for Kingdom), Messrs. Sigurd and Stefan Delblanc (for the McCrackens), Mr. Lenz (for Northland Mortgage), and Mr. Rohatyn and Ms. Frydenlund (for Aurora Lodging). 726 will also be making application at the case management meeting for an Order granting it leave to file an additional Affidavit which describes additional ancillary equipment claimed by 726.

- c) I have also been advised by counsel for Kingdom and 726 that any matters to be addressed between those parties will be addressed after the 726 Issues have been addressed.

As it stands at the moment, we therefore believe that the December 5th date can be released. We will need probably no more than two or three blocks on December 4 in the morning to address the Monitor's Application.

The parties look forward to hearing from your Lordship in respect of your availability to hold a case management meeting to address the matters noted above with respect to the 726 Issue and until then remain,

Yours truly,

DUNCAN CRAIG LLP

Per:



DARREN R. BIEGANEK, QC

DRB/kjs

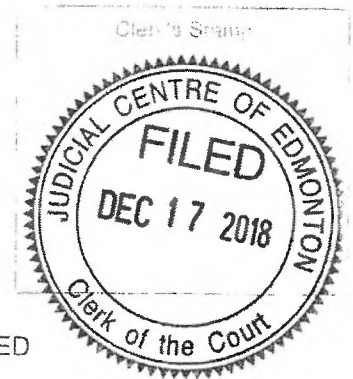
cc: Service List

TAB G

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402
ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047
ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP
HOLDINGS LTD.

DOCUMENT ORDER

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Darren R. Bieganeck, Q.C.
Barrister & Solicitor
Phone: 780.441.4386
Fax: 780.969.6381
Email: dbieganeck@dcllp.com

File #204-196164
DUNCAN CRAIG LLP
LAWYERS MEDIATORS
2800 Scotia Place
10060 Jasper Avenue
Edmonton, Alberta Canada T5J
3V9

DATE ON WHICH ORDER WAS PRONOUNCED: NOVEMBER 21, 2018

LOCATION OF HEARING: EDMONTON, ALBERTA

JUSTICE WHO MADE THIS ORDER: THE HONOURABLE MISTER JUSTICE
S.D. HILLIER

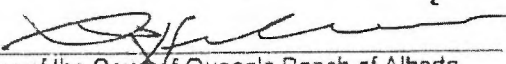
UPON THE request of counsel for Ernst & Young Inc., the Court-appointed Monitor in these proceedings for a case management meeting to address certain issues including, without restriction, timing for the hearing of Applications pertaining to equipment claimed by 726 Modular Finance Ltd. and 726 Remote Accommodations Ltd. (collectively "726") along with other ancillary matters pertaining to small wares; AND UPON NOTING an Application filed November 20, 2018 brought on behalf of 726 for leave to file supplementary Affidavit; AND UPON HEARING the submissions of counsel for the Monitor, counsel for Canadian Western Bank ("CWB"), counsel for 726 appearing in person and by telephone and counsel for Paul and Shayne McCracken; AND UPON NOTING that certain other matters scheduled for December 4 and 5, 2018, notably applications pertaining to priority for municipal taxes, are adjourned indefinitely; IT IS HEREBY ORDERED AND DIRECTED THAT:

- 1) 726 may file a supplementary Affidavit and any Application asserting its position in respect of, *inter alia*, entitlement to either ownership and/or priority to the equipment claimed but shall file

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

and serve such supplementary Affidavit and Application no later than 4:00 PM, November 27, 2018.

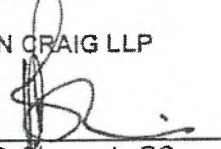
- 2) The questioning of Paul McCracken as a witness and the cross-examination of Barry Roman on the Affidavits sworn by him on behalf of 726 shall commence on December 4, 2018 and continue on December 5, 2018 at such time and place as counsel may agree. The questioning of Paul McCracken shall proceed first with the cross-examination of Barry Roman proceeding thereafter.
- 3) Answer to any undertakings given shall be provided no later than 5:00 PM on December 10, 2018.
- 4) With respect to the filing of Briefs:
 - a) The Monitor's Brief shall be filed and served no later than 4:00 PM, Thursday, December 13, 2018 with leave to file 24 hours later if additional time is needed;
 - b) All other parties' Briefs are to be filed and served no later than 4:00 PM, December 20, 2018;
 - c) If the Monitor considers it necessary to file and serve a Reply Brief, it shall do so no later than 4:00 PM, January 2, 2019.
- 5) This matter shall be set for a hearing over two days before Justice Nielsen on the Commercial List on January 10 and 11, 2019 commencing at 10:00 AM each day. If the parties consider that a second day for hearing is not needed, then counsel for the Monitor is directed to advise Ms. Sharon Hinz of same no later than December 21, 2018.


Justice of the Court of Queen's Bench of Alberta

APPROVED BY:

DUNCAN CRAIG LLP

Per:


Darren R. Bieganeck, QC
Counsel for Ernst & Young Inc.

MCALLISTER LLP

Per:


Darcy McAllister
Counsel for 726 Modular Financing &
726 Remote Accommodations Ltd.

JENSEN SHAWA SOLOMON
DUGUID HAWKES LLP

Per:


Christa Nicholson

Counsel for 726 Modular Financing &
726 Remote Accommodations Ltd.

ABORIGINAL FINANCIAL COMPANY, LLC

MCLENNAN ROSS LLP

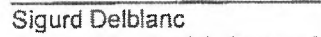
Per:


Charles Russell, QC

Counsel for Canadian Western Bank

BRYAN & COMPANY LLP

Per:


Sigurd Delblanc

Counsel for Paul & Shayne McCracken

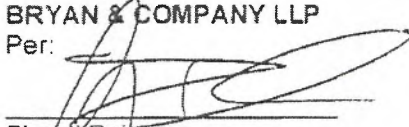
JENSEN SHAWA SOLOMON
DUGUID HAWKES LLP
Per:

Christa Nicholson
Counsel for 726 Modular Financing &
726 Remote Accommodations Ltd.

MCLENNAN ROSS LLP
Per:

Charles Russell, QC
Counsel for Canadian Western Bank

BRYAN & COMPANY LLP
Per:



Sigurd Detblanc
Counsel for Paul & Shayne McCracken

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TAB I

OUR FILE: 33085-1/SD
DIRECT: (780) 420-4744
EMAIL: sdelblanc@bryanco.com



December 12, 2018

Via email

Dear Counsel:

Re: The Matter of a Plan of Arrangement of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group Holdings Ltd.

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

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

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

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

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

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

Denton's has the minute books.

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

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

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

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

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

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

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

No lease payments were made under the Kilometer lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Canada North banked with CWB at December 2014.

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

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

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

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

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

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

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

General operation expenses covered from sale of 726 assets

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

December 12, 2018

Page 4

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

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

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

Inventory list for Bonnyville Sale attached

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

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

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

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

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

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

Yours truly,

BRYAN & COMPANY LLP

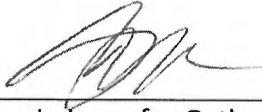
Stefan Delblanc

SD/th

Enclosure

TAB J

This is **Exhibit "A"** referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Chuck Russell <crussell@mross.com>
Sent: Monday, December 10, 2018 10:34 AM
To: Christa Nicholson
Cc: Darren Bieganek; Darcy McAllister; Zao Han; Ryan Quinlan; Matt McCulloch
Subject: RE: CNC et al

Christa, I'm reluctant to debate something that I see as being without doubt. If CWB has a first security interest in the property claimed by 726 by virtue of its charge over CNC, clearly in my mind that is something that is properly before this court, which is charged with dealing with claims against CNC.

In any event, the easy answer will be if you can show that 726 got a release of the security interest from CWB, so I encourage you to answer that undertaking if you have anything that will put this to bed. If you don't, I believe the court will reach its own conclusion.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]
Sent: Monday, December 10, 2018 8:26 AM
To: Chuck Russell
Cc: Darren Bieganek ; Darcy McAllister ; Zao Han ; Ryan Quinlan ; Matt McCulloch
Subject: Re: CNC et al

Chuck,

As you know I wasn't present at that September application.

I continue to be of the view that the CCAA court has jurisdiction over the debtors and the property of or property claimed by the debtors. To the extent that the Bonnyville property is owned by 726 (and it appears that there is no dispute about this except regarding the related small wares and ancillary equipment), claims by CWB or otherwise in respect of such property owned by 726 are not before the CCAA court and are not the proper subject of these proceedings.

If CWB (or others like the MD) have claims against 726's property, they have their rights in the normal course in that regard. And to the extent they take steps in court proceedings to pursue such rights and they are unsuccessful, they are liable to 726 for 726's costs.

I (Darcy too) would be happy to discuss this with you and Darren in the event you think I am wrong and can convince me of the same. Otherwise, if you are not willing to relent, it seems to me that we will need to return to Justice Hillier so we can all make our arguments, especially because I am not currently retained regarding Bonnyville.

I look forward to hearing back.

Regards,

Christa

On Dec 10, 2018, at 7:50 AM, Chuck Russell <crussell@mross.com> wrote:

On September 6, justice hillier ordered that all matters involving 726 and others, were to be heard in early December. If there is any doubt that this is a matter that involves 726, we will need to appear before justice hillier now for clarification. Darcy was present at that application.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]

Sent: Sunday, December 09, 2018 7:53 PM

To: Chuck Russell <crussell@mross.com>

Cc: Darren Bieganeck <dbieganeck@dcclp.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han <hanz@jssbarristers.ca>; Ryan Quinlan <rquinlan@dcclp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>

Subject: Re: CNC et al

Chuck,

Thank you for this.

Your response below illustrates the reality that this matter is not currently and properly before the court. Based on this, as we see it, the CWB (including through the Monitor) is on an unfair fishing expedition on issues not before the court. Our response to the two undertakings involving Stikeman will reflect, in part, this reality.

We would therefore reiterate my request from last Thursday evening's email to you that you and the Monitor kindly stand down from pursuing this matter in January 10 and 11 and refrain from addressing it in the briefs. As I have explained, my retainer does not extend to this issue which is not before the court. (Whether this issue (of CWB's security encumbering from prior to the sale to my client the Bonnyville Assets) can ever properly be brought before the CCAA court is not something I would concede either).

Further, while I could not hear well at the past appearance before Mr. Justice Hillier when I attended by conference call, as I noted on the record during that appearance, Darcy advises that contrary to Darren's assertion, he does not believe this issue was raised before His Lordship - if it would have been, Darcy and I could have sought instructions as to how it should be dealt with at our end. If this point is going to continue to be pressed by the Monitor/CWB in these circumstances, we will need to order the transcript. On this, could you kindly advise us if you continue to take the position that it was raised at that court appearance? Thank you.

In short and further to my email of Thursday evening, may we please have your agreement not to proceed with this matter in the briefs and the January hearing. We hope that you can do this so the matter can be resolved among us (at least for the purposes of the briefs and the January hearing dates) without the need to return to court on an urgent basis this week.

We look forward to hearing back.

Thank you.

Regards,

Christa

On Dec 9, 2018, at 7:01 PM, Chuck Russell <crussell@mross.com> wrote:

Until we know what your client did on seeking a release of security from cwb we don't know whether we will press this issue.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]
Sent: Sunday, December 09, 2018 1:25 PM
To: Chuck Russell <crussell@mross.com>
Cc: Darren Bieganeck <dbieganeck@dcllp.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han <hantz@jssbarristers.ca>; Ryan Quinlan <rquinlan@dcllp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>
Subject: Re: CNC et al

Darren,

As we consider your response and that of Chuck, can you please advise as to whether the Monitor (or CWB) has filed an application respecting the relief being sought on January 11 and 12. If so, can you please provide it. We have been looking on the EY website to no avail. We look forward to hearing back at your very earliest opportunity. Thank you.

Regards,

Christa

On Dec 8, 2018, at 8:49 AM, Chuck Russell <crussell@mross.com> wrote:

I completely agree with Darren's points.

chuck

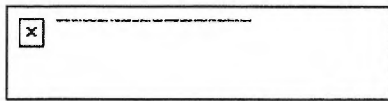
Chuck Russell, Q.C. | Partner | direct 780.482.9115 | toll free 1.800.567.9200
780.733.9757

McLennan Ross LLP | www.mross.com | [Biography](#) | [Member of Meritas](#)
600 McLennan Ross Building, 12220 Stony Plain Road, Edmonton, AB T5N 3Y4

This e-mail may contain confidential information and be subject to solicitor-client privilege. If you have received in error, please delete and advise sender. Thank you.

Christa Nicholson
Partner
Direct: 403 571 1053
Bio: [Christa Nicholson](#)

Jensen Shawa Solomon Duguid Hawkes LLP



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 www.jssbarristers.ca

This email message is privileged, confidential and subject to copyright. Any unauthorized use or disclosure is prohibited. If you have received this email in error, please notify the sender immediately.

From: Darren Bieganek [<mailto:dbieganek@dcillp.com>]
Sent: Friday, December 07, 2018 2:07 PM
To: nicholsonc@jssbarristers.ca
Cc: Chuck Russell <crussell@mross.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; hanz@jssbarristers.ca; Ryan Quinlan <rquinlan@dcillp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>
Subject: RE: CNC et al

Christa,

I am somewhat surprised at both the content and tone of your e-mail. Your position is also not entirely clear from your e-mail. My understanding of your e-mail is that you are trying to tell us that you are not prepared to answer the two undertakings given by Mr. Roman regarding generally whether a release of interest of the CWB security on the Bonnyville assets was requested or received. We do not accept your reasons for declining to answer as valid for the following reasons:

1. On the question of ownership of the Bonnyville assets claimed, as the Monitor noted in its 17th Report filed September 10, 2018, at paragraph 23:

"The Monitor and its counsel reviewed the information and documents provided by 726, and considered the comments of Management, and has advised 726 that the Monitor does not anticipate challenging 726's ownership claim in respect of the claimed assets on the Bonnyville camp site, unless there is a material change in relation to the information or documents that comes to light to alter the accuracy and/or legitimacy of the information obtained and reviewed to date, the Monitor understands that 726 will be putting forward an Affidavit setting out the relative information and documents in respect of its ownership claims on or before October 5, 2018, and as such, the Monitor has not included any documents provided to the Monitor by 726 in this Report."

At that time, the Monitor's appreciation was that the only items claimed by 726 Remote Accommodations ("726") were the serial numbered units outlined in the Bill of Sale. Nothing more. At that time, no claim for "small wares" had yet been advanced or articulated by 726 and no claim for the ancillary equipment of walkways, electrical panels, wastewater systems, potable water systems, lights, lift stations, car plugs ("Ancillary

equipment") had been advanced . Indeed the small wares claim was only advanced in Mr. Roman's October 4th Affidavit and the Ancillary Equipment claim was just advanced in the Affidavit of November 27th!

In terms of the Monitor's position on ownership:

- a) Nothing has changed from its perspective in respect of the serial numbered units listed in the Bill of Sale from CNC to 726. \$20,000,000.00 plus tax was paid for those assets. There is no dispute in that. We have asked for some clarity on the financial arrangements by way of undertaking and once that information is received and reviewed we can provide a more definitive answer on the ownership question on the serial numbered assets but it does appear that the ownership issue on the serial numbered assets is more clear now;
 - b) With respect to small wares and the "ancillary equipment" now lately claimed by 726, there are issues. There is no documentation to support the acquisition of the small wares specifically nor is there any documentation, in our view, supporting the acquisition of the "ancillary equipment". On these points there are issues of ownership which arise on the evidence and on the documents. We do not agree that those items were acquired by 726 Remote Accommodation.
2. Notwithstanding issues of ownership, at no time has the Monitor indicated that issues of priority were not on the table. Clearly, they are.

In that regard, as we see it, the priority issues are as follows (and these are not surprising):

- a) Whether CWB had security on the Bonnyville assets (among others) before they were sold to 726 by CNC and whether or not a release of interest was obtained in respect of that sale;
- b) Regardless of that, whether the CNC GSA obtained from each of the limited partnership and general partners are valid and enforceable; and
- c) Regardless of that, the municipalities, and in particular the Town of Bonnyville, have a significant property tax claim that is being asserted against the Camp in its totality which includes the assets claimed by 726. You seem to ignore that issue. If that tax claim is upheld, whichever party is successful on the priority issue is going to be faced with having either the assets, or the proceeds, visited with a pro rata portion of the tax claim. Whose ox is being gored is therefore a very relevant consideration.

You have made the unfounded statement that the issue of CWB's pre-existing security on the assets at Bonnyville was

raised newly yesterday in the questioning before Barry Roman and have been prejudiced by an inability to question Mr. McCracken on the matter. On these points you are wrong. I raised those issues, if I recall, before Justice Hillier in case management and I questioned Mr. McCracken directly on the point. I asked him the following during his questioning:

- a) Whether CWB was the lender for CNC at the time of the Bonnyville sale transaction. He undertook to doublecheck but was reasonably certain they were;
- b) I asked him whether CNC had obtained a letter of release from CWB in respect of the transaction. He was not sure. He undertook to check with Ms. Barnhouse;
- c) I asked him where the \$20,000,000.00 went and what it was used for. I asked him if CWB received any of the money. He believed CWB had received some money and agreed, by way of undertaking, to provide me with an accounting of the proceeds.

To therefore suggest that the issue was raised for the first time in my questioning of Mr. Roman is clearly wrong. Your client was not at a disadvantage. You were present at Mr. McCracken's questioning. You had the opportunity to ask further questions arising from my questions but did not avail yourself of that opportunity. That factual issue was put squarely before him. The questions were asked. Undertakings were given to provide answers.

Ownership is one thing. Priority is another. The undertakings sought of your client and given were appropriate in the circumstances and based on questions asked and evidence given the day prior.

For the purpose of the record you act for the 726 group on this application as co-counsel with Mr. McAllister. This matter has already been delayed to accommodate that and that has also allowed 726 further opportunity to expand the breadth of its claim and the scope of the application – further increasing costs for everyone on this application. To suggest now that a simple factual issue on whether CWB provided a release of interest on collateral (or whether one was sought) is cause for delay or an issue which ought not to be raised or addressed on this application is ridiculous. That question is pretty basic and the issue fairly obvious.

I fully intend to lay out all of those issues before the Court in the brief I have been directed to file next week. The Court will not want to bifurcate this process.

I trust that an emergency court application will not be necessary to get the answers from you and that you will just knuckle down and get to it like the rest of us have to. Frankly, 726 Remote Accommodations is the party who keeps expanding the scope of its claim and from all toward appearances is the party attempting to increase costs and create delay.

Let's get on with getting the work done as directed by the court.

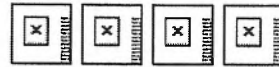
Yours truly,

Darren Bieganek

Darren Bieganek, LLB, QC
Partner, Insolvency, Restructuring and
Commercial Litigation
Duncan Craig LLP
2800 Scotia Place, 10060 Jasper Ave
Edmonton, Alberta, T5J 3V9



Tel: +1 780.441.4386
Toll-free: 1.800.782.9409
Fax: 780.969.6381
Email: dbieganek@dcllp.com
Web: dcllp.com



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Content in this e-mail may contain viruses that could damage your computer system. We recommend you take reasonable precautions to minimize this risk, but we do not accept liability for any damage that may result from software viruses. You should carry out your own virus checks prior to opening any content.

Please note that errors can occur in electronically transmitted materials. We do not accept liability for any such errors. If verification is required please ask for a hard copy.

From: Christa Nicholson <nicholsonc@jssbarristers.ca>

Sent: December-07-18 8:35 AM

To: Darren Bieganek <dbieganek@dcllp.com>; Q. C. Charles P. Russell
<crussell@mross.com>

Cc: Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han
<hanz@jssbarristers.ca>

Subject: CNC et al

Dear Darren and Chuck,

We advise as follows:

1. This is further to these proceedings and the cross-examinations of recent days.

2. We require that Darren immediately advise us as to whether the Monitor intends to assert at the hearing that CNC owns the Bonnyville equipment (the "Question"). I understand that Darcy has previously requested from your office an answer to the Question. We renew this

request at this time and seek a definitive position now that you have the benefit of your evidence and we note that an affirmative answer will be contrary to the tenor of what has been previously conveyed to the Court by the Monitor its 17th Report.

3. We reserve our clients' right to seek to cross-examine Mr. McCracken on issues that were raised in questioning yesterday for the first time, including the issue relating to the following two undertakings:

2. (Under advisement) Provide any PPSA searches from Stikeman's file;

14. (Under advisement) Review the Stikeman file for any correspondence to CWB asking them to waive their GSA with respect to the Bonnyville equipment; [i.e. was a no-interest letter provided by CWB in favour of 726 Group in respect of the Bonnyville Assets?]

At our last attendance before Justice Hillier, Daren insisted on examining Mr. Roman subsequent to the examination of Mr. McCracken and that has left our clients' potentially disadvantaged, unless they have the opportunity to examine Mr. McCracken.

4. Regarding the undertaking requests, if the answer to the Question is in the negative, we do not see how those two undertaking requests are relevant to what is before the CCAA court and the Monitor's role which is to bring into the Applicants' estate as much value as possible, and in this regard, we further take the position set out in paragraph 5.

If you respond to the Question in the affirmative, we continue to reserve all of our clients' rights to refuse to answer these two undertakings and will advise you promptly in that regard.

5. If the Monitor is not advancing an ownership claim on behalf of CNC, we will not countenance any argument from anyone at the hearing or made in your brief or in any brief from CWB, or otherwise, relating to a claim by CWB in respect of the Bonnyville equipment in respect of which we understand CWB may hold a registered security interest. That issue is for another day in other proceedings CWB may wish to advance in connection with its security claim against the Bonnyville equipment once it is returned to its rightful owner, the 726 Group. It is not properly before the CCAA court and can't be argued and we object to the same and will seek costs against the offending party if any effort is made to advance such an argument.

6. In addition, and without derogating from the point made in paragraph 5, as you can appreciate, from my perspective, any direct claim by CWB in respect of the Bonnyville equipment (as opposed to one based on ownership rights of CNC and which didn't appear to involve certain of my clients) raises an entirely new issue in respect of

which I am not presently retained. If that issue is to ultimately be advanced, albeit in different proceedings, I will need to seek instructions in that regard and doing so will take time.

7. Needless to say, regardless of the answer to the Question, because all of the evidence is not in regarding Bonnyville, this particular issue cannot be advanced at the hearing on January 10 and 11, 2019 and will need to be set down for another day. We would request that you advise Justice Hillier accordingly. Thank you.

I look forward to hearing back.

Regards,

Christa

Christa Nicholson
Partner
Direct: 403 571 1053
Bio: Christa Nicholson

Jensen Shawa Solomon Duguid Hawkes LLP

T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2
www.jssbarristers.ca

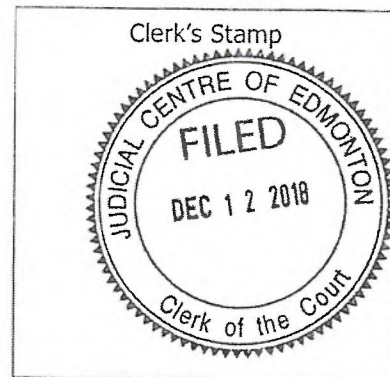
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TAB K

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD.,
18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD.,
1919209 ALBERTA LTD. and CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT **APPLICATION OF CANADIAN WESTERN BANK**

ADDRESS FOR SERVICE	McLENNAN ROSS LLP	Lawyer: Charles P. Russell, Q.C.
AND CONTACT	#600 McLennan Ross Building	Telephone: (780) 482-9115
INFORMATION OF	12220 Stony Plain Road	Fax: (780) 733-9757
PARTY FILING THIS	Edmonton, AB T5N 3Y4	Email: crussell@mross.com
DOCUMENT		File No.: 165813

**NOTICE TO RESPONDENTS: 726 REMOTE ACCOMMODATIONS LTD. AND 726 MODULAR
FINANCE LTD. AND RELIANT ASSET MANAGEMENT, LLC**

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

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:	Thursday, January 10, 2019
Time:	10:00 a.m.
Where:	Law Courts, 1A Sir Winston Churchill Square, Edmonton, AB T5J 0R2
Before Whom:	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. An Order abridging the time for service of notice of this Application and deeming service good and sufficient.
2. An Order declaring that the security interest held by Canadian Western Bank ("CWB") over the personal property of Canada North Camps Ltd. ("CNC"), now known as 18512398 Alberta Ltd., has not been released in the transfer of assets by CNC to 726 Remote Accommodations Ltd. and 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively "726"), and that such assets remain subject to the security interest of CWB.
3. Such further and other relief as counsel may advise and as this Honourable Court may deem fit.

Grounds for making this application:

4. CWB had in December 2014 and continues to have a first security interest in the personal property of CNC.
5. The assets purportedly transferred to 726 by CNC in December 2014 and thereafter, remain subject to the security interest of CWB, as CWB has not released its interest in such assets.
6. Such further and other grounds as may appear at the motion.

Material or evidence to be relied on:

7. Affidavits and transcript of Questioning of Barry Roman conducted in December 2018, and the undertakings given thereat.
8. Affidavit #6 of Jessie Taha.
9. Such further and other material as counsel may advise.

Applicable legislation and rules:

10. Section 30 of the *Personal Property Security Act*, RSA 2000, c. P-7, as amended.
11. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
12. Alberta Rules of Court rules 1.3, 1.4, 5.13.
13. Such further and other legislation and regulations and rules as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

14. None.

How the application is proposed to be heard or considered:

15. Affidavit evidence and oral argument.

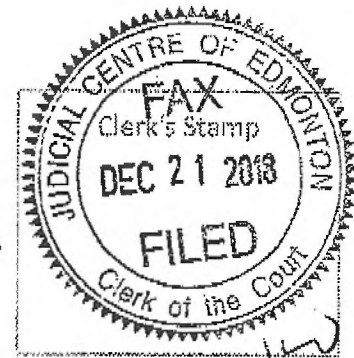
WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the Applicant 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.

TAB L

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



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402
 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD.,
 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA
 NORTH GROUP LP HOLDINGS LTD.

DOCUMENT AFFIDAVIT

ADDRESS FOR SERVICE AND Jensen Shawa Solomon Duguid Hawkes LLP
 CONTACT INFORMATION 800, 304 - 8 Avenue SW
 OF PARTY FILING THIS Calgary, Alberta T2P 1C2
 DOCUMENT

Christa Nicholson
 Zao Han
 Tel: 403 571 1520
 Fax: 403 571 1528
 File: 11396-384

AFFIDAVIT OF GULNARA MACHITOVA
SWORN (OR AFFIRMED) ON DECEMBER 20, 2018.

I, Gulnara Machitova, of Calgary, Alberta, SWEAR/AFFIRM AND SAY THAT:

1. I am over the age of 18 years and I am not in any way related to any of the parties to the within action. I am a legal assistant employed by Jensen Shawa Solomon Duguid Hawkes LLP ("JSS Barristers"), counsel to the Applicants, 726 Modular Finance Ltd., 726 Remote Accommodations, Ltd. and Reliant Asset Management, LLC (collectively, "726") and as such have personal knowledge of the matters herein deposed to, except where stated to be based on information, and where so stated I believe the same to be true.
2. I have been advised by Christa Nicholson, counsel for 726 and a lawyer at JSS Barristers, that on December 7, 2018, she sent email correspondence to Darren Bieganek, counsel for Ernst & Young, and to Charles Russell, counsel for Canadian Western Bank ("CWB"), among others. Thereafter:

- (a) On December 7, 2018, Mr. Bieganek replied to that correspondence;
- (b) On December 9, 2018, Ms. Nicholson replied to Mr. Bieganek's correspondence;
- (c) On December 9, 2018, Mr. Russell responded to Ms. Nicholson's correspondence;
- (d) On December 9, 2018, Ms. Nicholson responded to Mr. Russell's correspondence;
- (e) On December 10, 2018, Mr. Russell responded to Ms. Nicholson's correspondence;
- (f) On December 10, 2018, Ms. Nicholson responded to Mr. Russell's correspondence;
and,
- (g) On December 10, 2018, Mr. Russell responded to Ms. Nicholson's correspondence.

Attached and collectively marked as **Exhibit "A"** is a copy of the email string beginning December 7, 2018 and ending December 10, 2018, as described in this paragraph.

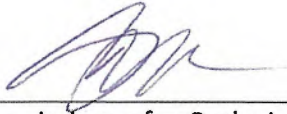
- 3. I have been advised by Ms. Nicholson that, on December 11, 2018, she provided correspondence to Nicole Stansky at the Alberta Court of Queen's Bench. Attached hereto and marked as **Exhibit "B"** is a copy of this correspondence.
- 4. I have been advised by Ms. Nicholson that on December 12, 2018, she was served with a filed Application by CWB. Attached hereto and collectively marked as **Exhibit "C"** is a copy of the December 12, 2018 email from Erica Kiss, legal assistant to Charles Russell, and attached the Application of CWB, filed December 12, 2018, together with the service list.
- 5. I have been advised by Ms. Nicholson that on December 13, 2018, she sent correspondence to Mr. Bieganek. Mr. Bieganek replied to that correspondence in an email dated December 14, 2018. Ms. Nicholson responded to Mr. Bieganek on December 14, 2018. Mr. Russell responded to Ms. Nicholson on December 14, 2018. Ms. Nicholson responded to Mr. Russell on December 14, 2018. Mr. Russell responded to Ms. Nicholson on December 14, 2018. Attached hereto and collectively marked as **Exhibit "D"** is a copy of the email correspondence string beginning December 12, 2018 and ending December 14, 2018 as described in this paragraph.

SWORN(OR AFFIRMED) BEFORE ME at the
City of Calgary, in the Province of Alberta,
this 20 day of December, 2018.


A Commissioner for Oaths in and for
Alberta


GULNARA MACHITOVA

This is Exhibit "A" referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Chuck Russell <crussell@mross.com>
Sent: Monday, December 10, 2018 10:34 AM
To: Christa Nicholson
Cc: Darren Bieganek; Darcy McAllister; Zao Han; Ryan Quinlan; Matt McCulloch
Subject: RE: CNC et al

Christa, I'm reluctant to debate something that I see as being without doubt. If CWB has a first security interest in the property claimed by 726 by virtue of its charge over CNC, clearly in my mind that is something that is properly before this court, which is charged with dealing with claims against CNC.

in any event, the easy answer will be if you can show that 726 got a release of the security interest from CWB, so I encourage you to answer that undertaking if you have anything that will put this to bed. If you don't, I believe the court will reach its own conclusion.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]
Sent: Monday, December 10, 2018 8:26 AM
To: Chuck Russell
Cc: Darren Bieganek ; Darcy McAllister ; Zao Han ; Ryan Quinlan ; Matt McCulloch
Subject: Re: CNC et al

Chuck,

As you know I wasn't present at that September application.

I continue to be of the view that the CCAA court has jurisdiction over the debtors and the property of or property claimed by the debtors. To the extent that the Bonnyville property is owned by 726 (and it appears that there is no dispute about this except regarding the related small wares and ancillary equipment), claims by CWB or otherwise in respect of such property owned by 726 are not before the CCAA court and are not the proper subject of these proceedings.

If CWB (or others like the MD) have claims against 726's property, they have their rights in the normal course in that regard. And to the extent they take steps in court proceedings to pursue such rights and they are unsuccessful, they are liable to 726 for 726's costs.

I (Darcy too) would be happy to discuss this with you and Darren in the event you think I am wrong and can convince me of the same. Otherwise, if you are not willing to relent, it seems to me that we will need to return to Justice Hillier so we can all make our arguments, especially because I am not currently retained regarding Bonnyville.

I look forward to hearing back.

Regards,

Christa

On Dec 10, 2018, at 7:50 AM, Chuck Russell <crussell@mross.com> wrote:

On September 6, justice hillier ordered that all matters involving 726 and others, were to be heard in early December. If there is any doubt that this is a matter that involves 726, we will need to appear before justice hillier now for clarification. Darcy was present at that application.

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From: Christa Nicholson [mailto:nicholsonc@jssbarristers.ca]

Sent: Sunday, December 09, 2018 7:53 PM

To: Chuck Russell <crussell@mross.com>

Cc: Darren Bieganek <dbieganek@dcllp.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han <hanz@jssbarristers.ca>; Ryan Quinlan <rquinlan@dcllp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>

Subject: Re: CNC et al

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Your response below illustrates the reality that this matter is not currently and properly before the court. Based on this, as we see it, the CWB (including through the Monitor) is on an unfair fishing expedition on issues not before the court. Our response to the two undertakings involving Stikeman will reflect, in part, this reality.

We would therefore reiterate my request from last Thursday evening's email to you that you and the Monitor kindly stand down from pursuing this matter in January 10 and 11 and refrain from addressing it in the briefs. As I have explained, my retainer does not extend to this issue which is not before the court. (Whether this issue (of CWB's security encumbering from prior to the sale to my client the Bonnyville Assets) can ever properly be brought before the CCAA court is not something I would concede either).

Further, while I could not hear well at the past appearance before Mr. Justice Hillier when I attended by conference call, as I noted on the record during that appearance, Darcy advises that contrary to Darren's assertion, he does not believe this issue was raised before His Lordship - if it would have been, Darcy and I could have sought instructions as to how it should be dealt with at our end. If this point is going to continue to be pressed by the Monitor/CWB in these circumstances, we will need to order the transcript. On this, could you kindly advise us if you continue to take the position that it was raised at that court appearance? Thank you.

In short and further to my email of Thursday evening, may we please have your agreement not to proceed with this matter in the briefs and the January hearing. We hope that you can do this so the matter can be resolved among us (at least for the purposes of the briefs and the January hearing dates) without the need to return to court on an urgent basis this week.

We look forward to hearing back.

Thank you.

Regards,

Christa

On Dec 9, 2018, at 7:01 PM, Chuck Russell <crussell@mross.com> wrote:

Until we know what your client did on seeking a release of security from cwb we don't know whether we will press this issue.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]
Sent: Sunday, December 09, 2018 1:25 PM
To: Chuck Russell <crussell@mross.com>
Cc: Darren Bieganek <dbieganek@dcilp.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han <hantz@jssbarristers.ca>; Ryan Quinlan <rquinlan@dcilp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>
Subject: Re: CNC et al

Darren,

As we consider your response and that of Chuck, can you please advise as to whether the Monitor (or CWB) has filed an application respecting the relief being sought on January 11 and 12. If so, can you please provide it. We have been looking on the EY website to no avail. We look forward to hearing back at your very earliest opportunity. Thank you.

Regards,

Christa

On Dec 8, 2018, at 8:49 AM, Chuck Russell <crussell@mross.com> wrote:

I completely agree with Darren's points.

chuck

Chuck Russell, Q.C. | Partner | direct 780.482.9115 | toll free 1.800.567.9200
780.733.9757

McLennan Ross LLP | www.mross.com | [Biography](#) | [Member of Meritas](#)
600 McLennan Ross Building, 12220 Stony Plain Road, Edmonton, AB T5N 3Y4

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Christa Nicholson
Partner
Direct: 403 571 1053
Bio: [Christa Nicholson](#)

Jensen Shawa Solomon Duguid Hawkes LLP



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 www.jssbarristers.ca

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From: Darren Bieganek [<mailto:dbieganek@dclp.com>]
Sent: Friday, December 07, 2018 2:07 PM
To: nicholsonc@jssbarristers.ca
Cc: Chuck Russell <crussell@mross.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; hanz@jssbarristers.ca; Ryan Quinlan <rquinlan@dclp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>
Subject: RE: CNC et al

Christa,

I am somewhat surprised at both the content and tone of your e-mail. Your position is also not entirely clear from your e-mail. My understanding of your e-mail is that you are trying to tell us that you are not prepared to answer the two undertakings given by Mr. Roman regarding generally whether a release of interest of the CWB security on the Bonnyville assets was requested or received. We do not accept your reasons for declining to answer as valid for the following reasons:

1. On the question of ownership of the Bonnyville assets claimed, as the Monitor noted in its 17th Report filed September 10, 2018, at paragraph 23:

"The Monitor and its counsel reviewed the information and documents provided by 726, and considered the comments of Management, and has advised 726 that the Monitor does not anticipate challenging 726's ownership claim in respect of the claimed assets on the Bonnyville camp site, unless there is a material change in relation to the information or documents that comes to light to alter the accuracy and/or legitimacy of the information obtained and reviewed to date, the Monitor understands that 726 will be putting forward an Affidavit setting out the relative information and documents in respect of its ownership claims on or before October 5, 2018, and as such, the Monitor has not included any documents provided to the Monitor by 726 in this Report."

At that time, the Monitor's appreciation was that the only items claimed by 726 Remote Accommodations ("726") were the serial numbered units outlined in the Bill of Sale. Nothing more. At that time, no claim for "small wares" had yet been advanced or articulated by 726 and no claim for the ancillary equipment of walkways, electrical panels, wastewater systems, potable water systems, lights, lift stations, car plugs ("Ancillary

equipment") had been advanced . Indeed the small wares claim was only advanced in Mr. Roman's October 4th Affidavit and the Ancillary Equipment claim was just advanced in the Affidavit of November 27th!

In terms of the Monitor's position on ownership:

- a) Nothing has changed from its perspective in respect of the serial numbered units listed in the Bill of Sale from CNC to 726. \$20,000,000.00 plus tax was paid for those assets. There is no dispute in that. We have asked for some clarity on the financial arrangements by way of undertaking and once that information is received and reviewed we can provide a more definitive answer on the ownership question on the serial numbered assets but it does appear that the ownership issue on the serial numbered assets is more clear now;
 - b) With respect to small wares and the "ancillary equipment" now lately claimed by 726, there are issues. There is no documentation to support the acquisition of the small wares specifically nor is there any documentation, in our view, supporting the acquisition of the "ancillary equipment". On these points there are issues of ownership which arise on the evidence and on the documents. We do not agree that those items were acquired by 726 Remote Accommodation.
2. Notwithstanding issues of ownership, at no time has the Monitor indicated that issues of priority were not on the table. Clearly, they are.

In that regard, as we see it, the priority issues are as follows (and these are not surprising):

- a) Whether CWB had security on the Bonnyville assets (among others) before they were sold to 726 by CNC and whether or not a release of interest was obtained in respect of that sale;
- b) Regardless of that, whether the CNC GSA obtained from each of the limited partnership and general partners are valid and enforceable; and
- c) Regardless of that, the municipalities, and in particular the Town of Bonnyville, have a significant property tax claim that is being asserted against the Camp in its totality which includes the assets claimed by 726. You seem to ignore that issue. If that tax claim is upheld, whichever party is successful on the priority issue is going to be faced with having either the assets, or the proceeds, visited with a pro rata portion of the tax claim. Whose ox is being gored is therefore a very relevant consideration.

You have made the unfounded statement that the issue of CWB's pre-existing security on the assets at Bonnyville was

raised newly yesterday in the questioning before Barry Roman and have been prejudiced by an inability to question Mr. McCracken on the matter. On these points you are wrong. I raised those issues, if I recall, before Justice Hillier in case management and I questioned Mr. McCracken directly on the point. I asked him the following during his questioning:

- a) Whether CWB was the lender for CNC at the time of the Bonnyville sale transaction. He undertook to doublecheck but was reasonably certain they were;
- b) I asked him whether CNC had obtained a letter of release from CWB in respect of the transaction. He was not sure. He undertook to check with Ms. Barnhouse;
- c) I asked him where the \$20,000,000.00 went and what it was used for. I asked him if CWB received any of the money. He believed CWB had received some money and agreed, by way of undertaking, to provide me with an accounting of the proceeds.

To therefore suggest that the issue was raised for the first time in my questioning of Mr. Roman is clearly wrong. Your client was not at a disadvantage. You were present at Mr. McCracken's questioning. You had the opportunity to ask further questions arising from my questions but did not avail yourself of that opportunity. That factual issue was put squarely before him. The questions were asked. Undertakings were given to provide answers.

Ownership is one thing. Priority is another. The undertakings sought of your client and given were appropriate in the circumstances and based on questions asked and evidence given the day prior.

For the purpose of the record you act for the 726 group on this application as co-counsel with Mr. McAllister. This matter has already been delayed to accommodate that and that has also allowed 726 further opportunity to expand the breadth of its claim and the scope of the application – further increasing costs for everyone on this application. To suggest now that a simple factual issue on whether CWB provided a release of interest on collateral (or whether one was sought) is cause for delay or an issue which ought not to be raised or addressed on this application is ridiculous. That question is pretty basic and the issue fairly obvious.

I fully intend to lay out all of those issues before the Court in the brief I have been directed to file next week. The Court will not want to bifurcate this process.

I trust that an emergency court application will not be necessary to get the answers from you and that you will just knuckle down and get to it like the rest of us have to. Frankly, 726 Remote Accommodations is the party who keeps expanding the scope of its claim and from all toward appearances is the party attempting to increase costs and create delay.

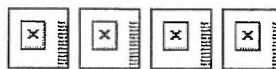
Let's get on with getting the work done as directed by the court.

Yours truly,

Darren Bieganeck

Darren Bieganeck, LLB, QC
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Please note that errors can occur in electronically transmitted materials. We do not accept liability for any such errors. If verification is required please ask for a hard copy.

From: Christa Nicholson <nicholsonc@jssbarristers.ca>

Sent: December-07-18 8:35 AM

To: Darren Bieganeck <dbieganeck@dcllp.com>; Q. C. Charles P. Russell
<crussell@mross.com>

Cc: Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han
<hanz@jssbarristers.ca>

Subject: CNC et al

Dear Darren and Chuck,

We advise as follows:

1. This is further to these proceedings and the cross-examinations of recent days.
2. We require that Darren immediately advise us as to whether the Monitor intends to assert at the hearing that CNC owns the Bonnyville equipment (the "Question"). I understand that Darcy has previously requested from your office an answer to the Question. We renew this

request at this time and seek a definitive position now that you have the benefit of your evidence and we note that an affirmative answer will be contrary to the tenor of what has been previously conveyed to the Court by the Monitor its 17th Report.

3. We reserve our clients' right to seek to cross-examine Mr. McCracken on issues that were raised in questioning yesterday for the first time, including the issue relating to the following two undertakings:

2. (Under advisement) Provide any PPSA searches from Stikeman's file;

14. (Under advisement) Review the Stikeman file for any correspondence to CWB asking them to waive their GSA with respect to the Bonnyville equipment; [i.e. was a no-interest letter provided by CWB in favour of 726 Group in respect of the Bonnyville Assets?]

At our last attendance before Justice Hillier, Daren insisted on examining Mr. Roman subsequent to the examination of Mr. McCracken and that has left our clients' potentially disadvantaged, unless they have the opportunity to examine Mr. McCracken.

4. Regarding the undertaking requests, if the answer to the Question is in the negative, we do not see how those two undertaking requests are relevant to what is before the CCAA court and the Monitor's role which is to bring into the Applicants' estate as much value as possible, and in this regard, we further take the position set out in paragraph 5.

If you respond to the Question in the affirmative, we continue to reserve all of our clients' rights to refuse to answer these two undertakings and will advise you promptly in that regard.

5. If the Monitor is not advancing an ownership claim on behalf of CNC, we will not countenance any argument from anyone at the hearing or made in your brief or in any brief from CWB, or otherwise, relating to a claim by CWB in respect of the Bonnyville equipment in respect of which we understand CWB may hold a registered security interest. That issue is for another day in other proceedings CWB may wish to advance in connection with its security claim against the Bonnyville equipment once it is returned to its rightful owner, the 726 Group. It is not properly before the CCAA court and can't be argued and we object to the same and will seek costs against the offending party if any effort is made to advance such an argument.

6. In addition, and without derogating from the point made in paragraph 5, as you can appreciate, from my perspective, any direct claim by CWB in respect of the Bonnyville equipment (as opposed to one based on ownership rights of CNC and which didn't appear to involve certain of my clients) raises an entirely new issue in respect of

which I am not presently retained. If that issue is to ultimately be advanced, albeit in different proceedings, I will need to seek instructions in that regard and doing so will take time.

7. Needless to say, regardless of the answer to the Question, because all of the evidence is not in regarding Bonnyville, this particular issue cannot be advanced at the hearing on January 10 and 11, 2019 and will need to be set down for another day. We would request that you advise Justice Hillier accordingly. Thank you.

I look forward to hearing back.

Regards,

Christa

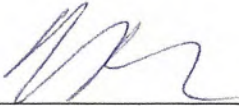
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Partner
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This is **Exhibit "B"** referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Christa Nicholson
Sent: Tuesday, December 11, 2018 12:50 PM
To: 'nicole.stansky@albertacourts.ca'
Cc: Darcy McAllister; Zao Han; Ryan Quinlan; Matt McCulloch; 'Darren Bieganeck'; 'Chuck Russell'
Subject: CCAA Proceedings of Canada North Camps et al; Court of Queens Bench Action No. 1703-12327

Dear Nicole,

This is further to our telephone discussion yesterday.

As I mentioned, we are co-counsel with Darcy McAllister for 726 Modular Finance Ltd., 726 Remote Accommodations, Ltd., and Reliant Asset Management, LLC (collectively, the “726 Group”), and we are seeking to appear before Mr. Justice Hillier as soon as possible this week (my office would attend by conference call assuming that is agreeable to His Lordship).

There is currently a dispute between the 726 Group, the Monitor, and Canadian Western Bank (“CWB”) as to whether an issue (the “Issue”) is properly before the Court and is to be the subject of the January 10 and 11th hearing dates which Mr. Justice Hillier set down on November 21, 2018. The 726 Group, *inter alia*, contests the jurisdiction of the CCAA court in these proceedings to hear that Issue which the Monitor and CWB say is currently before the Court.

The Monitor and CWB disagree with the 726 Group’s position. During the course of questioning of Mr. Roman on behalf of the 726 Group, undertakings were refused by the 726 Group based, in whole or in part, on the 726 Group’s position respecting the Issue. The Monitor and CWB take issue with the refusal to provide the information. Your Lordship’s determination of the dispute will bear on whether the 726 Group must provide some or all of the answers to the undertakings refused.

Given that the Monitor’s Brief is due this Thursday, December 13th (or on the 14th if the Court so directs at the request of the Monitor), and that the

726 Group and CWB's brief is due December 20, 2018, the parties urgently need to a decision about whether the Issue is properly before the Court.

Accordingly, the 726 Group (with the knowledge of the Monitor and CWB) respectfully requests a time to be heard before His Lordship as soon as possible this week.

We look forward to hearing back. Thank you.

Regards,

Christa

This is Exhibit "C" referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Erika Kiss <ekiss@mross.com>
Sent: Wednesday, December 12, 2018 1:36 PM
To: Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; dbiegane@dcilp.com; rquinlan@dcilp.com; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferris@lawsonlundell.com; wroberts@lawsonlundell.com; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Christa Nicholson; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; CommercialCoordinator.QBEdmonton@albertacourts.ca
Subject: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327
Attachments: Application-filed Dec 12, 2018.pdf; Service list.pdf

Good afternoon all,

Please see the attached filed application for service upon you. The application is returnable January 10, 2019.

Thank you,

Erika Kiss

Legal Assistant to Charles Russell, Q.C.



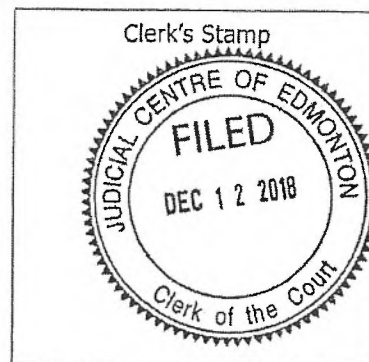
Erika Kiss | Legal Assistant | direct 780.482.9262 | toll free 1.800.567.9200 | fax 780.482.9100
McLennan Ross LLP | www.mross.com | Member of Meritas
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COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD.,
18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD.,
1919209 ALBERTA LTD. and CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT APPLICATION OF CANADIAN WESTERN BANK

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McLENNAN ROSS LLP #600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	Lawyer: Charles P. Russell, Q.C. Telephone: (780) 482-9115 Fax: (780) 733-9757 Email: crussell@mross.com File No.: 165813
---	--	---

**NOTICE TO RESPONDENTS: 726 REMOTE ACCOMMODATIONS LTD. AND 726 MODULAR
FINANCE LTD. AND RELIANT ASSET MANAGEMENT, LLC**

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

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: Thursday, January 10, 2019

Time: 10:00 a.m.

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

Before Whom: 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. An Order abridging the time for service of notice of this Application and deeming service good and sufficient.
2. An Order declaring that the security interest held by Canadian Western Bank ("CWB") over the personal property of Canada North Camps Ltd. ("CNC"), now known as 18512398 Alberta Ltd., has not been released in the transfer of assets by CNC to 726 Remote Accommodations Ltd. and 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively "726"), and that such assets remain subject to the security interest of CWB.
3. Such further and other relief as counsel may advise and as this Honourable Court may deem fit.

Grounds for making this application:

4. CWB had in December 2014 and continues to have a first security interest in the personal property of CNC.
5. The assets purportedly transferred to 726 by CNC in December 2014 and thereafter, remain subject to the security interest of CWB, as CWB has not released its interest in such assets.
6. Such further and other grounds as may appear at the motion.

Material or evidence to be relied on:

7. Affidavits and transcript of Questioning of Barry Roman conducted in December 2018, and the undertakings given thereat.
8. Affidavit #6 of Jessie Taha.
9. Such further and other material as counsel may advise.

Applicable legislation and rules:

10. Section 30 of the *Personal Property Security Act*, RSA 2000, c. P-7, as amended.
11. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
12. Alberta Rules of Court rules 1.3, 1.4, 5.13.
13. Such further and other legislation and regulations and rules as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

14. None.

How the application is proposed to be heard or considered:

15. Affidavit evidence and oral argument.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the Applicant 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.

SERVICE LIST

Party	Counsel	Address	Email Address	Service Method
Canada North Group LP Holdings Ltd. 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 Monitor, Ernst & Young Inc. Attn: Matt McCulloch and Dan McCulloch	11 PCOR Tower Suite 1400 10423 - 101th St. Edmonton, AB T5H 0E7	matt.mcculloch@ca.ev.com dan.mcculloch@ca.ev.com	Email
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Ernst & Young Inc. Attn: Matt McCulloch Dan McCulloch		EPCOR Tower Suite 1400 10423 - 101th St. Edmonton, AB T5H 0E7	matt.mcculloch@ca.ev.com dan.mcculloch@ca.ev.com	Email
Monitor	With a copy to: Darren R. Bieganeck, Q.C. & Ryan Quinlan	Duncan Craig LLP Suite 2800 10060 Jasper Avenue, Edmonton, AB T5J 3V9	dbieganeck@dclp.com rquinlan@dclp.com	Email
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Weslease Income Growth Fund LP Weslease of Canada Ltd. Sysco Canada, Inc. Roterra Piling Ltd.	Kentigern A. Rowan, Q.C. / Amber Poburan	Ogilvie LLP 1400 Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6	krowan@ogilvIELaw.com apoburan@ogilvIELaw.com	Email
First Island Financial Services Ltd. Zenex Capital Corp	Heather Ferris	Lawson Lundell LLP 1600, 925 West Georgia St. Vancouver, BC V6C 3L2	hferris@lawsonlundell.com wroberts@lawsonlundell.com	Email
Northland Mortgage & Investment Corporation	Kenneth T. Lenz, QC	Bennett Jones LLP 4500 Bankers Hall East 855 – 2 nd Street SW Calgary, AB T2P 4K7	lenzk@bennettjones.com	Email

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Klassen Blade Contracting Ltd.	Shelby Klassen	Klassen Blade Contracting Ltd. P.O. Box 5599 Lacombe, AB T4L 1X2	shelby@treeeater.ca	Email
Cummins Western Canada Limited Partnership	Theodore Fong	Fasken Martineau DuMoulin LLP 3400 First Canadian Centre 350 - 7 th Avenue SW Calgary, AB T2P 3N9	tfong@fasken.com	Email
Black Diamond Limited Partnership Attn: Paul Wright, EVP and Chief Risk Officer		Suite 1000, 440 - 2nd Ave SW Calgary, AB T2P 5E9	pwright@blackdiamondgroup.com	Email
Securiguard Services Limited Attn: Grace Cheng		4 th Fl., 1445 West Georgia St. Vancouver, BC V6G 2T3	Grace@securiguard.com	Email
Matrix Solutions Inc.		Box 32006 Millwoods PO Edmonton, AB T6K 4C2	pearcemay@shaw.ca	Email

Party	Counsel	Address	Email Address	Service Method
Kingdom Cats Ltd., Kingdom Lodge LP Holdings Ltd. and Kingdom Properties Ltd.	Tara L. Hamelin	2300, 10180-101 St. Edmonton, AB T5J 1V3	thamelin@bmlp.ca	Email
Watchorn Rentals Ltd. / Sustainable			TAnderson@Aquatera.ca	Email
J.G. (Jeff) Lawson		Peters & Co. Limited 2300 Jamieson Place 308 Fourth Avenue SW Calgary, Alberta T2P 0H7	jlawson@petersco.com	Email
Ronald Louissaint		Alberta Human Rights Commission Northern Regional Office 800 - 10405 Jasper Ave NW Edmonton, Alberta T5J 4R7	gerard.dale@gov.ab.ca	Email
726 Modular Financing	Darcy McAllister	McAllister LLP 2500 Commerce Place 10155 - 102 St. Edmonton, AB T5J 4G8	dmcallister@mcallisterllp.com	Email
726 Modular Financing	Christa Nicholson & Rachel Clarke	Jensen Shawna Solomon Duguid Hawkes LLP 800, 304 - 8 Avenue SW Calgary, AB T2P 1C2	nicholsonc@jssbarristers.ca clarker@jssbarristers.ca	Email
Mission Building Supplies (1985) Ltd.	Joseph J. Kueber, Q.C.	Bryan & Company LLP 2600 Manulife Place 10180 - 101 St. Edmonton, AB T5J 3Y2	jikueber@bryanco.com	Email
Realcor Mortgage Corp	Donald Cooper	DLA Piper (Canada) LLP Suite 2800, Park Place 666 Burrard St Vancouver, British Columbia V6C 2Z7	don.cooper@dlapiper.com	Email
Mountain West Camp Services Ltd.	Nicholas Smith	Snyder & Associates LLP #2500 Sun Life Place, 10123 - 99 St. Edmonton, AB, T5J 3H1	nsmith@snyder.ca	Email
Great White Sand Tiger Lodging Ltd.	Ryan E. Flewelling	Regent Law 150 Metcalfe St., Suite 1401 Ottawa, ON K2P 1P1	ryan.flewelling@regentlaw.ca	Email

Party	Counsel	Address	Email Address	Service Method
Versa	Jamie Flanagan	McLennan Ross LLP 1000 First Canadian Centre, 350 7th Avenue SW, Calgary, AB T2P 3N9	jflanagan@mross.com	Email
1333235 Alberta Ltd., o/a Northsat Distribution	Murray Engelking	Engelking Law 4311 Savaryn Drive SW Edmonton, Alberta T6X 2E8	Steven Graham sgraham@enqlaw.ca	Email
John Fleming			johnfleming@shaw.ca christcitycreative@gmail.com	Email
Luc Lainey, 1473443 Alberta Ltd, 1744084 Alberta Inc., Camp Connect Services Ltd	Bryanna White	Emery Jamieson LLP 1700, 10235 – 101 St. Edmonton, AB T5J 3G1	bwhite@emerviamieson.com kkawanami@emeryjamieson.com	Email
Experienced Equipment Sales & Rentals	John T A Stainton	Mintz Law 400, 10357-109 ST Edmonton, AB T5J1N3	jstainton@mintzlaw.ca	Email
Municipal District of Greenvew	Michael J. McCabe, Q.C. Shauna Finlay	Reynolds, Mirth, Richards & Farmer LLP 3200, 10180 – 101 St. Edmonton, AB T5J 3W8	mmccabe@rmrf.com SFinlay@rmrf.com	Email
Red Ram	Jerritt R. Pawlyk	Bishop & McKenzie LLP Suite 2300, 10180 - 101 St. NW, Edmonton, AB T5J 1V3	jpawlyk@bmlp.ca	Email
506221 Alberta Ltd. Attention: Glen Staheli		#14, 9903 – 209 Street Edmonton, AB T5T 5X9	Glen.staheli@gmail.com	Email
Staheli Construction Co Ltd.	Brian Davison and Susy Trace	DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton, AB T5J 4E5	brian.davison@dlapiper.com susy.trace@dlapiper.com	Email
Aurora Lodging Inc.	Jeremy Hockin, QC Steven A. Rohatyn	Parlee McLaws LLP 1700, 10175 – 101 Street Edmonton, AB T5J 0H3	jhockin@parlee.com srohatyn@parlee.com	Email

Party	Counsel	Address	Email Address	Service Method
Peace River Lodge Limited Partnership Peace River Lodge GP Ltd. Bonnyville Lodge Limited Partnership Bonnyville Lodge GP Ltd. Wandering River Lodge Limited Partnership Wandering River Lodge GP Ltd. Wandering River Properties Ltd. HML Lodge Limited Partnership HML Lodge GP Ltd.				By the Monitor posting on its website
Kilometer 147 Limited Partnership		Kilometer 147 Limited Partnership 16903 – 129 Avenue Edmonton, AB T5V 1L2		Registered mail
Kilometer 147 GP Ltd.		Kilometer 147 GP Ltd. c/o registered office 16903 – 129 Avenue Edmonton, AB T5V 1L2		Registered mail
726 Remote Accommodations Ltd.		726 Remote Accommodations Ltd. c/o Primary Attorney Stikeman Elliott LLP 4300 Bankers Hall West 888 3 rd Street SW Calgary, AB T2P 5C5 Attention: Bradley G. Squibb McAllister LLP 2500, 10155 – 102 Street Edmonton, AB T5J 4G8 Attention: Darcy McAllister	bsquibb@stikeman.com dmcallister@mcallisterllp.com	Email
726 Remote Accommodations Ltd.	Christa Nicholson & Rachel Clarke	Jensen Shawna Solomon Duguid Hawkes LLP 800, 304 – 8 Avenue SW Calgary, AB T2P 1C2	nicholsonc@jssbarristers.ca clarker@jssbarristers.ca	Email
Cimarron Lodge Limited Partnership Cimarron Lodge GP Ltd. Cimarron Holdings, LLC		14238 134th Ave Edmonton AB T5L 5V8 Attention: David Smith and Susan Smith	davids@cimarroncamps.com susan@cimarroncamps.com	Email
Town of Bonnyville		Brownlee LLP Suite 700 396 11 th Avenue SW Calgary, AB T2R 0C5 Attention: Gregory Plester	gplester@brownleelaw.com	Email
Phil Harrison			philipharrison154@gmail.com	Email

Party	Counsel	Address	Email Address	Service Method
Jeffrey Hadfield Jackie Hadfield	Bradley J. Smith	Verhaeghe Law Office #203 Mayfield Business Centre 10525 -170 Street Edmonton, AB T5P 4W2	bradley@freedomlaw.ca	Email
Fairview Daycare & Playground Society	Jason Forbes Erik Compton	KMSC Law LLP #401, 10514 - 67 Avenue Grande Prairie, AB T8W 0K8	Jason@kmsc.ca ErikC@kmsc.ca	Email
Alta-Fab Structures Ltd.	David Lobay	David J. Lobay Law Corporation 7 - 4180 Island Highway North Nanaimo, BC V9T 1W6	lobay@lobaylaw.com	Email

This is Exhibit "D" referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Chuck Russell <crussell@mross.com>
Sent: Friday, December 14, 2018 12:29 PM
To: Christa Nicholson
Cc: Darren Bieganeck; Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; Ryan Quinlan; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferris@lawsonlundell.com; wroberts@lawsonlundell.com; Erika Kiss; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; Zao Han
Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Thanks. I have been in court and now at our Christmas party will respond this weekend.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Christa Nicholson
Sent: Friday, December 14, 2018 12:23 PM
To: Chuck Russell
Cc: Darren Bieganeck; Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; Ryan Quinlan; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferris@lawsonlundell.com; wroberts@lawsonlundell.com; Erika Kiss; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; Zao Han
Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Chuck,

Apologies for missing you the last time; I assumed your assistant copied you on the original service email. My original email is below I. This same email chain. I have not included the commercial court coordinator on this email.

Regards,

Christa

On Dec 14, 2018, at 11:56 AM, Chuck Russell <crussell@mross.com> wrote:

Christa I didn't get your last email. You may have sent it to an assistant here. Please send it to me
Sent from my BlackBerry 10 smartphone on the Bell network.

From: Christa Nicholson

Sent: Friday, December 14, 2018 11:48 AM

To: Darren Bieganek

Cc: Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; Ryan Quinian; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hfferris@lawsonlundell.com; wroberts@lawsonlundell.com; Erika Kiss; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; Chuck Russell; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; Zao Han; CommercialCoordinator.QBEdmonton@albertacourts.ca

Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Dear Darren,

It was not my intention to involve the court coordinator in my correspondence. I will respond separately to the balance of your email correspondence.

Regards,

Christa

On Dec 14, 2018, at 11:43 AM, Darren Bieganek <dbieganek@dcilp.com> wrote:

Christa,

I note that you copied this e-mail to the Court Coordinator which I find inappropriate. I have, however, included them on this e-mail string simply to ensure that the communication chain remains unbroken. You also sent it to Mr. Russel's assistant, not him.

For the edification of the entire service list (which all of who are not involved in this application), I attach the e-mail I sent to you on Monday below arising out of your refusal to provide simple answers to simple factual questions by way of undertaking. To make the Monitor's position abundantly clear: the issue of whether or not 726 acquired any interest in the Bonnyville Camp or Equipment free and clear of all encumbrances is an issue that is plain and obvious in the face of the bank security and

has been before the court since the case management directions were made in September.

You advised the Court previously that you were acting on the "priority issue" and Mr. McAllister on the "ownership issue". No one heard you to say that your "priority issue" retainer was somehow restricted to very narrow issues.

While this is a long way of saying no to your request, to make the Monitor's position very clear, we will not be agreeing to any adjournment request.

You will be in receipt of our Brief today. We will not be providing the entirety of the materials to the Service List.

Yours truly,
Darren

Darren Bieganek, LLB, QC
Partner, Insolvency, Restructuring and Commercial
Litigation
Duncan Craig LLP
2800 Scotia Place, 10060 Jasper Ave
Edmonton, Alberta, T5J 3V9

Tel: +1 780.441.4386
Toll-free: 1.800.782.9409
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Web: dcllp.com



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Please note that errors can occur in electronically transmitted materials. We do not accept liability for any such errors. If verification is required please ask for a hard copy.

From: Christa Nicholson <nicholsonc@jssbarristers.ca>

Sent: Thursday, December 13, 2018 11:38 PM

To: Erika Kiss <ekiss@mross.com>

Cc: Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com;
[Darren Bieganek <dbieganek@dcllp.com>](mailto:Darren.Bieganek@dcllp.com); [Ryan Quinlan <rquinlan@dcllp.com>](mailto:Ryan.Quinlan@dcllp.com);
joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com;
APoburan@ogilvielaw.com; hferis@lawsonlundell.com; wroberts@lawsonlundell.com;
lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca;
gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com;
DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone
<slivingstone@mross.com>; pharnett@millerthomson.com; shelby@treeeater.ca;
tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com;
pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aguatera.ca;
jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel
Clarke <clarker@jssbarristers.ca>; jjkueber@bryanco.com; don.cooper@dlapiper.com;
nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan
<jflanagan@mross.com>; sgraham@englaw.ca; johnfleming@shaw.ca;
christcitycreative@gmail.com; bwhite@emeryjamieson.com;
kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com;
SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com;
brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com;
srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com;
susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca;
Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com;

CommercialCoordinator.QBEdmonton@albertacourts.ca; Zao Han
<hanz@jssbarristers.ca>

Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Dear Chuck and Darren,

This is further to my voicemail last evening to Darren requesting that he call me back. Chuck, it would appear that with the filing of this CWB application below (the "Application") you have now done what we had previously, and since the cross-examinations last week, requested and expected and required be done, namely, that CWB put before the court the issues which are to be the subject of the applications to be heard on January 10 and 11, 2019.

As you know, we have requested that Justice Hillier urgently see us to address the fact that, until you filed CWB's a

Application yesterday, the matters referenced in your client's Application were not before the court. As you know, we have not yet heard from Mr. Justice Hillier. You, too, were interested in seeing the Judge in respect of certain undertakings which you were seeking to have answered which were refused by Darcy McAllister and me on behalf of our client, including on the grounds of relevance (because no extant application was before the court when the cross-examinations and undertakings arising therefrom were requested).

Please be advised that I am currently seeking instructions with respect to whether my office is retained regarding the CWB Application. In the meantime, this Application needs to be and we require that it is forthwith adjourned *sine die* to be heard on a date beyond January 10 and 11, along with all matters relating thereto in connection with the Bonnyville assets and their ownership.

If we are retained, and we suspect we will be, we will require an opportunity to cross-examine Ms. Taha and Mr. McCracken in connection with this new CWB Application, as well as to potentially file our own evidence. Once all of the evidence is in, a hearing can fairly occur.

Accordingly, please confirm that the Application will be adjourned *sine die* and that the Brief of argument to be filed by the Monitor tomorrow will not argue the merits of this Application. This would be highly unfair and would result in the potential for significant thrown away costs to the extent that it is necessary for our client to attempt to address the Application at this time in circumstances where we are not yet retained, do not have instructions, and where the Application was just filed yesterday and the evidence has not been tested and is not all in, when it could have and ought to have been brought long ago and in any event prior to the cross-examinations that took place last week. Chuck and Darren, we look forward to hearing from you and to receiving the confirmation sought above.

Regards,
Christa

On Dec 12, 2018, at 1:36 PM, Erika Kiss <ekiss@mross.com> wrote:

Good afternoon all,

Please see the attached filed application for service upon you. The application is returnable January 10, 2019.

Thank you,

Erika Kiss

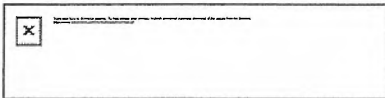
Legal Assistant to Charles Russell, Q.C.

Erika Kiss | Legal Assistant | direct 780.482.9262 | toll free 1.800.567.9200 | fax 780.482.9262
McLennan Ross LLP | www.mross.com | Member of Meritas
600 McLennan Ross Building, 12220 Stony Plain Road, Edmonton, AB T5N 3Y4

This e-mail may contain confidential information and be subject to solicitor-client privilege. If you are not the intended recipient, please do not print, copy, retransmit, or otherwise use the information. If you have received this email in error, please delete and advise sender. Thank you.

Christa Nicholson
Partner
Direct: 403 571 1053
Bio: Christa Nicholson

Jensen Shawa Solomon Duguid Hawkes LLP



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 www.jssbarristers.ca

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TAB M

COURT FILE NUMBER

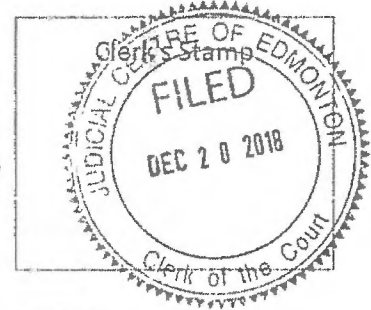
12327
1703-12727

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402
ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD.,
1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA
NORTH GROUP LP HOLDINGS LTD.

DOCUMENT

NOTICE OF AMENDED APPLICATION BROUGHT BY 726 REMOTE
ACCOMMODATIONS, LTD., 726 MODULAR FINANCE LTD. AND
RELIANT ASSET MANAGEMENT, LLC FOR A DECLARATION OF
OWNERSHIP AND PRIORITY IN RESPECT OF CERTAIN EQUIPMENT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION
OF PARTY FILING THIS
DOCUMENT

Jensen Shawa Solomon Duguid Hawkes LLP
800, 304 - 8 Avenue SW
Calgary, Alberta T2P 1C2

Christa Nicholson
Zào Hân
Tel: 403 571 1520
Fax: 403 571 1528
File: 11396-384

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 Justice.

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

Date: January 10 and 11, 2019 or as such other date as may be set
by the Court
Time: At such time of day as the Court may Set
Where: Law Courts, 1A Sir Winston Churchill Square, Edmonton,
Alberta T5J 0R2

Before Whom: Mr. Justice Ken 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:

The Applicants, 726 Remote Accommodations, Ltd. ("**726**"), 726 Modular Finance Ltd. ("**726 Finance**"), and Remote Asset Management, LLC ("**RAM**"); (each of RAM, 726 Finance and 726 are collectively hereinafter referred to as, the "**726 Group**" or the "**Applicants**") seek the following relief:

1. All capitalized terms have the meanings ascribed to them below including in paragraphs 9 to 24 hereof.
 - 1.a. An Order abridging the time for service of this Application to the time given and deeming service thereof to be good and sufficient;
2. With respect to the Bonnyville Equipment, Bonnyville Ancillary Equipment the Peace Ancillary Equipment and the Kilometer Ancillary Equipment, an Order declaring that it is owned by 726 or the 726 Group;
3. An Order declaring that the Leased Equipment (which is the subject of the Leases between 726 as lessor and each of the Lessee LPs):
 - (a) is the subject of a true lease and it, is owned by 726 or the 726 Group, and not CNC or any of the LPs; and
 - (b) is not the subject of a security interest pursuant to the purported security granted by the LPs in favour of CNC by virtue of the GSAs.
4. Further, or in the alternative, an Order declaring that the GSAs are invalid, void, voidable, should be set aside, and/ or are otherwise unenforceable;

5. Further, or in the further alternative, an Order declaring that the security granted by the LPs in favour of CWB does not create a security interest in the Leased Equipment, or alternatively, that it is otherwise invalid and/or unenforceable;
6. Further, or in the alternative, an Order declaring that the deemed security interest in respect of the Leased Equipment in favour of 726 has priority over all the claims of CNC and CWB;

Further, an Order declaring that the deemed security interest in respect of the Leased Equipment in favour of 726 has priority over any other claims, including those of any Municipalities; ~~and~~

- 7.a Further, or in the alternative, the 726 Group is a bailor and the LPs are bailees with respect to certain assets;
- 7.b Further, or in the alternative, if the CNC GSAs are valid and enforceable, they ought to be rectified to reflect the actual agreement between the parties to the effect that GSAs were to encumber only the LPs' receivables;
- 7.c Further, or in the alternative, 726 seeks relief from forfeiture; and
8. Such further and other relief as may be sought by the Applicants and this Court may grant.

GROUNDS FOR MAKING THIS APPLICATION:

9. 726 is a subsidiary of RAM, and an affiliate of 726 Finance. Each of RAM, 726 Finance and 726 from time to time purchase equipment and the 726 Group is at all times the owner of equipment, which 726 is entitled to lease to third parties as lessor.
10. 726 is also a limited partner in each of the following limited partnerships: Bonnyville Lodge LP ("**Bonnyville LP**"), Wandering River Lodge LP ("**Wandering LP**"), Peace River

Lodge LP ("**Peace LP**") and Kilometer 147 LP ("**Kilometer LP**" and together with Bonnyville LP, Wandering LP and Peace LP, collectively the "**LPs**").

11. Further, 726 along with 1851239 Alberta Ltd., formerly, Canada North Camps Inc. ("**CNC**") (and in some cases others) is a shareholder of each of the general partners of the LPs, namely: Bonnyville Lodge GP Ltd. ("**Bonnyville GP**"), Wandering River Lodge GP Ltd. ("**Wandering GP**"), Peace River Lodge GP Ltd. ("**Peace GP**"), Kilometer 147 GP Ltd. ("**Kilometer GP**" and together with Bonnyville GP, Wandering GP and Peace GP, the "**GPs**") which are the general partners of Bonnyville LP, Wandering LP, Peace LP and Kilometer LP, respectively.
12. Each of Bonnyville GP, Wandering GP, Peace GP and Kilometer GP are governed by a unanimous shareholders agreement (each a "**USA**" and collectively, the "**USAs**").
13. As part of its commitment to the limited partnerships, pursuant to each of their limited partnership agreements (each an "**LPA**" and collectively, the "**LPAs**"):
 - (a) 726 leased equipment (the "**Leased Equipment**") owned by one of the entities in 726 Group to each of Wandering LP, Peace LP and Kilometer LP (the "**Lessee LPs**", and their general partners the "**Lessee GPs**"). All such leasing occurred pursuant to lease agreements, as follows:
 - (i) Lease between 726 and Wandering LP, dated December 24, 2014 (the "**Wandering Lease**"), with a minimum lease term of 42 months and no option to purchase; and
 - (ii) Lease between 726 and Peace LP, dated January 19, 2015 (the "**Peace Lease**"), with a minimum lease term of 45 months and an option to purchase provided Peace LP made all 45 lease payments in a timely fashion; and
 - (iii) Lease between 726 and Kilometer LP, dated January 12, 2015, with a minimum lease term of 45 months and an option to purchase provided

Kilometer LP made all 45 lease payments in a timely fashion (the "**Kilometer Lease**", and together with the Wandering Lease and the Peace Lease, the "**Leases**"); and

- (b) 726 provided equipment to Bonnyville LP which it would transfer to Bonnyville LP upon receipt of payment of certain distributions (the "**Bonnyville Equipment**").

14. To date:

- (a) The Lessee LPs have failed to pay the totality of their respective lease obligations;
- (b) Peace LP and Kilometer LP have not sought to exercise their respective options to purchase under the Leases; and
- (c) Bonnyville LP has failed to make the required distributions and, accordingly, 726 has not transferred the Bonnyville Equipment to Bonnyville LP.

15. Accordingly, the Leased Equipment and the Bonnyville Equipment remains the personal property of the 726 Group.

16. At no time did the Leased Equipment become the personal property of the Lessee LPs, and at no time did the Bonnyville Equipment become the personal property of Bonnyville LP.

17. Further, 726 Group also owns certain ancillary equipment that is in the possession of each of Bonnyville LP, Peace LP and Kilometer LP, which is subject to a claim by 726, respectively the "**Bonnyville Ancillary Equipment**", the "**Peace Ancillary Equipment**" and the "**Kilometer Ancillary Equipment**".

18. 726 Group claims ownership of the Bonnyville Ancillary Equipment, Peace Ancillary Equipment and the Kilometer Ancillary Equipment.

19. Subsequent to each of the Leases, on March 29, 2017, each of the Lessee LPs purportedly granted a general security agreement in favour of CNC as continuing security for the payment in full of all indebtedness of each Lessee LP to CNC (each a “GSA” and collectively the “GSAs”).
- 19.a During cross-examination, Mr. McCracken admitted that the CNC GSAs were not meant to secure the entirety of the LP’s assets; rather, the purpose of the GSAs was to secure the LPs accounts receivables.
20. The GSAs do not create a security interest in the Leased Equipment, which is personal property of the 726 Group.
21. Subsequent to execution of each of the Leases, on July 30, 2015, Peace LP and Kilometer LP, and on October 2, 2015 Bonnyville LP (the “**Purported Guarantors**”, their general partners the “**Purported Guarantors’ GPs**”) purportedly granted full liability guarantees (the “**Purported Guarantees**”) in favour of Canadian Western Bank (“CWB”) in respect of CNC’s indebtedness and liability to CWB.
22. The Purported Guarantees include a grant of limited security in favour of CWB to secure payment of the debts and liabilities owing by CNC to the Purported Guarantors; the Purported Guarantees do not create a security interest in the Leased Equipment.
23. On March 29, 2017 CNC registered its security interest under the GSAs (the “**CNC Registrations**”) against each of the Lessee LPs at the personal property registry (the “PPR”). Mr. McCracken testified that he is unaware of how or by whom the GSAs were registered against Leased Assets.
24. On November 27, 2018, 726 registered its interest as lessor of the Leased Equipment at the PPR (the “**726 Registrations**”).
25. The following grounds apply specifically in respect of the (alternative) relief set out at paragraph 4, 7.b hereof:

- (a) For lack of consideration, the GSAs are invalid and otherwise unenforceable and therefore did not create any security interests in favour of CNC in the Lessee LPs;
- (b) Alternatively:
 - (i) the GSAs and Purported Guarantees were not properly authorized, as follows:
 - A. The GSAs were executed for the Lessee LPs by the Lessee GPs. Paul McCracken ("McCracken") was the one who signed the GSAs on behalf of the Lessee GPs;
 - B. The Purported Guarantees were executed by each of the Purported Guarantors and the Purported Guarantors' GPs. McCracken was the one who signed the Purported Guarantees on behalf of each of the Purported Guarantors and the Purported Guarantors' GPs; and
 - C. The execution of the GSAs and Purported Guarantees was contrary to the relevant LPAs and USAs;
 - (ii) Contrary to requirements, the Lessee LPs and Purported Guarantors never issued unanimous resolutions of the limited partners in respect of the GSAs and the Purported Guarantees;
 - (iii) As shareholder of each of the Lessee GPs and Purported Guarantors' GPs, 726 was required to provide its authorization for the Lessee GPs and Purported Guarantors' GPs to enter into the GSAs and Purported Guarantees on behalf of the Lessee LPs and Purported Guarantors; the Lessee GPs and Purported Guarantors' GPs never issued unanimous resolutions of the shareholders in respect of the GSAs and the Purported Guarantees;

- (iv) McCracken was aware that he never had authority to execute the GSAs and Purported Guarantees on behalf of the Lessee LPs and Purported Guarantors;
- (v) Given McCracken's actions, all without 726's knowledge, 726 was denied of its right to have a direct say in whether the Lessee LPs and Purported Guarantors should grant and whether the Lessee GPs and Purported Guarantors' GPs should cause the Lessee LPs and Purported Guarantors to take the purported security and grant the GSAs in favour of CNC and Purported Guarantees in favour of CWB;
- (vi) McCracken therefore caused the Lessee GPs and Purported Guarantors' GPs to effect a result that wrongfully favours CNC and/or is oppressive or unfairly prejudicial to or that unfairly disregards the interests of 726 as shareholder of each of the Lessee GPs and Purported Guarantors' GPs;
- (vii) Further, to the extent that 726's claim is as a secured creditor of the Lessee LPs:

A. The interests of any creditor claim of CNC were intentionally or effectually preferred by McCracken over those of 726, including insofar as the GSAs constituted a conveyance of an interest that had the intent or effect of defeating or hindering 726's secured claim against the Lessee LPs; and

B. Given that CNC was a shareholder of the Lessee GPs at the time that the GSAs were executed, and CNC received the benefit of the GSAs, the GSAs were merely a strategy to secure a benefit for CNC with knowledge by CNC of the intent or effect of defeating or hindering 726's security interest in the Lessee LPs; and

(viii) The GSAs were not meant to secure anything other than the LPs accounts receivables; and

(c) Such further and other grounds as may be advanced at the hearing of the Application.

AFFIDAVIT OR OTHER EVIDENCE TO BE USED IN SUPPORT OF THIS APPLICATION:

- 26. The pleadings and materials filed in the within proceedings, including those referred to below, as well as such further and other material as this Honourable Court may permit;
- 27. Affidavit of B. Roman, sworn on October 2, 2018;
- 28. Affidavit # 6 of Jessie Taha, sworn on October 3, 2018;
- 29. Affidavit of B. Roman, sworn on November 27, 2018;
- 30. Order for advice and direction, granted by Hillier J. on September 26, 2018;
- 31. Monitor's Seventeenth Report, filed on September 10, 2018;~~and~~
- 32. Monitor's Eighteenth Report, filed on October 11, 2018;and
- 32.a Affidavit of G. Machitova sworn December 20, 2018 and filed concurrently with this Amended Application.

APPLICABLE ACTS, REGULATIONS AND RULES:

- 33. *Alberta Rules of Court*, Alta Reg 124/2010
- 34. *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3
- 35. *Business Corporations Act*, RSA 2000, c B-9
- 36- *Fraudulent Preferences Act*, RSA 2000, c F-24
- 37- *Statute of Fraudulent Conveyances*, 1571, 13 Eliz 1, c 5

38.a Personal Property Security Act, RSA 2000, c. P-7

38.b Partnership Act, RSA 2000, c. P-3

38.c Judicature Act, RSA 2000, c. J-2

39. Any applicable acts and regulations as counsel may advise and this Honourable Court may permit.

ANY IRREGULARITY COMPLAINED OF OR OBJECTION RELIED ON:

40. None.

HOW THE APPLICATION IS PROPOSED TO BE HEARD OR CONSIDERED:

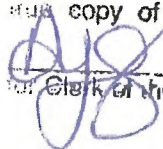
41. Before the Honourable Mr. Justice Ken G. Nielsen sitting on the Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and 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 N

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


Clerk of the Court

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA
LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA
LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS
LTD.

DOCUMENT ORDER

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Darren R. Bieganeck, QC/Ryan F.T.
Quinlan
Barrister & Solicitor
Phone: 780.441.4386/780.441.4336
Fax: 780.969.6381
Email:
dbieganeck@dcllp.com/rquinlan@dcllp.com

File #204-196164
DUNCAN CRAIG LLP
LAWYERS MEDIATORS
2800 Scotia Place
10060 Jasper Avenue
Edmonton, Alberta Canada
T5J 3V9

DATE ON WHICH ORDER WAS PRONOUNCED: January 10, 2019

LOCATION OF HEARING: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice S.D. Hillier

UPON NOTING that the Hearing of these proceedings had been set to occur on January 10-11, 2019 pursuant to the Order dated November 21, 2018; AND UPON THE APPLICATION of 726 Remote Accommodations Ltd., 726 Modular Finance Ltd., and Reliant Asset Management LLC (collectively "726") for an adjournment of the hearing respecting issues of the ownership of, security in and priority to the assets located on the Bonnyville camp (the "Bonnyville Issues"), formerly operated by one or more of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. (collectively the "Applicants"), including that portion of the Amended Application filed by 726 on December 20, 2018 respecting the Bonnyville Issues and the Application filed on December 12, 2018 by the Canadian Western Bank ("CWB"); AND UPON HAVING READ the Initial Order dated July 6, 2017, the Order dated September 6, 2018, the Order dated November 21, 2018, the Amended Application of 726 filed December 20, 2018, and the other pleadings and proceedings taken in this matter; AND UPON HEARING the submissions of counsel for Ernst & Young Inc. (the "Monitor"), in its capacity as the Court-appointed Monitor of the Applicants, CWB, Paul McCracken and 726; IT IS HEREBY ORDERED THAT:

1. An adjournment of the Bonnyville Issues is hereby granted until 10:00 a.m. on January 11, 2019 to permit 726 to obtain by 10:00 a.m. on January 11, 2019:
 - (a) further answers to undertakings of Paul McCracken in respect of the outstanding information sought to be provided by Ms. Barnhouse of Dentons Canada LLP;
 - (b) any letter of no interest on the part of CWB in respect of the December 2014 sale of assets from 18512898 Alberta Ltd. to 726; and
 - (c) any other information the Court may grant leave to permit be filed;for the purposes of adding such information or documents into the record before the Court.
2. This Order may be signed in counterpart, and delivered by facsimile or other electronic means.


Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO FORM AND CONTENT BY:

DUNCAN CRAIG LLP


Darren R. Bieganski, Q.C./Ryan F.T. Quinlan

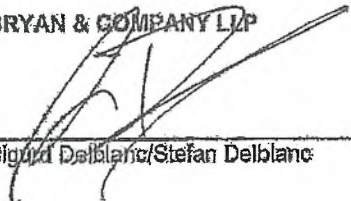
MCLENNAN ROSS LLP

Charles Russell, Q.C.

JENSEN SHAWA SOLOMON DUGUID
HAWKES LLP


Christa Nicholson/Zao Han

BRYAN & COMPANY LLP


Siguin Delblanc/Stefan Delblanc

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 - (b) any letter of no interest on the part of CWB in respect of the December 2014 sale of assets from 18512398 Alberta Ltd. to 726; and
 - (c) any other information the Court may grant leave to permit be filed;for the purposes of adding such information or documents into the record before the Court.
2. This Order may be signed in counterpart, and delivered by facsimile or other electronic means.

Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO FORM AND CONTENT BY:

DUNCAN CRAIG LLP

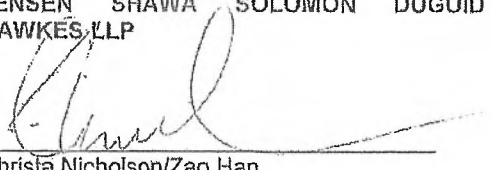
Darren R. Bieganeck, Q.C./Ryan F.T. Quinlan

MICLENNAN ROSS LLP



Charles Russell, Q.C.

JENSEN SHAWA SOLOMON DUGUID
HAWKES LLP



Christa Nicholson/Zao Han

BRYAN & COMPANY LLP

Sigurd Delblanc/Stefan Delblanc

TAB O

Chuck Russell

From: Christa Nicholson <nicholsonc@jssbarristers.ca>
Sent: Friday, January 11, 2019 8:11 AM
To: Chuck Russell; Darren R. Bieganeck; Scott C. Chimuk (scottchimuk@burstall.com); Sigurd Delblanc; sldelblanc@byrancio.com; Ryan Quinlan
Cc: Darcy McAllister; Zao Han
Subject: CNC

Exh A
Jan 11/19
court

Dear counsel,

Further to my advice of last night, we are now instructed to provide the following responses to undertakings given by Barry Roman upon his cross-examination of December 6, 2018:

Undertaking No. 2 (Taken Under Advisement): Advise whether at or around the time of the Partnership Agreement for Bonnyville was entered into and the purchase transaction took place there was on Stikeman's file a personal property registry search in respect of the vendor and if so to produce the same.

Answer: without waiving privilege with respect to any of the Stikeman file, from the review that was undertaken of the Stikeman file, it is my understanding that no such personal property registry search in respect of the vendor was located. Stikeman has also orally confirmed that, to its knowledge, no such searches were ever performed.

Undertaking No. 14 (Taken Under Advisement): provide any communications from Stikeman to the CWB requesting that the CWB release its interests in the assets which were the subject matter of the Bonnyville transaction.

Answer: without waiving privilege with respect to any of the Stikeman file, from the review that was undertaken of the Stikeman file, it is my understanding that no communication was made from Stikeman to the CWB or anyone on its behalf requesting that the CWB release its interests in the assets which were the subject matter of the Bonnyville transaction. Stikeman has also orally confirmed that, to its knowledge, no such communication was ever made.

Regards,

Christa

Christa Nicholson
Partner
Direct: 403 571 1053

Jensen Shawa Solomon Duguid Hawkes LLP

T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 www.jssbarristers.ca

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McLENNAN ROSS LLP
LEGAL COUNSEL

Our File Reference: 165813

January 11, 2019

Ex B
Jan 11/19
court

Charles P. Russell, Q.C.
Direct Line: (780) 482-9115
e-mail: crussell@mross.com

Erika Kiss, Assistant
Direct Line: (780) 482-9262

Fax: (780) 733-9757
PLEASE REPLY TO EDMONTON OFFICE

SENT BY E-MAIL TO
nicholsonc@jssbarristers.ca

Jensen Shawa Solomon Duguid Hawkes LLP
800, 304 - 8th Avenue SW
Calgary, AB T2P 1C2

Attention: Christa Nicholson

Dear Madam:

Re: In the Matter of *The Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C36, as amended
And in the Matter of a Plan of Arrangement of 667402 Alberta Ltd.,
18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd.,
1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd.
Court of Queen's Bench Action No. 1703 12327

Further to your request that CWB provide a response to your written interrogatories of 11:30 p.m. last night, with a request that those interrogatories be answered by 9:30 a.m. this morning, we have made best efforts to provide what answers could be ascertained in the time allotted. We have not accommodated your request of 8:00 a.m. this morning for further interrogatories in addition to those requested last night.

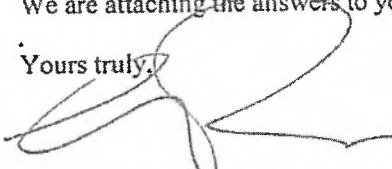
Edmonton Office
600 McLennan Ross Building
12220 Stony Plain Road
Edmonton, AB T5N 3Y4
p. 780.482.9200
f. 780.482.9100
cf. 1.800.567.9200

Calgary Office
1000 First Canadian Centre
350 - 7th Avenue SW
Calgary, AB T2P 3N9
p. 403.543.9120
f. 403.543.9150
cf. 1.888.543.9120

Yellowknife Office
301 Nunasi Building
5109 - 48th Street
Yellowknife, NT X1A 1N5
p. 867.766.7677
f. 867.766.7678
cf. 1.888.836.6684

We are attaching the answers to your interrogatories of last night.

Yours truly,

A handwritten signature in black ink, appearing to be 'C. Russell', written over the words 'Yours truly,'.

CHARLES P. RUSSELL, Q.C.

CPR/ner
Encl.

cc: Service List
cc: Canadian Western Bank
Attention: J. Taha

00165813 - 4156-1878-9657 v.1

COURT FILE NUMBER

1703-12327

COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE

EDMONTON

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

AND IN THE MATTER OF A PLAN OF
ARRANGMENT OF 667402 ALBERTA LTD.,
18512398 ALBERTA LTD., 816956 ALBERTA LTD.,
1371047 ALBERTA LTD., 1919209 ALBERTA LTD.
AND CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT

CANADIAN WESTERN BANK RESPONSE TO WRITTEN
INTERROGATORIES OF 726 MODULAR FINANCE LTD. AND
RELIANT ASSET MANAGEMENT LLC

Christa Nicholson
Phone: 403 571 1053
Fax: 403 571 1528
File: 11396.384

These interrogatories are issued in relation to the above noted CCAA proceedings.

726 Remote Accommodations, Ltd., 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively, "726") requested that Canadian Western Bank ("CWB") address the interrogatories set out below before Friday, January 11, 2019 at 9:30 a.m.

Interrogatories

During the course of these CCAA proceedings, CWB's counsel has advised that CWB has been unable to locate on its files any release of interest or "no interests letter" (collectively, the "Release") provided by CWB in relation to various equipment and other assets located at the Bonnyville Lodge Camp (the "Bonnyville Assets") which were the subject of the sale by Canada North Camps Inc. ("CNC") or its affiliate to 726 in or around December, 2014 (the "Bonnyville Sale") pursuant to the Bill of Sale between CNC and 726 regarding the Bonnyville Assets ("Bill of Sale").

1. Interrogatory 1: please provide the name of the individual(s) within CWB who had conduct over matters in relation to CNC or its affiliated corporations, including at the time of the Bonnyville Sale.

Answer: No one person at CWB had conduct over the CNC loans, and the team has changed over time.

2. Interrogatory 2: please advise as whether the individuals referenced in Interrogatory 1 were asked whether a Release was provided by CWB.

Answer: Our office made a general request of CWB to search their files to ascertain whether a release of the security interest over the transferred assets had been requested and granted, and our understanding is that a thorough enquiry was made in light of the importance of the question.

3. Interrogatory 3: Please advise as to what efforts were made and by whom on behalf of CWB to review all of CWB's electronic and other files in connection determining whether CWB had provided a Release and, if not, whether CWB is aware of any electronic or other files which were not reviewed in that regard.

Answer: See above.

4. Interrogatory 4: please advise as to whether counsel was acting for CWB in respect of the Bonnyville Sale and if so please inquire of that counsel to see whether it has on its files any Release.

Answer: No counsel was retained by CWB in connection with this sale.

5. Interrogatory 5: please advise as to who at CWB first became aware of the Bonnyville Sale, when that occurred, and the source of such information.

Answer: In the time allotted (11:30 p.m. yesterday) for answer to these Interrogatories by 9:30 a.m. today, we are unable to answer this interrogatory, other than to advise that on January 20, 2015 the Branch reported to Credit Risk Management Group at CWB, advising that the sale had occurred.

6. Interrogatory 6: please advise as to whether it is CWB's position that the Bonnyville Sale was made in contravention or breach of any security agreement CWB has with CNC or its affiliates and, if so, provide particulars and advise as to whether anyone at CNC or its affiliates was made aware of that, and if so who, and by whom at CWB, and when?

Answer: A sale out of the ordinary course of business requires a release of security in order for the assets to be transferred free and clear, and in the time allotted (11:30 p.m. yesterday) for answer to these Interrogatories by 9:30 a.m. today, we are unable to answer the balance of this interrogatory.

7. Interrogatory 7: please advise whether CWB effected a personal property registry registration against any of the serial numbered units which are included in the Bill of Sale and, if so, when and kindly produce evidence of the same.

Answer: This information is readily available through a search of Personal Property Registry, but no registration by serial number against the subject dorms was in place at the time of the sale to your clients.

8. Interrogatory 8: Other than CNC, please advise as to which of the entities referenced in note 1 of each of the audited Financial Statements which are the subject of Answer to Undertaking #1 of Barry Roman had provided to CWB a general security agreement.

Answer: All of the entities with the exception of Canada North Structures Inc., have provided general security agreements to CWB. Canada North Structures Inc. appears to have given a general security agreement to Business Development Bank of Canada in or about April 2014.

OUR FILE: 33085-1

DIRECT: 780-420-4744

EMAIL: sdelblanc@bryanco.com

January 11, 2019



Exh C
Jan 11/19
court

Dear Counsel,

Re: Further Answers to Undertakings of Paul McCracken

At the time of last writing my office was awaiting further answers from Heather Barnhouse at Dentons with respect to Undertakings 9, 10, 16, 17 and 23. Those answers have now been obtained and are below. Please note that we are not waiving privilege over the remainder of the file.

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

Heather Barnhouse: "I don't know of any prior iterations."

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

Heather Barnhouse: "There were no discussions or conversations with anyone from the bank on my side."

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

Heather has provided us a copy of a GSA between CWB and CNC dated August 6, 2013. A copy is attached.

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

Heather Barnhouse: "I did not see a letter of release."

January 11, 2019
Page 2

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

Heather Barnhouse: "No written requests, other than when the bank's counsel would have sent over the package of security documents to be signed. When we received the package of documents, Paul and/or Shayne then came in and signed the documents."

Respectfully,

BRYAN & COMPANY LLP

Sigurd Delblanc
Partner

SD

TAB P

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA
LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA
LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS
LTD.

DOCUMENT ORDER (PRIORITY OF CONTESTED CAMP ASSETS)

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Darren R. Bieganek, Q.C./Ryan F.T.
Quinlan
Barrister & Solicitor
Phone: 780.441.4336
Fax: 780.969.6381
Email:
dbieganek@dcllp.com/rquinlan@dcllp.com

File #204-196164
DUNCAN CRAIG LLP
LAWYERS MEDIATORS
2800 Scotia Place
10060 Jasper Avenue
Edmonton, Alberta Canada T5J
3V9

DATE ON WHICH ORDER WAS PRONOUNCED: May 14, 2019

LOCATION OF HEARING: Edmonton, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice S.D. Hillier

UPON THE Order dated November 21, 2018 (the "November Order") and the Application of 726 Remote Accommodations Ltd., 726 Modular Finance Ltd., and Reliant Asset Management LLC (collectively "726") for declarations of ownership of and priority to certain assets that it, 18512398 Alberta Ltd., formerly known as "Canada North Camps Inc." ("185") and Canadian Western Bank ("CWB") claim at one or more of the Bonnyville, Wandering River, Peace River and Kilometer 147 camps previously operated by 185; AND UPON the application of Great White Sand Tiger Lodging ("Sand Tiger") for a declaration of ownership of and priority to certain "Small Wares" (as described and defined in Reasons for Judgment of the Honourable Mr. Justice S.D. Hillier dated May 14, 2019) located in certain dorms or alike units it owns at the Bonnyville Camp site; AND UPON HAVING READ the Initial Order dated July 5, 2017, the Order dated September 6, 2018, the November Order, the Amended Application of 726 filed December 20, 2018, the Application filed by CWB on December 12, 2018, and the other pleadings and proceedings taken in this matter; AND UPON having read the respective Affidavits, Reports and written briefs of Ernst & Young Inc. (the "Monitor"), in its capacity as the Court-appointed Monitor of 667402 Alberta Ltd., 185, 816956 Alberta Ltd., 1371047 Alberta Ltd. ("137"), 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. (collectively the "Applicants"), 726, CWB and Sand Tiger; AND UPON HEARING the submissions of counsel for the Monitor, 726, CWB and Sand Tiger counsel; AND UPON

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



reviewing the Reasons for Judgment of the Honourable Mr. Justice S.D. Hillier dated May 14, 2019 ("the Reasons"); **IT IS HEREBY ORDERED AND DECLARED THAT:**

[1] It is hereby declared that the General Security Agreements granted by each of Wandering River Lodge LP, Peace River Lodge LP, Bonnyville Lodge LP and Kilometer 147 LP to 185 (collectively the "Partnership GSAs") are valid and enforceable.

[2] In respect of the "Bonnyville Assets" (as defined in the Reasons), including without limitation the "J+J Dorms" (as defined in the Reasons), it is hereby declared that:

- (a) 185's sale of the Bonnyville Assets to 726 was not done in the ordinary course of 185's business and 726 knew or ought reasonably to have known of CWB's prior and existing security interest in the Bonnyville Assets;
- (b) 726 acquired the Bonnyville Assets, subject to the security interest of CWB;
- (c) CWB's security interest in the Bonnyville Assets stands in priority to any ownership claim of 726 and the sum it secures is limited to \$16,500,00.00; and
- (d) the Monitor may liquidate the Bonnyville Assets.

[3] In respect of the assets claimed by 726 at the Wandering River, Peace River and Kilometer 147 camps, which were leased for a term of more than one year by 726 respectively to Wandering River Lodge LP, Peace River Lodge LP, and Kilometer 147 LP (collectively the "Leased Camp Assets"), it is hereby declared that:

- (a) 185's security interest pursuant to the Partnership GSAs (as described in the Reasons) take precedence and priority to 726's interest in the Leased Camp Assets;
- (b) 185's security interest pursuant to the Partnership GSAs:
 - (i) in the Leased Camp Assets that are located on the Wandering River Camp is limited to the sum of \$159,123.46;
 - (ii) in the Leased Camp Assets that are located on the Peace River Camp is limited to the sum of \$1,116,897.75; and
 - (iii) in the Leased Camp Assets that are located on the Kilometer 147 Camp is limited to the sum of \$1,236,788.24;

(c) 185's security interest in the Leased Camp Assets constitutes a property interest in such assets that is itself subject to the security interest that CWB holds over and in respect of 185; and

(e) subject to any prior security interests of third parties, the Monitor may liquidate the Leased Camp Assets in these proceedings for the benefit of CWB, to the extent of the amounts set out in [3](b) above.

[4] In respect of the "Ancillary Equipment" (as described in the Reasons) and Small Wares claimed by 726 at the Wandering River, Peace River, Bonnyville and Kilometer 147 camps (collectively the "726 Claimed Extra Assets"), it is hereby declared that:

(a) 726 has not established its ownership of the 726 Claimed Extra Assets;

(b) CWB's security interests, through its General Security Agreement registered as against 185 and/or indirectly through the Partnership GSAs, as applicable, take precedence and priority to 726's claimed interests in the 726 Claimed Extra Assets; and

(c) the Monitor may liquidate the 726 Claimed Extra Assets in these proceedings for the benefit of CWB to the extent of 185's debt to CWB.

[5] In respect of the "FX6 Dorms" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, it is hereby declared that the Monitor was entitled to sell the FX6 Dorms.

[6] In respect of the "Removed Unit" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, it is hereby declared that:

(b) CWB has the first priority security interest in the Removed Unit; and

(c) the Monitor may liquidate the Removed Unit in these proceedings for the benefit of CWB.

[7] In respect of the "Delivered Kitchen Units" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, it is hereby declared that:

(b) CWB has the first priority security interest in the Delivered Kitchen Units; and

(c) the Monitor may liquidate the Delivered Kitchen Units in these proceedings for the benefit of CWB.

[8] In respect of the Small Wares claimed by Sand Tiger at the Bonnyville camp (the "Sand Tiger Claimed Small Wares"), it is hereby declared that:

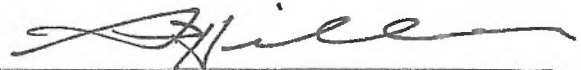
(a) Sand Tiger has established its ownership of the Sand Tiger Claimed Small Wares, other than bedding;

(b) however, CWB has the first priority security interest in the Sand Tiger Claimed Small Wares; and

(c) the Monitor may liquidate the Sand Tiger Claimed Small Wares in these proceedings for the benefit of CWB.

[9] The determination of the costs to be awarded shall be determined at a future date and hearing, if necessary. 726, CWB, Sand Tiger and the Monitor are hereby granted leave to bring an application respecting costs within 60 days of the date of this Order if they are unable to agree on costs.

[10] This Order may be signed in counterpart, and delivered by facsimile or other electronic means.



Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO FORM AND CONTENT BY:

DUNCAN CRAIG LLP



Darren R. Bieganeck, Q.C./Ryan F.T. Quinlan

JENSEN SHAWA SOLOMON DUGUID
HAWKES LLP

Christa Nicholson/Zao Han

MCLENNAN ROSS LLP

Charles Russell, Q.C.

BRYAN & COMPANY LLP

Sigurd Delblanc/Stefan Delblanc

BURSTALL LLP

Scott. C. Chimuk

(a) Sand Tiger has established its ownership of the Sand Tiger Claimed Small Wares, other than bedding;

(b) however, CWB has the first priority security interest in the Sand Tiger Claimed Small Wares; and

(c) the Monitor may liquidate the Sand Tiger Claimed Small Wares in these proceedings for the benefit of CWB.

[9] The determination of the costs to be awarded shall be determined at a future date and hearing, if necessary. 726, CWB, Sand Tiger and the Monitor are hereby granted leave to bring an application respecting costs within 60 days of the date of this Order if they are unable to agree on costs.

[10] This Order may be signed in counterpart, and delivered by facsimile or other electronic means.

Justice of the Court of Queen's Bench of Alberta

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BRYAN & COMPANY LLP



Charles Russell, Q.C.

Sigurd Delblanc/Stefan Delblanc

BURSTALL LLP

Scott. C. Chimuk

- (a) Sand Tiger has established its ownership of the Sand Tiger Claimed Small Wares, other than bedding;
 - (b) however, CWB has the first priority security interest in the Sand Tiger Claimed Small Wares; and
 - (c) the Monitor may liquidate the Sand Tiger Claimed Small Wares in these proceedings for the benefit of CWB.
- [9] The determination of the costs to be awarded shall be determined at a future date and hearing, if necessary. 726, CWB, Sand Tiger and the Monitor are hereby granted leave to bring an application respecting costs within 60 days of the date of this Order if they are unable to agree on costs.
- [10] This Order may be signed in counterpart, and delivered by facsimile or other electronic means.

Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO FORM AND CONTENT BY:

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Darren R. Bieganeck, Q.C./Ryan F.T. Quinlan

MCLENNAN ROSS LLP

Charles Russell, Q.C.

BURSTALL LLP

Scott. C. Chimuk

**JENSEN SHAWA SOLOMON DUGUID
HAWKES LLP**



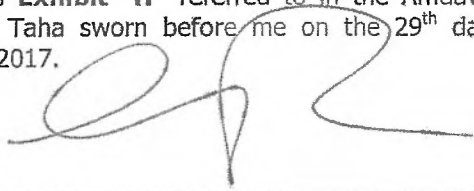
Christa Nicholson/Zao Han

BRYAN & COMPANY LLP

Sigurd Delblanc/Stefan Delblanc

TAB Q

This is **Exhibit "H"** referred to in the Affidavit of
Jesse Taha sworn before me on the 29th day of
June, 2017.



Charles P. Russell, Q.C.
Barrister and Solicitor

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)
)

THIS GENERAL SECURITY AGREEMENT DATED November 30, 2011

BRANCH ADDRESS: 11350 Jasper Avenue, Edmonton, AB, T5K 0L8

1. DEFINITIONS

The following definitions shall apply herein:

- (a) "Act" means the Personal Property Security Act of the Province/Territory of Alberta in effect on the date hereof;
- (b) "Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Financing Change Statement", "Financing Statement", "Goods", "Instrument", "Intangible", "Inventory", "Money", "Purchase Money Security Interest", "Security", "Securities Account" and "Security Entitlement" shall have the meanings ascribed to them in the Act and shall be deemed to include both the singular and plural of such terms. All other capitalized words or terms used herein, unless otherwise defined herein, shall have the meanings ascribed to them in the Act and the Regulations passed pursuant thereto;
- (c) "Agreement", "herein", and similar expressions refer to the whole of this Security Agreement and not to any particular section or other portion thereof and extend to and include every instrument which amends or supplements this Agreement;
- (d) "Bank" means **CANADIAN WESTERN BANK**;
- (e) "Collateral" means all present and after-acquired personal property and Real Property of the Debtor of whatever kind and wherever situate, including, without limiting the generality of the foregoing, those specific items, if any, described on the attached Schedule "A", together with all documents, writings, papers, books of account and records relating to the foregoing and all rights and interests therein, but shall not include:
 - (i) the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor now or hereafter held by the Debtor, it being the intention that the Debtor shall stand possessed of the reversion remaining in respect of any leasehold interest forming part of the Collateral upon trust to assign and dispose thereof as the Bank may after default direct;
 - (ii) Consumer Goods, or
 - (iii) those specific items, if any, described on the attached Schedule "B";
- (f) "Debtor" means Canada North Camps Inc.

- (g) "Default" means the happening of any one or more of the events or conditions described in section 7 and such term shall be deemed to include each, any, or all such events or conditions, whether any such event is voluntary or involuntary or is effected by operation of law or pursuant to or in compliance with any judgement, decree or order of any Court or any order, rule or regulation of any administrative or governmental body;

- (h) "Indebtedness" means and includes any and all obligations, indebtedness and liability of the Debtor to the Bank, (including but not limited to principal, interest and all costs on a full indemnity basis) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wherever and however incurred, together with any ultimate unpaid balance thereof, whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether the Debtor is bound alone or with another or others and whether as principal or surety;
- (i) "Permitted Encumbrances" means those specific security interests, if any, whether by way of mortgage, lien, claim, charge or otherwise, listed on Schedule "A" or hereafter approved in writing by the Bank prior to their creation or assumption;
- (j) "Proceeds" shall have the meaning ascribed to it in the Act and shall be interpreted to include bank accounts, cash, trade-ins, Equipment, notes, Chattel Paper, Goods, contractual rights, Accounts and any other personal property or obligation received when Collateral or Proceeds thereof are sold, exchanged, collected or otherwise disposed of;
- (k) "Real Property" means all of the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, right-of-way, privileges, benefits, licenses, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures;
- (l) "Receiver" means any one or more persons (whether officers of the Bank or not), firms or corporations appointed pursuant to subsection 9(f) and shall be deemed to include a receiver, manager, receiver-manager, or receiver and manager;
- (m) "Security Interest" means the security interest and the floating charge granted by the Debtor to the Bank pursuant to this Agreement; and
- (n) "Specifically Described Collateral" means those items, if any, described in Schedule "A" which comprise part of the Collateral.

2. GRANT OF SECURITY INTEREST

For value received (the receipt and sufficiency of which is hereby acknowledged):

- (a) the Debtor hereby grants, assigns, conveys, mortgages, pledges and charges, as and by way of a specific mortgage, pledge and charge and grants a continuing Security Interest to and in favor of the Bank in the Collateral (other than Real Property); and
- (b) the Debtor hereby charges the Real Property as and by way of a floating charge.

3. INDEBTEDNESS SECURED

The Security Interest secures payment and satisfaction of the Indebtedness; provided however, that if the Security Interest in the Collateral is not sufficient to satisfy the Indebtedness of the Debtor in full, the debtor agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Bank shall be entitled to pursue full payment and satisfaction thereof.

4. ATTACHMENT OF SECURITY INTEREST

The Security Interest shall attach to the Collateral at the earliest possible moment in accordance with the Act, there being no intention on the part of the Debtor and the Bank that it attach at any later time.

5. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor represents and warrants, and as long as this Agreement remains in effect shall be deemed to continuously represent and warrant, that:

- (a) the Debtor, if a natural person, is of legal age and, if a corporation, is duly organized, existing and in good standing under the laws of its incorporating jurisdiction and of each other jurisdiction in which the nature of its activities make such necessary;
- (b) the Debtor has the right, power and authority to enter into this Agreement and to grant the Security Interest;
- (c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action and are not in contravention of any instrument by which the Debtor has been incorporated or continued, any instrument amending any such instrument, any internal regulation of the Debtor, any law, or any indenture, agreement or undertaking to which the Debtor is a party or by which it is bound;
- (d) the Debtor has not previously carried on business, does not currently carry on business, and shall not, without the prior written consent of the Bank, in the future carry on business under any name other than the name set forth in paragraph 1(f);
- (e) the Collateral is genuine and is legally and beneficially owned by the Debtor free of all security interests except for the Security Interest and the Permitted Encumbrances;
- (f) the description of the Specifically Described Collateral, whether contained herein or provided elsewhere the Debtor to the Bank, is complete and accurate and all serial numbers affixed or ascribed to any of the Collateral have been provided to the Bank;
- (g) each Chattel Paper, Intangible and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same ("Account Debtor"), the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor shall be the correct amount owing unconditionally by such Account Debtor, and no Account Debtor shall have any defence, set-off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceedings to enforce the Collateral or otherwise;
- (h) the locations specified in the attached Schedule "C" as to business operations and records are accurate and complete and, except for Goods in transit to such locations and Inventory on lease or consignment, all Collateral shall be situate at one of such locations;
- (i) all financial statements, certificates and other information concerning the Debtor's financial condition or otherwise from time to time furnished by the Debtor to the Bank are and shall be in all respects complete, correct and fair representations of the affairs of the Debtor stated in accordance with generally accepted accounting principles applied on a consistent basis;
- (j) there has not been and shall not be a material adverse change in the Debtor's position, financial or otherwise, from that indicated by the financial statements which have been delivered to the Bank;
- (k) there are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened against the Debtor except as have been disclosed in writing to and approved by the Bank; and
- (l) none of the Collateral is or shall be Consumer Goods.

6. COVENANTS OF THE DEBTOR

The Debtor covenants:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein and to keep the Collateral free from all security interests except for the Security Interest and the Permitted Encumbrances;
- (b) except as expressly permitted herein, not to sell, exchange, transfer, assign, destroy, lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Bank;
- (c) except as expressly permitted herein, not to move the Collateral from its current location, as indicated on Schedule "C", without the prior written consent of the Bank;
- (d) to assemble and deliver the Collateral to the Bank at such location as the Bank may direct;
- (e) to notify the Bank promptly in writing of:
 - (i) any change in the information contained in this Agreement including any information relating to the Debtor (including its name), the Debtor's business, the Collateral, or the locations of the Collateral or the records of the Debtor, so that the Bank shall be constantly advised of all places where the Debtor conducts its business, maintains the Collateral and maintains its records,
 - (ii) the details of any significant acquisition of Collateral (including serial numbers where required under the Act in connection with registration or as otherwise requested by the Bank), and for the purposes of this Agreement "significant" shall mean any item or items the value of which exceeds in the aggregate \$250,000.00,
 - (iii) the removal of any of the Collateral to any jurisdiction in which any registration of, or in respect of, this Agreement may not be effective to protect the Security Interest, and in the case of such removal to provide the Bank with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Bank in effecting such further registrations as may be required by the Bank to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so,
 - (iv) the details of any claims or litigation affecting the Debtor or the Collateral,
 - (v) any loss or damage to the Collateral,
 - (vi) any Default by an Account Debtor in payment or other performance of its obligations with respect to any Collateral, and
 - (vii) the return to or repossession by the Debtor of any Collateral;
- (f) to keep all of its property, including the Collateral, in good order, condition and repair and not to use the Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance having jurisdiction over the same;

- (g) to execute, acknowledge and deliver such further agreements and documents supplemental hereto (including financing statements, further schedules to this Agreement, assignments and transfers) and to do all acts, matters and things as may be requested by the Bank in order to give effect to this Agreement and to perfect the Security Interest, including but not limited to any of the same which may be required to correct or amplify the description of any Collateral or for any other purpose not inconsistent with the terms of this Agreement;
- (h) to pay all costs and expenses on a full indemnity basis (including legal fees as between a solicitor and his own client) incidental to:
 - (i) the preparation, execution and filing of this Agreement,
 - (ii) maintaining, protecting and defending the Collateral, the Security Interest, and all of the Bank's rights and interest arising pursuant to this Agreement, and
 - (iii) the exercise of any rights or remedies of the Bank pursuant to this Agreement, including but not limited to the costs of the appointment of a Receiver and all expenditures incurred by such Receiver, the cost of any sale proceedings (whether the same prove abortive or not), and all costs of inspection, and all other costs and expenses incurred by the Bank in connection with or arising out of, directly or indirectly, this Agreement, all without limitation. All such costs and expenses shall be payable by the Debtor immediately upon demand from the Bank and until paid shall bear interest from the date incurred by the Bank at the highest rate of interest then chargeable by the Bank to the Debtor on any of the indebtedness. The amount of all such costs and expenses shall be added to the Indebtedness and shall be secured by this Agreement;
- (i) to punctually pay and discharge all taxes, rates, levies, assessments and other charges of every nature which might result in any lien, encumbrance, right of distress, forfeiture or termination or sale, or any other remedy being enforced against the Collateral and to provide to the Bank satisfactory evidence of such payment and discharge;
- (j) to maintain its corporate existence, and to diligently preserve all its rights, licenses, powers, privileges, franchises and goodwill;
- (k) to observe and perform all of its obligations and comply with all conditions under leases, licenses and other agreements to which it is a party or pursuant to which any of the Collateral is held;
- (l) to carry on and conduct its business in an efficient and proper manner so as to preserve and protect the Collateral and income therefrom;
- (m) to keep, in accordance with generally accepted accounting principles consistently applied, proper books of account and records of all transaction in relation to its business and the Collateral;
- (n) to observe and conform to all valid requirements of law and of any governmental or municipal authority relating to the Collateral or the carrying on by the Debtor of its business;
- (o) at all reasonable times, to allow the Bank access to its premises in order to view the state and condition of its property and to inspect its books and records and make extracts therefrom;
- (p) to insure the Collateral for such periods, in such amounts, on such terms, with such insurers and against such loss or damage by fire and other such risks as the Bank reasonably directs, with loss payable to the Bank and the Debtor as insureds, as their respective interests may appear, to pay all premiums therefor, to deliver evidence of the same on request, and to do all acts necessary to obtain payment to the Bank of any insurance proceeds;

- (q) to prevent the Collateral from being or becoming an Accession or a fixture to other property not covered by this Agreement or other security granted by the Debtor in favor of the Bank;
- (r) to deliver to the Bank from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities, Security Entitlements, Securities Account and Chattel Paper constituting the Collateral,
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral,
 - (iii) all financial statements prepared by or for the Debtor regarding its business, or, where the Debtor is an individual, all tax returns and such personal financial statements as the Bank may request,
 - (iv) all policies and certificates of insurance relating to the Collateral, and
 - (v) such further information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Bank may request;
- (s) not to change the present use of the Collateral; and
- (t) to comply with all other requirements of the Bank, whether in the nature of positive or negative covenants, as may be communicated by the Bank to the Debtor from time to time, including but not limited to those additional covenants, terms and conditions, if any, contained on the attached Schedule "D".

7. EVENTS OF DEFAULT

The following constitute Default:

- (a) non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness;
- (b) failure of the Debtor to perform or observe any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement, security instrument or other document made by the Debtor with or in favor of the Bank or any other person, firm or corporation;
- (c) the death of or declaration of incompetency by a Court of competent jurisdiction with respect to the Debtor, if an individual;
- (d) the Debtor becomes insolvent or makes a voluntary assignment or proposal in bankruptcy or otherwise acknowledges its insolvency, a bankruptcy petition is filed or presented against the Debtor, the making of an authorized assignment for the benefit of the creditors of the Debtor, the appointment of a receiver, receiver-manager, receiver and manager or trustee for the Debtor or any assets of the Debtor, or the institution by or against the Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act, Companies Creditors Arrangement Act or similar legislation in any jurisdiction;
- (e) any act, matter or thing being done toward, or the commencement of any action or proceeding for, terminating the corporate existence of the Debtor, or if the Debtor is a partnership, the existence of the partnership, whether by way of winding-up, surrender of charter or otherwise;

- (f) any encumbrance or security interest affecting the Collateral becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on its business or makes or proposes to make a bulk sale of its assets or any sale of the Collateral other than as expressly permitted herein;
- (h) any execution or other process of any Court becomes enforceable against the Debtor or a distress or analogous process is levied upon the assets of the Debtor or any part thereof (whether or not forming part of the Collateral);
- (i) the Debtor permits any amount which has been admitted as due by it or is not disputed to be due by it and which forms, or is capable of being made, a charge upon the Collateral in priority to, or pari passu with, the charge created by this Agreement to remain unpaid for 30 days after proceedings have been taken to enforce the same;
- (j) the Debtor allows any amount outstanding from it to the Crown pursuant to any federal, provincial or territorial statute to remain unpaid for 30 days or more;
- (k) a corporate dispute occurs within the Debtor, if a corporation, (whether between or among its shareholders, directors, officers, employees or otherwise) which may hamper the business operations of the Debtor or otherwise adversely affect, in the sole opinion of the Bank, the Debtor's business assets or the Collateral;
- (l) any representation or warranty furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement (regardless of the form thereof or whether contained herein or elsewhere), whether as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or otherwise proves to have been false or misleading as of the day made in any material respect or to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;
- (m) there is any material adverse change in any of the facts disclosed to the Bank, in the Debtor's position (financial or otherwise), or in the nature and value of the Collateral; or
- (n) the Bank considers or deems, in its sole opinion, that the Security Interest and the Collateral are not sufficient security in relation to the extent of the Indebtedness.

For the purposes of Section 198.1 of the Land Title Act (British Columbia), the floating charge created by this Security Agreement over Real Property shall become a fixed charge thereon upon the earlier of:

- (a) the occurrence of an event described in clause 7(d), (e), (f), (g), or (h); or
- (b) the Bank taking any action pursuant to clause 9 to enforce and realize on the Security Interests created by this Security Agreement.

8. ACCELERATION/DEFAULT

- (a) In the event of Default the Bank, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this clause shall not in any way affect any rights of the Bank with respect to any Indebtedness which may now or hereafter be payable on demand.

- (b) In the event of early payout, in whole or in part, the Debtor shall pay the Bank a prepayment charge equal to the greater of three months interest on the amount of the prepayment calculated at the rate of interest payable on the loan or the Bank's unwinding costs consisting of the interest rate differential calculated by the Bank based on the difference between the interest rate on the loan being prepaid and the bid side yield on Government of Canada securities for a comparable term.

9. REMEDIES

Upon Default the Bank shall have the following rights and powers, which the Bank may exercise immediately:

- (a) to enter upon the premises of the Debtor or any other premises where the Collateral may be situated and to take possession of all or any part of the Collateral, by any method permitted by law, to the exclusion of all others, including the Debtor, its directors, officers, agents and employees, and the Debtor hereby waives and releases the Bank and any Receiver from all claims in connection therewith or arising therefrom;
- (b) to remove all or any part of the Collateral to such place as the Bank deems advisable;
- (c) to preserve and maintain the Collateral and to do all such acts incidental thereto as the Bank considers advisable, including but not limited to making replacements and additions to the Collateral;
- (d) to collect, demand, sue on, enforce, recover and receive Collateral and give receipts and discharges therefor, and may do any such act and take any proceedings related thereto in the name of the Debtor or otherwise as the Bank considers appropriate;
- (e) to sell, lease, or otherwise dispose of the Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as the Bank deems reasonable (including without limitation, by deferred payment) all in the Bank's absolute discretion and without the concurrence of the Debtor; provided however, that the Bank shall not be required to do so and it shall be lawful for the Bank to use and possess the Collateral for any and all purposes and in any manner the Bank sees fit, all without hindrance or interruption by the Debtor or any other person or persons, provided however that none of the foregoing shall prejudice the Bank's right to pursue the Debtor for recovery in full of the amount of the Indebtedness, including the amount of any deficiency owing after the application of the proceeds of realization (and to the extent permitted by laws, the Debtor waives its rights to the protection afforded by any rule of law or legislation respecting such deficiency);
- (f) to appoint by instrument in writing, with or without bond, or by application to any Court of competent jurisdiction, a Receiver of the Collateral and to remove any Receiver so appointed and appoint another or others in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not of the Bank and the Bank shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his agents, servants or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have the power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral (including disposition by way of deferred payment). To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor where Collateral may be situated, to employ and discharge such employees, agents or professional advisors as the Receiver deems advisable, to enter into such compromises, arrangements or settlements as the Receiver deems advisable, to borrow or otherwise raise money on the security of the Collateral and to issue Receiver's certificates and do all such other acts as the Receiver deems advisable in connection with any of the powers referred to herein. Except

as may be otherwise directed by the Bank, all monies received from time to time by the Receiver in carrying out his appointment shall be received in trust for and paid over to the Bank. In addition, every Receiver may, in the discretion of the Bank, be vested with all or any of the rights and powers of the Bank under the Act or any other applicable legislation or under this Agreement or any other agreement;

- (g) to rescind or vary any contract for sale, lease or other disposition that the Debtor or the Bank may have entered into and to resell, release or redispense of the Collateral;
- (h) to deliver to any purchasers of the Collateral good and sufficient conveyances or deeds for the same free and clear of any claim by the Debtor. For such purposes, the purchaser or lessee receiving any disposition of the Collateral need not inquire whether Default under this Agreement has actually occurred but may as to this and all other matters rely upon a statutory declaration of an officer of the Bank, which declaration shall be conclusive evidence as between the Debtor and such purchaser or lessee, and any such disposition shall not be affected by any irregularity of any nature or kind relating to the enforcement of this Agreement or the exercise of the rights and remedies of the Bank;
- (i) to exercise any of the powers and rights given to a Receiver pursuant to this Agreement;
- (j) to provide written notice to the Debtor that all the powers, functions, rights and privileges of the directors and officers of the Debtor with respect to the Collateral, business and undertaking of the Debtor have or shall cease as of the date notified therein, except to the extent specifically continued at any time by the Bank in writing; and
- (k) to take the benefit of or to exercise any other right, proceeding or remedy authorized or permitted at law or in equity, whether as a secured party pursuant to the Act as the same is in force from time to time or otherwise.

All rights and remedies of the Bank are cumulative and may be exercised at any time and from time to time independently or in combination. No delay or omission by the Bank in exercising any right or remedy shall operate as a waiver thereof or of any other right or remedy, and no singular partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Provided always that the Bank shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, maintain, lease or otherwise dispose of the Collateral, or to institute any proceedings for such purposes. The Bank shall have no obligation to take any steps to preserve rights against other parties, shall have no obligation to exercise any of the rights and remedies available to it on Default and shall not be liable or accountable for not exercising any such rights and remedies.

The Bank may waive any Default but no such waiver shall be effective unless made in writing and signed by an authorized officer of the Bank. Any such waiver shall not extend to, or be taken in any manner whatsoever to affect, any subsequent Default or the rights resulting therefrom.

By its acceptance of this Agreement, the Bank acknowledges that it shall not, except in the case of the bankruptcy of the Debtor, enforce this Security Agreement against any personal property of the Debtor used solely for the personal or household use and enjoyment of the Debtor or the Debtor's immediate family.

10. BANK MAY REMEDY DEFAULT

The Bank shall have the right, but shall not be obliged to, remedy any default of the Debtor and all sums thereby expended by the Bank shall be payable immediately by the Debtor, together with interest thereon at the highest rate of interest then chargeable by the Bank to the Debtor on any portion of the Indebtedness. All such sums shall be added to the Indebtedness and shall be secured by this Agreement.

In no case shall the exercise of the Bank's rights pursuant to this Section 10 be deemed to relieve the Debtor from such Default or be deemed a waiver of such Default or of any other prior or subsequent Default.

11. USE OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and to the following provisions of this Section 11, until Default the Debtor may:

- (a) in the case of Equipment, dispose of the same for the purpose of immediately replacing it by other Equipment of a similar nature or of a more useful or convenient character and of at least equal value;
- (b) in the case of Inventory and Money, dispose of the same in the ordinary course of the business of the Debtor and for the sole purpose of carrying on the same; and
- (c) otherwise possess, collect, use, enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not expressly or impliedly prohibited herein or otherwise inconsistent with the provisions of this Agreement.

Notwithstanding the foregoing:

- (a) before or after Default the Bank may notify all or any Account Debtors and may direct such Account Debtors to make all payments owed in respect of the Collateral directly to the Bank; and
- (b) the Debtor agrees that any payments on or other Proceeds of Collateral received by the Debtor, whether before or after Default, shall be received and held by the Debtor in trust for the Bank and shall be turned over to the Bank upon request.

If the Collateral at any time includes Securities, the Debtor authorizes the Bank to transfer the same or any part thereof into its own name or that of its nominees so that the Bank or its nominees may appear on record as the sole owner thereof; provided however that until Default the Bank shall deliver to the Debtor all notices or other communications received by it or its nominees as registered owner and upon demand and receipt of payment of any necessary expenses shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. However, after Default the Debtor waives all rights to receive any notices or communications in respect of such Securities and agrees that no proxy issued by the Bank to the Debtor or its order as aforesaid shall thereafter be effective.

12. APPROPRIATION OF PAYMENTS

All payments made at any time in respect of the Indebtedness and all Proceeds realized from any Securities held therefor may be applied (and reapplied from time to time notwithstanding any previous application) in such manner as the Bank sees fit or, at the option of the Bank, may be held unappropriated in a collateral account or released to the Debtor all without prejudice to the rights of the Bank hereunder, including the Bank's right to collect from the Debtor the amount of any deficiency remaining after application of all such payments and Proceeds.

13. POWER OF ATTORNEY AND AUTHORIZATION TO FILE

The Debtor hereby authorizes the Bank to file such Financing Statements and other documents and do such acts, matters and things (including completing and adding schedules to this Agreement indentifying Collateral or location) as the Bank from time to time deems appropriate to perfect, continue and realize upon the Security Interest and to protect and preserve the Collateral. In addition, for valuable consideration, the Debtor hereby irrevocably appoints the Bank and its officers from time to time, or any one or more of them, to be the true and lawful attorney of the Debtor, with full power of substitution, in the name of and on behalf of the Debtor to execute and to do all deeds, transfers, conveyances,

assignments, assurances, and other things which the Debtor ought to execute and do under the covenants and provisions contained in this Agreement and generally to use the name of the Debtor in the exercise of all or any of the rights, remedies and powers of the Bank.

14. MISCELLANEOUS

- (a) The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, comprise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Bank sees fit, all without prejudice to the liability of the Debtor to the Bank or to the Bank's rights in respect thereof. In addition, the Bank may demand, collect, and sue on the Collateral in either the Debtor's or the Bank's name, all at the Bank's option, and may endorse the Debtor's name on any and all cheques, commercial paper and other Instruments pertaining to or constituting the Collateral.
- (b) Neither the execution or registration of this Agreement, nor the advance or readvance of part of the monies hereby intended to be secured, shall bind the Bank to advance or readvance the said monies or any unadvanced part thereof. The advance or readvance of the said monies or any part thereof from time to time shall be in the sole discretion of the Bank.
- (c) The Debtor hereby waives protest of any Instrument constituting Collateral at any time held by the Bank on which the Debtor is in any way liable and, except as expressly prohibited by law, waives notice of any other action taken by the Bank.
- (d) Without limiting any other right of the Bank, whenever the Indebtedness is due and payable or the Bank has the right to declare it to be due and payable (whether or not it has been so declared), the Bank may, in its sole discretion, set off against the Indebtedness any and all monies then owed to the Debtor by the Bank in any capacity, whether or not due, and the Bank shall be deemed to have exercised such right to set-off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Bank's records subsequent thereto.
- (e) In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against such assignee any claim or defence which the Debtor now has or may hereafter have against the Bank.

15. NOTICE

In addition to the notice provisions contained in the Act, whenever the Debtor or the Bank is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered, transmitted by facsimile, or sent by prepaid registered mail addressed to the party for whom it is intended at the Branch Address, in the case of the bank, and at the Debtor Address, in the case of the Debtor, as set out herein or as changed pursuant hereto. Either party may notify the other of any change in such party's address to be used for the purposes hereof. All such communications shall, in the case of delivery or facsimile, be deemed received on the date of delivery and, if mailed as aforesaid, shall be deemed received on the third business day following the date of posting. In the case of a disruption in postal service all such communications shall be delivered or transmitted by facsimile.

16. INTERPRETATION

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province/Territory of Alberta.

- (b) This Agreement and the security afforded by it is in addition to and not in substitution for any other security now or hereafter held by the Bank and is intended to be a continuing security agreement and shall remain in full force and effect until released in writing by the Bank. The Bank shall have no obligation to provide such release unless and until the full amount of the indebtedness has been paid in full.
- (c) If any provision of this Agreement is held invalid, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect and this Agreement shall be enforced to the fullest extent permitted by law.
- (d) The Debtor hereby waives the benefit of all statutory, common law and equitable rights, benefits and provisions which in any way limit or restrict the Bank's rights and remedies, to the extent that such waiver is not expressly prohibited by law. The Debtor acknowledges and agrees that the Bank shall have the right to recover the full amount of the indebtedness by all lawful means, including the right to seek recovery of any deficiency remaining after the sale of the Collateral, including any sale thereof to the Bank.
- (e) The headings of the sections of this Agreement are inserted for convenience of reference only and shall not affect or limit the construction or interpretation of this Agreement.
- (f) All schedules, whether attached hereto on the date hereof or subsequently attached pursuant to the provisions of this Agreement, form part of this Agreement. With the exception of any schedules which may be added hereafter by the Bank without the concurrence of the Debtor pursuant to the provisions of this Agreement, no modification, variation or amendment of this Agreement shall be made except by a written agreement executed by the Debtor and the Bank.
- (g) When the context so requires, words importing the singular number shall be read to include the plural and vice versa, and words importing gender shall be read with all grammatical changes necessary to reflect the identity of the parties.
- (h) This Agreement shall enure to the benefit of the Bank, its successors and assigns and shall be binding upon the Debtor, its personal representatives, administrators, successors and permitted assigns. If more than one Debtor executes this Agreement, the obligations of the Debtor shall be joint and several.
- (i) Time shall be in all respects of the essence of this Agreement.

17. RECEIPT OF DOCUMENTS

- (a) The Debtor hereby acknowledges receiving a copy of this Agreement.
- (b) The Debtor hereby waives its right to receive a copy of any Financing Statement, Financing Change Statement or verification statement which may be filed by or issued to the Bank pursuant to the Act.

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the day and year first above written.

Canada North Camps Inc.

Per:  (Seal) if applicable

Per: _____ (Seal) if applicable

AUTHORIZED SIGNATORY(S)

IF DEBTOR IS AN INDIVIDUAL

Witness

Name of Individual:

Witness

Name of Individual:

DEBTOR ADDRESS:

(Chief Executive Office, if Corporation, or residence if Individual)

Facsimile:

If Debtor is an individual:

State full given names and surname, in order, with surname last.

Indicate Date of Birth (Day, Month, Year): _____ M ☐ F ☐

SCHEDULE "A"

1. SPECIFICALLY DESCRIBED COLLATERAL

(a) Serial Number Goods

Make, Model, Year of Manufacture, Serial Number

(b) Other

2. PURCHASE MONEY SECURITY INTERESTS

3. PERMITTED ENCUMBRANCES

SCHEDULE "B"
PERSONAL PROPERTY NOT INCLUDED IN COLLATERAL

SCHEDULE "C"

1. LOCATIONS OF DEBTOR'S BUSINESS OPERATIONS

(a) Chief Executive Office

14238 - 134 Avenue
Edmonton, AB T5L 5V8

(b) Other Locations:

2. LOCATIONS OF RECORDS RELATING TO COLLATERAL

3. LOCATIONS OF COLLATERAL

SCHEDULE "D"
ADDITIONAL COVENANTS, TERMS AND CONDITIONS

TAB R

2019 ABQB 307
Alberta Court of Queen's Bench

Canada North Group Inc (Companies' Creditors Arrangement Act), Re

2019 CarswellAlta 910, 2019 ABQB 307, [2019] A.W.L.D. 2863, [2019] A.W.L.D. 2936,
[2019] A.W.L.D. 2937, [2019] A.W.L.D. 2938, 10 P.P.S.A.C. (4th) 116, 308 A.C.W.S. (3d) 18

**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, DJ Catering Ltd, 816956 Alberta Ltd and 1371047 Alberta Ltd

S.D. Hillier J.

Heard: January 10-11, March 14-15, 2019

Judgment: May 14, 2019

Docket: Edmonton 1703-12327

Counsel: D. McAllister, C. Nicholson, Z. Han, for Applicants / Cross-Respondents
S. Chimuk, R. Flewelling, for Applicant, Great White Sand Tiger Lodging Ltd.
C.P. Russell, Q.C., for Respondent / Cross-Applicant
D.R. Bieganeck, Q.C., R. Quinlan, for Monitor, Ernst & Young LLP
S. Delblanc, for Paul McCracken, et al

Subject: Civil Practice and Procedure; Corporate and Commercial; Insolvency

APPLICATION by numbered company for determination of ownership of property; CROSS-APPLICATION by company ST
for determination whether property claims operated by debtor took priority pursuant to *Personal Property Security Act*.

S.D. Hillier J.:

I. Introduction

1 The Court continues to render decisions in relation to ongoing issues raised by parties affected under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 as amended [*CCAA Proceedings*]. As referenced in earlier decisions, initial attempts at reorganization have collapsed and the Monitor has continued to deal with liquidation of assets since April 2018.

2 This application addresses claims by 726 Remote Accommodations Ltd, 726 Modular Finance Ltd and Reliant Asset Management, LLC [collectively "726"] to ownership and priority in respect of property located at various lodges or work camps operated by entities in which the Applicant held a substantial interest, as set out below. It is important to note that the Applicant Group is now composed of Canada North Camps Inc [CNC], CampCorp Structures Ltd, DJ Catering Ltd, 816956 Alberta Ltd, 1371047 Alberta Ltd and 1919209 Alberta Ltd [collectively "CNC Group"], but that the agreements at issue involve dealings between 726 and CNC.

3 The property at issue includes:

1) modular trailers with registration numbers installed in the camps as accommodation facilities, including kitchen, laundry and recreation areas [Dorms];

2) ancillary equipment such as walkways, electrical, waste water services, lift stations, lights, car plugs, steps, and landings [Ancillary Equipment];

3) smaller items including beds, mattresses, furniture, lights, electrical appliances, shelving, televisions, recreation items (such as gym equipment), pool and foosball tables, but excluding items such as cutlery or bedding [Small Wares].

4 The claim of 726, latterly, also seeks confirmation of ownership for six "Jack and Jill" Dorms located at the farm property of CNC and intended for delivery to a camp in Bonnyville; as well as two sets of equipment allegedly swapped at a different camp, Kilometer 147.

5 In addition, the Court is asked to determine whether the property claims of Great White Sand Tiger Lodging Ltd [Sand Tiger] in certain Dorms as well as chattels or Small Wares at other locations operated by CNC take priority or are otherwise exempted from the CCAA Proceedings.

6 The Canadian Western Bank [CWB] claims a prior and overriding security interest against the property sought by 726 as well as the Small Wares sought by Sand Tiger. CWB opposes any declaration of property interests or priority against its entitlements as the primary secured creditor of CNC, subject to a limited reduction of its interest, as will need to be identified in specific context.

7 The steps to identify claims and priorities were ordered on September 6, 2018: all claimants were to file affidavits by October 4, 2018 to be resolved at a subsequent hearing of disputes. Extensive materials were filed on that date by 726, without mention of Ancillary Equipment or Small Wares. Extensions were granted to accommodate additional new counsel for 726, to file further materials, to conduct Questioning and provide written submissions.

8 The Court accepted still more evidence from 726 during oral argument. However, when disputes persisted as to inappropriate submission by installment of information of limited assistance which could have been gathered earlier, the Court obliged the parties to address the issues from the record.

9 The Court requested the Monitor in consultation with other counsel to confirm a summary of applicable PPR registrations. That list was provided April 23, 2019. The parties have agreed to try to sort out discrepancies with serial numbers as well as registrations by other third parties, after the Court issues its decision and to seek further directions if required.

10 By agreement, some aspects of the claims were deferred pending further argument once the parties were able to assess the implications of the Court of Appeal decision in *Northern Sunrise County v. Virginia Hills Oil Corp*, 2019 ABCA 61, 82 Alta. L.R. (6th) 97 (Alta. C.A.) [*Virginia Hills*], as relates to municipal lien claims. That decision was issued on February 12, 2019.

11 The parties have also requested that costs be reserved for further submissions, if they are unable to reach a consensus.

II. History

12 Since the background for the two exemption applications differ significantly, I will review the circumstances separately before turning to the issues, some of which overlap and bridge the differing claims. However, it is common ground that CNC's service operations at various work camps in the Alberta natural resource sector pre-date the involvement of both claimants, 726 and Sand Tiger.

13 As noted in earlier decisions, CWB has been CNC's primary secured creditor for a significant period of time. Paul McCracken [McCracken] has been the principal of CNC throughout that period. On November 30, 2011, CWB obtained a General Security Agreement from CNC, which it then registered at Alberta Personal Property Registry [PPR]. CWB did not, however, list serial number items at that time, even though serial number goods were described in Schedule "A" of a subsequent GSA between the parties, dated May 10, 2012. CWB obtained further GSAs from all CNC entities up to August 12, 2016 [collectively, the CWB GSAs]. The debt amount claimed by CWB against CNC currently exceeds \$21,700,000.

726

14 Dealings between 726 and CNC date back to 2014. Through its parent company Remote Assets Management, LLC [RAM], the 726 corporations engage as owners and lessors of commercial modular buildings in Canada. They operate largely in the Province of Alberta and, as affects dealings with CNC, have been principally represented by Barry Roman [Roman].

15 Partnerships were established between corporations under 726 and CNC for each of four camps: Wandering River, Peace River, Kilometer 147 and Bonnyville. The same basic structure or model was used to create a General Partnership with a limited partnership agreement [LPAs], unanimous shareholders agreements [USAs], as well as service and operations agreements for each camp site.

16 Dentons Canada LLP acted as legal counsel for CNC and Stikeman Elliot LLP represented the interests of 726 in each of the transactions, including leases and sale of assets.

17 The agreements reflect that CNC would run the operations through each LPA; CNC would receive and distribute all revenue, with responsibility for payment of all expenses. No formal resolutions of the partners were documented for the business arrangements, including execution of master lease agreements, extensions of credit or the later authorization for the GSAs of the limited partnership [LP]. No explanation was provided by either CNC or 726 for the failure to pass any authorizations. It appears that McCracken simply signed what he deemed expedient to operate the camps and keep CNC in business. The evidence does not disclose that Roman raised any objections to this approach.

18 In all events, revenue from each camp was insufficient to meet expenses and there is no dispute that by 2017, more than \$3.3 million in aggregate was unpaid for the operations of these camps.

19 On July 30th and October 2nd, 2015, CWB obtained full liability guarantees, with general assignments of book debts in support, from each of the general and limited partnerships for the camp operations at Peace River, Kilometer 147 and Bonnyville. These securities [CWB LP Guarantees] were promptly registered by CWB under the Alberta *Personal Property Security Act*, RSA 2000, c P-7 [PPSA]. The evidence does not really explain why Wandering River LP was excluded from this arrangement, but counsel have made no distinction on this basis.

20 In addition, on his own initiative in March 2017, McCracken documented for each partnership (limited and general) full liability guarantees against present and after-acquired personal property of each partnership, including Bonnyville, to the benefit of CNC [the Partnerships GSAs].

21 As CNC continued to struggle financially, CWB issued a series of Commitment Letters with various further guarantees in 2016. CWB and CNC signed a Forbearance Agreement, dated March 10, 2017, part of which involved a requirement that all recoveries on receivables be deposited in CWB accounts only.

Three Camps

22 CNC and 726 entered into leasing arrangements for operations of the camps at Wandering River, Peace River, and Kilometer 147 [Three Camps]. Each LP executed a Master Equipment Lease Agreement [MELA] with 726 for a specified term in excess of 1 year, attaching one or more schedules of actual items, valuations and rental payments. Most of the documentation for these leases was prepared and signed in January 2015.

23 Dorms were listed by serial number in these leases' schedules, although not always accurately. The valuation made some undefined reference to set up costs. None of the MELAs refers to Ancillary Equipment or Small Wares.

24 Other terms will be reviewed in greater detail.

Bonnyville

25 Unlike the other Three Camps, there was no Equipment lease between 726 and the Bonnyville LP.

26 The Agreement for the Bonnyville Camp was signed by 726 and CNC on December 10, 2014, documenting the acquisition by 726 of CNC assets at this established campsite. The December 30, 2014 Bill of Sale for Bonnyville (Roman Affidavit October 2, 3018 Ex. "B") lists equipment in Schedule "A" for serial numbered items (well site, kitchen, diner and dorms) at three well sites near Bonnyville. It does not refer to Ancillary Equipment or Small Wares.

27 In paragraph 1 of the Bill of Sale, CNC as vendor covenants that:

[It] is now rightfully and absolutely possessed of the Equipment and has the right to transfer and convey the Equipment to the Purchaser [. . .] free from any charge, lien, claim, mortgage, security interest or encumbrance of any kind.

28 Stikeman Elliot LLP was apparently not instructed by 726 and have no record of any inquiries regarding the status of any security registrations against CNC assets. Similarly, the evidence indicates that CWB was not asked, and certainly, never provided any letter of release to CNC or 726 in respect of a proposed sale of equipment. No steps were taken to verify the clear ownership covenant of CNC on a \$20 million purchase.

29 Although 726 has been included on the service list of the CCAA Proceedings from the outset in June 2017, it did not make any claim of actual ownership of property until July 12, 2018. This contradicted CNC's representations that its asset listing as reported to the Court in April 2018 was accurate. The significance of these misrepresentation will be profiled in greater depth below.

30 The claims by 726 for the Ancillary Equipment and Small Wares first arose in November 2018, after having filed extensive material in relation to the Dorms asset six weeks earlier, as directed by the Court for all claimants. Of note, the Monitor's 17th Report, filed September 10, 2018 (paras 60-62), specifically advised of the intent to liquidate all Small Wares and 726 provided nothing in response.

Sand Tiger

31 In the case of Sand Tiger, the company provides temporary accommodations for workers employed at oil sands camps, which may include leasing of portable trailers [Dorms] to camp operators. It claims ownership of 15 listed Dorms that it had purchased in 2012.

32 On July 8, 2013, Sand Tiger signed a lease agreement [Sand Tiger Lease], pursuant to which Sand Tiger leased four (4) of those Dorms to CNC on a monthly rate that was later modified. The Sand Tiger Lease identifies the Dorms as temporary structures intended for utilities hook up.

33 Sand Tiger asserts that it registered and renewed a security interest over the Dorms on June 15, 2015, pursuant to the PPSA.

34 CNC defaulted in making lease payments and entered into a settlement agreement with Sand Tiger, effective September 7, 2016 [the "Settlement Agreement"]. At the time that CNC was granted CCAA protection in July 2017, Sand Tiger was owed \$155,373.33.

35 Sand Tiger filed a Proof of Claim in the Canada North CCAA Proceedings. The Monitor initially rejected the Proof of Claim because it was filed late but later accepted Sand Tiger's proof of ownership of the Dorms and the registration of its security in 2015. The residual dispute with the Dorms relates to municipal lien claims from the Town of Bonnyville for unpaid taxes and levies against CNC. As noted earlier, that matter falls within the scope of matters deferred for another day.

36 Sand Tiger further claims entitlement to various items, namely televisions, washing machines, dryers, mattresses and bedroom furniture (Small Wares), although it does not have specific documentation regarding the two latter categories. The property was not affixed and the dispute over the Small Wares centers on the proper interpretation of the PPSA in the context of the leasing arrangement. The parties agree that bedding was supplied by and remains the property of CNC.

III. 726 Application

1. Evidence

General Evidence

37 In addition to points summarized in the earlier background, there are a number of important items raised in the various affidavits and Questioning.

38 McCracken operated the CNC companies for a great many years together with his spouse, Shayne McCracken [Ms. McCracken].

39 Based on discussions between Roman and McCracken during the summer of 2014, a business arrangement was structured to equip, as necessary, and operate four camps or lodges: Kilometer 147, Wandering River and Peace River [Three Camps] as well as Bonnyville.

40 Roman obtained an undergraduate degree in economics, a master's degree in Finance (Northeastern University) with commercial banking and corporate business experience before starting RAM in 2010.

41 As a matter of due diligence, Roman was provided and reviewed Consolidated Financial Statements of CNC for year-ends September 30 of 2013, 2014 and later 2015. The financial statements specifically refer to CWB in Note 5. Quoting from Year ended September 30, 2013:

Canadian Western Bank short-term demand operating borrowings authorized to \$19,000,000 bearing interest at bank prime plus 1.5% on \$15,000,000 and prime plus 2.0% on a limited \$4,000,000 operating line. These loans in addition to term debt outlined in Note 6 are secured by a general security agreement (other insurance, guarantees, mortgage and property as listed) . . .

That long-term debt to CWB was recorded at just over \$7.15 million at that time, up over \$2.71 million from the previous year. The items listed refer the reader back to the security "as set out in Note 5."

42 Roman spoke with McCracken about how CNC would be able to fund the operation of the camps under the partnerships and referred to the financial statements as disclosing substantial net worth. Although he did not explain how he reached that conclusion. Despite the probability of discussing CNC's lender liabilities, Roman maintained in Questioning that he first became aware of CWB from McCracken in the Spring of 2017.

43 Each LP was established in partnership with a concordant General Partnership [GP], which was subject to a Unanimous Shareholders Agreement [USA]. Article 14 in each LPA set out the commitments and contributions of each partner to the enterprise.

44 As relates to financing, Article 17 specified that the LP would not be obliged to make additional contributions, unless approved by an extraordinary resolution. Articles 20 and 22 set out terms for dissolution and liquidation, authorizing the respective GP, as receiver, to distribute net proceeds as specified.

45 In general, each USA in Article 4 required that all guarantees, borrowing or asset encumbrance in excess of \$100,000 be authorized by unanimous resolution of the board of directors. No such resolutions were passed by any of the GPs; however, as the Monitor points out, no resolutions were ever passed to enter into any lease arrangements, operating or service agreements under which the GPs engaged in business.

46 Each GP also signed a Service Agreement and an Operating Agreement with CNC, under which CNC would control revenue and pay all expenses. McCracken, as director and sole shareholder of CNC, purported to additionally act as the officer

and director, with signing authority on behalf of each GP. Distribution of net revenue was required to go to 726 from each GP to pay down its significant investment.

47 As noted earlier, each of the Partnerships and respective GPs executed CWB LP Guarantees to further guarantee the full indebtedness of CNC, supported by general assignment of book debts which CWB registered effective July 31, 2015. McCracken alleges that CWB further insisted on the GSAs, without any explanation for the 21 month delay. However, the evidence, including the detailed affidavits of CWB officer, Jessie Taha, together with the wording of the Forbearance Agreement and Guarantees, do not support that assertion.

48 In response to continued financial difficulties in the fall of 2016, CNC made further arrangements with CWB to extend financing and, consequently, the parties signed a Forbearance Agreement in March 2017, which re-confirmed the CWB GSAs, including security on all accounts receivable and assets of CNC. At that time, the cumulative debt owing to CWB exceeded \$21,000,000.

49 To support its application for CCAA protection in June 2017, CNC filed affidavits that referred to the assets of CNC. Ms. McCracken deposed that these assets were primarily composed of machinery and equipment located at the various camps, yards and manufacturing facilities, the business concerns and real estate including golf courses.

50 Ms. McCracken also referenced a Confidential Affidavit in which she listed CNC assets, including equipment at Bonnyville and elsewhere, with professional evaluations in the event of differing sale scenarios. Nowhere in that disclosure was there any reference to prior sale of \$20 million of CNC inventory to 726.

51 The same list of equipment or inventory, sorted by location, was attached again to a confidential exhibit filed by McCracken, dated February 23, 2018, in support of potential sale to an interested financial enterprise. Of note however, a number of assets on that same list had the letters "RMP" added, without highlight or any explanation. Only in Questioning, in December 2018, did it become known that these assets, otherwise included in valuations of CNC net worth, were now alleged by McCracken to have been part of a sale to 726 four years earlier. McCracken's later attempt in questioning to rationalize this property as part of a sale of a "going concern business" is facile and self-serving. Non-disclosure of the true status of the property cannot be justified in any context. Quite apart from the impact on a prospective purchaser, I find that the Monitor, CWB and the Court were misled by the sworn evidence of CNC as to its ownership of these assets.

52 It is not disputed that the Dorms fit within the definition of "designated manufactured home," pursuant to s 284(1)(f.1) of the MGA, at least to the extent that they constitute serial numbered goods under the *Personal Property Security Regulation*, Alta Reg 95/2001, s 1(y) [*PPSA Regulation*].

53 As noted, the circumstances in relation to the Bonnyville Camp differ sufficiently that I will deal first with the Three Camps.

Three Camps Evidence

54 For these operations, 726, through different corporate structures, purchased or otherwise made available equipment that it purported to lease to the LPs in late December, 2014 and January 2015 under a MELA.

55 Each MELA set out that:

From time to time Lessee (the LP) may propose to lease and Lessor (726) may elect to lease to Lessee, various workforce housing modules, trailers and/or relocatable, modular and/or pre-fabricated structures including various appurtenances, such as stairs, railings, furniture, kitchen equipment, security systems and the like (collectively referred to as the "Equipment"), pursuant to the following covenants.

56 The general terms then set out a lessee obligation to, among other things, keep the Equipment clear of all security interests not arising out of acts of the Lessor (Clause 8). The wording of Clause 16 confirmed that the agreement constitutes the "entire agreement" between the parties and may only be amended in writing, signed by both parties.

57 As well, one or more equipment schedules set out a list of the equipment being leased, a unit value alongside total value, and the rental amount payable.

58 Each lease (i.e. MELA) for the Three Camps was for a term between 42 and 45 months. The MELAs were not registered as financing statements with PPR by 726 until November 27, 2018.

59 Wandering River set out an equipment schedule and monthly occupancy rates. The LP failed to meet its payment obligations. The MELA did not include a purchase option.

60 For the Peace River MELA, in addition to listing the equipment in a schedule, the parties set an attributed value derived from "forgone profit on build," which was set at \$1,712,000.00. It is unclear whether 726 was purporting to use a leasing structure to secure its investment interest in the start-up costs for the camp. That investment amount was reflected in the total "Equipment Value" of \$10,677,533.85 as at January 19, 2015.

61 For Kilometer 147, a somewhat similar structure was set out in Equipment Schedule Number 003. Instead of listing any equipment, Schedule "B" simply cited two invoices totalling in excess of \$1,825,000.00 plus GST, with invoices attached showing set up costs. The purpose or intent is unclear from the wording. The circumstances at this camp are somewhat complicated by two issues in tracking equipment, referred to as "Swaps", during argument. These will be addressed separately.

62 I will refer to the equipment under the agreements at the Three Camps as the "Leased Equipment." Purchase options were available to the GPs for Leased Equipment, except at Wandering River. However, each lessee defaulted on payments and no options to purchase were ever exercised. Monies were owed to 726 for its financial investments, as well as CNC for its operational costs.

63 With these notable wrinkles, the structure and operation of the MELA was the same for the Three Camps.

64 The Partnership GSAs, which McCracken documented for each LP, secured the obligation for repayment of all indebtedness to CNC as broadly defined. Although McCracken gave evidence under oath that he intended that these Partnership GSAs cover only receivables, that is not what the documents state. The charge is granted against all present and after-acquired personal and real property (Clause 2.1). The Partnership GSAs were registered by CNC at the PPR on March 29, 2017. It is also noteworthy that CWB already had security on the receivables by virtue of the 2015 general assignments of book debts noted above.

65 No USA resolutions were passed by any of the LPs to authorize the Partnership GSAs. Bylaw 2 of each LPA did grant power to the directors (McCracken) to "mortgage [. . .] pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure the obligation of the corporation."

Bonnyville Evidence

66 The camp at Bonnyville was already equipped, except that six Jack-and-Jill dorms [J+J Dorms] were to be transported and installed. These J+J Dorms are addressed below.

67 Article 14 of the Bonnyville LPA describes what 726 was to provide to the partnership as the following equipment: 22 units KDR, 3 well sites, 1 Dorm, 6 J+J dorms [the Bonnyville Assets], for a period until the Partnership has made distributions to 726 of \$20,000,000.00, followed by distributions to CNC of \$8,000,000.00.

68 The Bill of Sale from CNC to 726 for the Bonnyville Assets sets the purchase price (\$20,000,000.00). CNC covenants that the equipment is free and clear, as earlier noted. There is no reference to Ancillary Equipment or Small Wares; but the purchase includes "installation, set up and start up." That wording is relied on by 726 to support its assertion that Ancillary Equipment and Small Wares are included.

69 Bearing in mind the distribution obligations to 726, the cumulative amounts owing to CNC by the four partnerships are confirmed as follow:

Wandering River Lodge LP	\$159,123.46
Peace River Lodge LP	\$1,116,897.75
Kilometer 147 LP	\$1,236,788.24
Bonnyville Lodge LP	\$842,763.34

70 Although some of the equipment schedules set out some serial numbers incorrectly, CWB does not raise any additional grounds in support of its assertion of priority as arising out of any such error. Financing statements were not registered with PPR by 726 for any of the Bonnyville Assets until November 27, 2018.

J+J Dorms and Alleged Swaps

71 The position of 726 is that each of these transactions engage or amount to mutual mistakes that ought to be rectified. However, the evidentiary challenge is to reliably identify the equipment, where it was intended to go, and where it is currently located.

72 In overview, it appears that six J+J Dorms (each comprised of 8 units) were intended for delivery to the Bonnyville Camp. At the time of the sale, the J+J Dorms were located at CNC's farm property, but were not delivered because camp occupancy was lower than expected.

73 At some point, the serial numbers for these dorms were removed as part of a standard refurbishing procedure that appears to remain incomplete. An employee of 726 (Jim Benedict) is reported by Roman to have correlated Canadian Standards Association numbers and ATCO records to identify most of the 48 units.

74 The J+J Dorms were relocated from the CNC farm to facilities of 726 in Spruce Grove; this was done in consultation with and approval of the Monitor, subject to sorting out ownership and priorities.

75 Turning next to the so-called Swaps, 726 alleges two mis-deliveries that impact Leased Equipment under the Kilometer 147 MELA:

(a) The first involves a six-unit dorm (sometimes referred to as the FX6 Dorm) listed in the MELA:

i. According to an email from the CFO of CNC (Mike McInnis), dated April 9, 2015, the FX6 Dorm was " . . . inadvertently sent to Wandering River due to a miscommunication in our operations/projects team."

The email goes on to request direction on correcting the error, but no reply has been provided by 726 and no further steps were taken at that time.

ii. As part of the mix-up it appears that a new six-unit recreation dorm was delivered in error to Kilometer 147. It was removed by 726 from Kilometer 147 to its Conklin yard on or about April 23, 2018.

(b) The second alleged Swap involves a 12-unit Kitchen diner delivered by CNC to Kilometer 147. The serial numbers on two of the delivered units do not correspond with the sales documentation. The claim by 726 is that the two units that were actually delivered should be included in the property over which it claims ownership at this camp. Unlike the FX6 Dorm, there is no evidence that 726 was ever advised of the mis-delivery or Swap.

2. Issues

76 On the 726 Application, the parties have identified the following issues for the consideration of the Court:

Bonnyville

i) Whether the security interest under the CWB GSAs applies in priority to the claim of 726 in the Bonnyville Assets?;

ii) If not, are the Bonnyville Assets nevertheless subject to the security interest of CNC for debts due and owing to it by Bonnyville LP, pursuant to the Partnership GSAs?

iii) If neither the CWB GSA nor the Partnership GSA takes priority, do the lease arrangements constitute conditional sales agreements that stand ahead of the ownership claim of 726?

iv) Which party owns or otherwise has priority to the Ancillary Equipment and Small Wares at Bonnyville?

Three Camps

77 For the Three Camps the following issues need to be addressed:

i) Whether the security interest of CWB under the CWB GSAs, or alternatively the Partnership GSAs, applies in priority to the claim of 726 in the circumstances of the various arrangements that impact the Leased Equipment;

ii) If neither the CWB GSAs nor the Partnership GSAs take priority, is 726 entitled to claim ownership over the Leased Equipment at the Three Camps?

iii) Which party owns or otherwise has priority to the Ancillary Equipment and Small Wares at the Three Camps?

J+J Dorms and Swaps

78 There are three questions to be resolved for this property:

i) Is 726 entitled to claim any or all of these units, having regard to the CWB GSAs and the security under the Partnership GSAs?

ii) Do any or all of these units inure to the benefit of 726 as a consequence of mutual mistake, or what directions are appropriate for the competing claims having regard to the assertions by 726 of mutual mistake and rectification?

iii) In all events, if the CWB GSAs and/or the Partnership GSAs are otherwise enforceable, are there any other legal principles that protect the position of 726, including rectification, fraud or relief from forfeiture?

3. Parties' Positions

726

79 As to the Bonnyville Assets, 726 asserts ownership of all equipment, including serial number equipment, as well as associated Ancillary Equipment and Small Wares at that camp. Fundamentally, 726 relies on the Bill of Sale and Invoices in December 2014, pursuant to which it sent funds as directed by CNC.

80 The CWB GSAs cannot withstand a priority claim because:

i) The evidence does not support that 726 had knowledge of the security interest;

ii) The evidence does not support that 726 had knowledge that the sale would constitute an unauthorized breach of the CWB GSAs;

iii) The assets were sold to 726 by CNC in the ordinary course of business, within the scope of s 30 of the *PPSA*;

iv) The CWB GSAs were not registered under the PPR for serial number equipment.

81 As for the Three Camps, 726 again argues that its ownership claim takes priority for a number of reasons:

i. The Lessees covenanted to keep the equipment free and clear of all security interests;

- ii. No consideration was provided by CNC to the LPs in connection with the grant of security;
- iii. The Partnership GSAs were not authorized by any unanimous shareholders' agreements as required by the LPAs; McCracken signed and registered those GSAs with full knowledge that he lacked authority by virtue of the Partnership Act, RSA 2000, c P-3;
- iv. The "indoor management rule" has no application in the circumstances: *Anderson Lumber Co. v. Canadian Conifer Ltd.*, [1977] 5 W.W.R. 41, 4 A.R. 282 (Alta. C.A.) [Anderson Lumber];
- v. The claims under the Partnership GSAs do not constitute conditional sales agreements and the LPs held licences without property interests to support the claims of CNC under the Partnership GSAs;
- vi. McCracken gave evidence that the leased assets were owned by 726 and that the Partnership GSAs were intended only to secure the accounts receivable of each LP as required by CWB, not any property claim;
- vii. The Partnership GSAs are void as a fraudulent preference and or/conveyance.

82 In addition, 726 claims entitlement to the Ancillary Equipment and Small Wares based on what Roman and McCracken stated in Questioning as to their intention and industry practice. With a paucity of evidence, 726 asserts that the transfer of Dorms includes both Small Wares and Ancillary Equipment. It also urges that these items are "accessions" within the scope of s 1(1)(a) of the *PPSA*, without the need to specifically list them.

83 The Court ought to rectify the mutual mistake of the parties in failing to properly describe these items to express the common intention of the parties, relying on *Wickstrom v. Wetter*, 2008 ABQB 83 (Alta. Q.B.) at paras 72-73, 2008 CarswellAlta 512 (Alta. Q.B.) [*Wickerstrom*].

84 In the alternative, if the terms of lease do not cover the claim of ownership, 726 argues that it was a bailor of the Ancillary Equipment and Small Wares.

85 According to 726, their property claim should also include the J+J Dorms as well as the Swap property because the incorrect listing, as prepared by McCracken and relied on by Roman, was part of an onerous direction to list all assets located at every camp, including valuations, as an operating entity.

Monitor

86 The Monitor relies on the provisions of the *PPSA*, particularly ss 30 and 33, that the CWB GSAs supersede any claim of ownership by 726 in respect of all camps, including Bonnyville.

87 The Bank's interest under the CWB GSAs covered all assets of CNC on a priority claim because:

- i. The Bonnyville sale cannot be interpreted as within the ordinary course of business in all the circumstances;
- ii. The evidence is clear that Roman knew or wilfully ignored the secured interest of CWB, as disclosed in the Consolidated Financial Statements;
- iii. The failure by CWB to register the serial numbered goods does not defeat its own security.

88 Alternatively, the structure of the rights of the Bonnyville LPA regarding the Bonnyville Assets constitutes a conditional sales agreement, within the scope of s 3(1)(b) of the *PPSA*.

89 The lease arrangements at the Three Camps support possession as a security interest: *Wells Fargo Foothill Canada ULC v. Big Eagle Hydro-Vac Inc.*, 2015 ABQB 546 (Alta. Q.B.) at paras 35-37, (2015), 21 Alta. L.R. (6th) 236 (Alta. Q.B.) [*Wells Fargo*]. Ownership does not determine priorities where the debtor is in possession of property under terms of general security.

90 McCracken had power to enter into authorized agreements without a unanimous shareholders resolution in order to operate the camps. This included authority to obtain and register the Partnership GSAs, which constitute property interests of CNC within the scope of the CWB GSAs. Any restriction on his authority is a matter in contract between those affected parties, not CWB: *Composite Technologies Inc. v. Shawcor Ltd.*, 2017 ABCA 160 (Alta. C.A.) at para 162, [2017] 8 W.W.R. 427 (Alta. C.A.) [*Comp Tech*]; and *Alberta Business Corporations Act*, RSA 2000, c B-9, ss 16-19 [*BCA*].

91 On the Ancillary Equipment and Small Wares, the Monitor recommends that nothing supports inferential inclusion of this property in any sale from CNC to 726. It is unreasonable to interpret that such items are encompassed in the generic reference to site set-up costs. In any event, the failure of 726 to register its interest in the Ancillary Equipment and Small Wares at the camps under the PPR on a timely basis results in title forfeiture under the *CCAA* Proceedings.

92 The Monitor similarly recommends that rectification does not apply to the circumstances of the J+J Dorms or any of the Swaps. The claims are not supported by sufficient proof; the remedy is founded in equity to prevent fraud or similar misconduct; and 726 could easily have protected its interest by seeking a letter of release from CWB and conforming with provisions of the *PPSA* Regulation. Nothing of the sort arises in the circumstances, nor do the facts support a mutual mistake, particularly bearing in mind the delay and laches by 726 on each claim.

CWB

93 CWB essentially endorses the position of the Monitor both in recounting of facts and the applicable law to support enforceability of the CWB GSA against the assets claimed by 726.

94 As impacts the Bonnyville Assets, the evidence supports that no PPR search was conducted by 726 and no release was requested from or provided by CWB. The sale of \$20,000,000 worth of assets by CNC was not, in the least, in the ordinary course of business given that:

1. Total value of all property, plant and equipment on the Consolidated Balance sheet was approximately \$57,000,000;
2. The only manufacturing of camp equipment was by CampCorp or CampCore USA, not CNC with whom 726 contracted;
3. CNC leased assets in 2013 from various companies, including Sand Tiger and Aurora, at an annual expenditure of approximately \$1,200,000.

95 The Bank does acknowledge that some purchase proceeds from 726 did get deposited in a CWB account, at least briefly, before re-advancement under the operating line of credit. More specifically, the records confirm a deposit of approximately \$3,500,000 from the sale proceeds. At minimum, CWB claims a security interest for the remaining \$16,500,000 in the Bonnyville Equipment sold to 726.

4. Analysis

96 The Court accepts that 726 purchased the Bonnyville Assets from CNC, as listed in the Bill of Sale dated December 30, 2014. Nonetheless, the representation by McCracken that the assets were free and clear of security was false, which was well known by McCracken as signatory to the CWB GSAs. I find there was no request made by either CNC or 726 to CWB for any letter of release or other authorization.

97 The *PPSA* provides for perfection of security at market value in s 28(1):

Subject to this Act, where collateral is dealt with or otherwise gives rise to proceeds, the security interest

- a. continues in the collateral, unless the secured party expressly or impliedly authorized the dealing, and
- b. extends to the proceeds,

but where the secured party enforces a security interest against both the collateral and the proceeds, the amount secured by the security interest in the collateral and the proceeds is limited to the market value of the collateral at the date of the dealing.

98 The relevant parts of s 30 of the *PPSA* include:

(1) For the purposes of this section,

(a) "buyer of goods" includes a person who obtains vested rights in goods pursuant to a contract to which the person is a party, as a consequence of the goods' becoming a fixture or accession to property in which the person has an interest;

(b) "ordinary course of business of the seller" includes the supply of goods in the ordinary course of business as part of a contract for services and materials;

(c) "seller" includes a person who supplies goods that become a fixture or accession

(i) under a contract with a buyer of goods, or

(ii) under a contract with a person who is a party to a contract with a buyer of goods.

(2) A buyer or lessee of goods sold or leased in the ordinary course of business of the seller or lessor takes free of any perfected or unperfected security interest in the goods given by the seller or lessor or arising under section 28 or 29, whether or not the buyer or lessee has knowledge of it, unless the buyer or lessee also has knowledge that the sale or lease constitutes a breach of the security agreement under which the security interest was created.

[...]

(6) Where goods are sold or leased, the buyer or lessee takes free from any security interest in the goods perfected under section 25 if

(a) the buyer or lessee bought or leased the goods without knowledge of the security interest, and

(b) the goods were not described by serial number in the registration relating to the security interest.

(7) Subsection (6) applies only to goods that are equipment and are of a kind prescribed by the regulations as serial number goods.

99 Section 33(2) goes on to make clear that alienation by sale "... does not prejudice the rights of the secured party under the security agreement or otherwise...."

100 I am satisfied from the wording of the CWB GSAs that sales of the Bonnyville Assets are prohibited without prior written consent of the Bank (i.e. CWB). I have already concluded from the evidence that no consent was sought or provided. The CWB GSAs were properly filed as perfected security interests well in advance of the Bill of Sale. CWB continued to hold its security at the date on which the Bonnyville Assets were sold to 726.

101 However, as CWB freely acknowledges, the Dorms are serial numbered goods and were not described in the registration. Two challenges to enforceability need to be considered: ordinary course of business and knowledge.

Ordinary Course of Business

102 The ordinary course of business of CNC needs to be examined contextually, having regard to the business between the parties and the industry in which they are engaged: *Pacific Mobile Corp., Re*, [1985] 1 S.C.R. 290 (S.C.C.) at para 3, (1985), 16 D.L.R. (4th) 319 (S.C.C.).

103 In *369413 Alberta Ltd. v. Pocklington*, 2000 ABCA 307 (Alta. C.A.) at paras 21-22, (2000), 271 A.R. 280 (Alta. C.A.), the court sets out a non-exhaustive list of factors to be considered in assessing ordinary course of business as a mixed question of fact and law:

[21] Courts are required to undertake a broad and case-specific analysis of the ordinary course of a particular company's business, for it is considered unwise to attempt a comprehensive definition: *Robitaille v. American Biltrite (Canada)*, [1985] 1 S.C.R. 290 at 291. The analysis is to be achieved through an objective examination of the usual type of activity in which the business is engaged, followed by a comparison of that general activity to the specific activity in question. The transaction "must fall into place as part of the undistinguished common flow of business carried on, calling for no remark and arising out of no special or peculiar situation": *Aubrett Holdings Ltd. v. Canada* [1998], G.S.T.C. 17 (T.C.C.).

[22] In order to determine whether a transaction was in the ordinary course of a company's business, a court must consider all the circumstances which were known, or ought reasonably to have been known, by the parties at the time: *Ford Motor Credit Co. of Canada Ltd. v. Centre Motors of Brampton Ltd.*, [1983] 38 O.R. (2d) 516 (H.C.J.). Courts have identified a number of factors which may be taken into account:

- (i) The nature and significance of the transaction: it ought to be one that a manager might reasonably be expected to carry out on the manager's own initiative without making prior reference back or subsequent report to superior authorities, such as the board of directors or the shareholders: *Roynat Inc. v. Ron Clark Motors Ltd.* (1991), 1 P.P.S.A.C. (2d) 191 at 197 (Ont. Gen. Div.); and *85956 Holdings Ltd. v. Fayerman Brothers Limited*, [1986] 2 W.W.R. 754 (Sask. C.A.);
- (ii) The value of any asset sold: the disposition should have been made with proper regard to its value: *Estevan Credit Union Ltd. v. Dyer*, [1997] 8 W.W.R. 49 (Sask. Q.B.); and *Ford*, *supra*;
- (iii) The quantity of assets sold: the transaction ought not to resemble a liquidation of assets: *Fayerman*, *supra*;
- (iv) The reason for the transaction: it ought not to have occurred as a response to financial difficulties or in suspicious circumstances: *Ford*, *supra*, and *Countrywide Banking Corp. v. Dean*, [1998] A.C. 338 (P.C.); and
- (v) The intent of the transaction: neither its intent nor its effect should have been to undermine bank security: *Ford*, *supra*.

To this list I would add:

- (vi) The frequency of the type of transaction: an unusual or isolated transaction might be viewed differently from a routine one; and
- (vii) The arm's length nature of the transaction: a transaction between a company and a party with whom it is related should receive careful scrutiny.

104 See also: *David Morris Fine Cars Ltd. v. North Sky Trading Inc. (Trustee of)*, 1996 ABCA 134 (Alta. C.A.) at para 13, (1996), 184 A.R. 291 (Alta. C.A.); *Northwest Equipment Inc. v. Daewoo Heavy Industries America Corp.*, 2002 ABCA 79 (Alta. C.A.) at paras 15-16, (2002), 299 A.R. 250 (Alta. C.A.); *GE Canada Equipment Financing G.P. v. ING Insurance Co. of Canada*, 2009 ONCA 171 (Ont. C.A.) at para 66, (2009), 248 O.A.C. 83 (Ont. C.A.); *Fairline Boats Ltd. v. Leger* (1980), 1 P.P.S.A.C. 218, 1980 CarswellOnt 607 (Ont. H.C.); *Spencer v. Jacques*, 2000 SKQB 321 (Sask. Q.B.) at paras 3, 9, 2000 CarswellSask 593 (Sask. Q.B.).

105 The following factors arise from the evidence:

- i. CNC operates or provides a number of services, including work camps in the natural resource sector on which it either owns or leases equipment;

- ii. McCracken and Roman had no dealings prior to this matter, but both had considerable business experience;
- iii. The sale of Bonnyville Assets was not an advertised or open-market agreement. It was part of a major restructuring of the operation of four of CNC's camps under partnerships, three of which involved significant leasing arrangements and onerous repayment obligations that were set in place in late 2014;
- iv. The Bonnyville Bill of Sale required the vendor to covenant an absolute right to convey free of any encumbrances;
- v. Nothing in the evidence, including delivery of the J+J Dorms or the Swaps, points to any unrelated sale arrangements of this type by either 726 as purchaser or CNC as vendor;
- vi. The Consolidated Balance sheet reflects a value of property, plant and equipment (excluding land holdings) of less than \$50,000,000 and a combined long-term debt (\$9,400,000) together with \$19,000,000 in demand operating borrowings under the single security agreement.
- vii. The \$20 million sale value represents a very substantial portion of those total CNC Group assets which, in itself is remarkable and special;
- viii. Roman's education and background cannot support any inference that he failed to comprehend the extraordinary size of the transaction in the business operations of CNC or the implications of such a massive disposition to the financing arrangements of CNC;
- ix. None of the evidence even hints that CNC took any steps to replace the Bonnyville Assets with new inventory.

106 What 726 seeks to rely on is that one branch of the CNC Group, namely CampCorp Structures Ltd (or even more remotely, CampCore USA) did manufacture Dorm units. As such, the scope of business for the full CNC Group ought to inform of the business of CNC, as the entity with which 726 contracted for the sale of the Bonnyville Assets. It points to the description of the overall business of the CNC Group by the Monitor in its First Report, dated July 4, 2017.

107 I find nothing in the evidence which even hints that 726 was dealing with CampCorp, much less that the sale contract involved that corporation.

108 For the same reason, the Consolidated Financial Statements do not support this attempt to expand the scope of business of CNC itself. The financial statements do profile, overall, that CNC Group is a leading provider of remote camp accommodations and food services; and is a manufacturer of modular workforce facilities primarily for the oil and gas industry in Canada. But the companies are each separately listed. Given the purpose of consolidated statements, nothing would support a conclusion that the scope of business of the entire group would inform or define the scope of each corporate constituent.

109 The photo of Dorms at CNC farm property does not determinatively prove ownership or authority of CNC to sell other units in the ordinary course of business. From the evidence, 726 itself took steps seeking to repossess equipment from that location, after the CCAA Proceedings began; other suppliers including Sand Tiger and Aurora have outstanding ownership claims, which have been registered and recognized by the Monitor.

110 The Supplemental Brief of 726, filed February 19, 2019, notes that the Court excluded additional evidence at the oral hearing from an unfiled affidavit in which Roman alleges that he understood CNC to sell modular equipment in the regular course of their business. Even if the Court had allowed still more evidence by installment, in the face of objections, this generic conclusory statement by Roman would not have assisted the analysis. All the evidence points to a contrary conclusion, in fact and law.

111 In short, there is no reliable evidence to support that the manufacture and sale of Dorm units on a scale even approaching the disposition of assets by CNC was within its ordinary course of its business. If it were otherwise, the utility of financing

under any GSA in these circumstances would be seriously undermined. The intention that inventory was secure was reinforced by the inclusion of the Bonnyville Dorms in the list of CNC assets from the commencement of the *CCAA* Proceedings.

112 As at June 2017, CNC self-described as an operator of "remote workforce housing camps throughout Western Canada" (Affidavit of Ms. McCracken, filed June 28, 2017, at para 10.) This amply contradicts any inference that an absence of evidence from McCracken as to the ordinary course of business of CNC may support the position of 726.

Knowledge

113 As to knowledge of the CWB GSAs, Roman says he was first aware in the Spring of 2017 from McCracken, which is about the same time that McCracken executed the Partnership GSAs. Roman confirms he had the Consolidated Financial Statements as part of his due diligence before closing the Bonnyville transaction in December 2014. Those statements unequivocally refer to CWB financing secured by GSAs.

114 The test under s 30(6) of the *PPSA* is not whether 726 was unaware that a sale would constitute a breach of the CWB GSAs; rather that he had no knowledge of the existence of the security interest. Pursuant to s 1(2)(c) of the *PPSA*, knowledge of the corporation is measured by whether information comes to an officer "under circumstances in which a reasonable person would take cognizance of it." This test applies notwithstanding a subjective denial of conscious awareness.

115 Even if the court had allowed Roman's unfiled Affidavit, the assertion that he was unaware of a general security agreement cannot withstand the clear wording of Note 5, as earlier quoted. Taken with his sworn evidence that he discussed the financial statements with McCracken, and probably the lender liabilities, Roman is fixed with knowledge of CNC's financial backing. At absolute minimum, given the nature of the transaction (value, complexity, risk, and market) and the involvement of legal counsel, 726's failure to conduct a PPR search or contact CWB does not meet a reasonable standard of due diligence in the circumstances of the transaction.

116 Case law reinforces that "due diligence" must be measured by: "[W]hat would a reasonable person do? Perfection is not the standard": *Fletcher v. Global General Insurance Co.* (1964), 49 W.W.R. 366 (Sask. C.A.) at para 14, 1964 CarswellSask 52 (Sask. C.A.); cited in *319107 Alberta Ltd. (Receiver of) v. New Hampshire Insurance Co.* (1993), 9 Alta. L.R. (3d) 151 (Alta. Q.B.) at para 44, 1993 CarswellAlta 333 (Alta. Q.B.); *Marko v. Uiley*, 2000 CarswellBC 3077 (B.C. S.C.) at para 32. I conclude, from all of the circumstances, that a reasonable person in the position of Roman would have investigated or directed legal counsel to verify the status of the Bonnyville Assets and sought a purchase discharge from CWB as the holder of the registered GSAs.

117 Questions raised by counsel for 726 in argument do not alter this conclusion. The lack of specificity in the Consolidated Financial Statements as to the entity (or entities) that received the loans, in addition to long term debt, is not a factor or basis which detracts from the effect of the registration. So too, the scope of the CWB GSAs is a matter of reasonable due diligence to be conducted by 726.

118 Since CWB was neither asked nor otherwise provided a discharge of its interest, 726 cannot rely on CWB's failure to register the serial numbered goods until September 2018. I am mindful that 726 did not register any financing statement regarding the Bill of Sale for the Bonnyville Assets until late November 2018.

119 As to the Partnership GSA for Bonnyville, which McCracken signed in March 2017, nothing in the evidence indicates that 726 was even aware of this security. If the sale of Bonnyville Assets was otherwise free and clear of the CWB GSAs, the Partnership GSA to CNC could not subsequently impose on that disposition or otherwise upset the priority. However, the Court has determined that the CWB GSAs are enforceable, so nothing turns on this point.

120 I note as well that the registration of the CWB LP Guarantees in July 2015 speaks to the public notice of CWB's interests as affecting three of the four camp operations. However, that interest does not establish a priority claim to the Bonnyville Assets or the Leased Equipment.

121 Having determined that the CWB GSAs constitute a prior security on the Bonnyville Assets, that interest prevails over the unperfected ownership claim of 726 by virtue of s 35(1) of the *PPSA*. The priority is reinforced by the Partnership GSA to the extent of the debt owing by the Bonnyville LP to CNC. I will deal with this argument more fully in considering the Three Camps.

Partnership GSAs, Priority, and Lack of Authorization

122 The lease arrangements at the Three Camps for equipment previously owned by 726 present somewhat different issues than the sale of the Bonnyville Assets. Clearly, 726 was entitled to register its interest in the Leased Equipment, having supplied it to the LPs for the purposes of generating funds to be distributed back as a first call on distribution. That registration was not pursued by 726 until November 2018.

123 For its part, CNC asserts its security claim under the Partnership GSAs from the dates of possession of the Leased Equipment, pursuant to ss 3(1) and 12(2) of the *PPSA*. Although it held second call on distribution, CNC was responsible to manage the camp operations and financed its costs of the business from continuing draws from CWB. It filed the financing statements in March 2017.

124 The competing priority claims must be considered under s 35 of the *PPSA*, which provides priority based on the date of registration without regard to competing dates of attachment. CNC's interests in the Bonnyville Assets and the Leased Equipment under the registered Partnership GSAs attaches to the lease interests for all four camps pursuant to s 12(2) of the *PPSA*.

125 In these proceedings, 726 is not entitled to rely on a lack of authorization for the LPAs to provide the Partnership GSAs in order to defeat those securities as relates to the priority of CWB. It does certainly appear that McCracken signed and registered them without any unanimous shareholders' agreements. However, I agree with the Monitor that McCracken had power to enter into authorized agreements without a unanimous shareholders resolution in order to operate the camps, including authority to sign and register the Partnership GSAs to support the business operations of each camp. Any restriction on his authority is a matter in contract between those affected parties: *Comp Tech* at para 162. See also *Sumner v. PCL Constructors Inc.*, 2011 ABCA 326 (Alta. C.A.) at para 60, (2011), 515 A.R. 231 (Alta. C.A.); and Alberta *BCA*, s 19.

126 I am not persuaded by the reasoning in *ADAG Corporation Canada Ltd. v. SaskEnergy Incorporated*, 2018 SKCA 14, [2018] 4 W.W.R. 436 (Sask. C.A.), that 726 is entitled to rely on non-compliance with restrictions on power to the detriment of CWB's sustained interests as an affected third party with vested security interests in the business of CNC.

127 I find the continuation of CNC's coverage or fronting of costs was not a borrowing by the LPAs. The securities signed in March 2017 were part of the extension of the business arrangement contemplated by the partners, including of course 726.

128 It follows that the securities conferred under the Partnership GSAs constitute property interests of CNC, pursuant to which CWB is entitled to claim under the scope of the CWB GSAs.

129 The law does not oblige CNC to notify 726 of the registrations even as a partner, if they otherwise provide public notice of a valid security. It is true that the common law principles under the "indoor management rule" have no effective applicability; but equally, the *Anderson Lumber* case as cited by 726 does not assist in these circumstances any longer: see also Alberta *BCA*, ss 16-19.

130 Cases have reinforced that the purpose of the *PPSA* is to provide a registration for security interests upon which the public, including corporations, can rely without having to research or trace back legal ownership: *Fast Labour Solutions (Edmonton) Ltd. v. Kramer's Technical Services Inc.*, 2016 ABCA 266 (Alta. C.A.) at paras 9-16, (2016), 402 D.L.R. (4th) 725 (Alta. C.A.); *Wells Fargo* at paras 35-37.

Conditional Sale

131 Given the findings in respect of the CWB GSAs and the Partnership GSAs, it is unnecessary to address whether the lease arrangement for the Bonnyville Assets constituted a conditional sales agreement ahead of the ownership claim of 726.

I will however state that I was unconvinced that the Bonnyville transaction fairly constitutes a conditional sales agreement, based on the following:

- i. The substantive characterization must be assessed on the language of the contract, not the actual, resulting performance of the parties. Thus, the argument of 726 about the absence of notable profits or distributions from the LPs is irrelevant. There is a sustained obligation regardless of profitability.
- ii. Similarly, there is no need for a bill of sale or schedule of actual payments. It is quite arguable that 726 held a registrable interest to protect its entitlement to first priority distribution under the LPA.
- iii. However, of dominant significance, Article 20 of the Bonnyville LPA conserves an unfettered right for 726 as a limited partner to terminate the LPA at any time and to receive back the Bonnyville Assets upon 90 days' notice.
- iv. Reliance by the Monitor on the contingent right to a transfer of title is simply insufficient beyond the obvious fact that each LP was in legal possession of the Leased Equipment and held more than a mere licence to use the property.

132 For essentially the same ultimate reason, the lease arrangements at the Three Camps do not constitute conditional sales agreements. It does not assist the argument of the Monitor, as to conditional sales agreement, that the parties were operating under the *Partnership Act*, RSA 2000, c P-3.

133 The argument that the Partnership GSAs lacked valuable consideration from CNC is without merit. The LPs had already provided assignments of book debts in October 2015. The continued financing by CWB for CNC to remain in business, pursuant to the Forbearance Agreement, conferred a benefit from CNC to the LPs. The Monitor provided General Ledger Reports for amounts owing by each of the LPs for expenses incurred in the period 2016 to 2018. This continued coverage of the costs of operation after March 2017, despite a lack of profitability, more than satisfies the requirement for consideration.

134 In all events, having decided that the Bonnyville Assets were subject to the CWB GSA as well as the Partnership GSA, it is quite redundant to explore the argument of 726 that the rights of the Bonnyville LP might constitute a mere licence. In all four LPAs, Article 20.1(a) refers to leased assets. That is not modified by the separate reference to "contributions" which, from the definitions section, appears to contemplate financing and related investment. The Bonnyville Assets were in possession of the LP under registered securities for a period in excess of one year; that suffices for the determination of priority under the *PPSA*. Although no MELA was signed for Bonnyville, the parties maintained the same structure of Service Agreements and Operating Agreements for CNC to operate the camps in all four locations.

135 *Matco Capital Ltd. v. Ramparts Energy Ltd.*, 2008 ABQB 403, 452 A.R. 238 (Alta. Q.B.), cited by 726, deals with rights under subscription agreements, which are entirely distinguishable. While the LPAs do address uncertain future events in terms of ultimate transfer of ownership to the LPs, there is a continuing obligation to distribute available profit exclusively to 726 up to the aggregate amount. A lease interest can support a security interest: 1777575 *Alberta Ltd. v. Sprung Instant Structures Ltd.*, 2014 ABQB 354 (Alta. Q.B.) at paras 16-22, (2014), 14 C.B.R. (6th) 52 (Alta. Q.B.).

136 Finally, as noted earlier, 726 did register its financing agreement in respect of the Bonnyville Assets on the same date as for the Three Camps.

Ancillary Equipment and Small Wares

137 The parties spent considerable time in argument on the matter of which party owns or otherwise has priority to the Ancillary Equipment and Small Wares at Bonnyville and elsewhere.

138 For any contract to be enforceable, the court must be able to determine the property. The language used is a primary source for deciding that issue, not the subjective expression of views of the parties. The court must also examine the surrounding circumstances as a matter of common sense: *IFP Technologies (Canada) Inc. v. EnCana Midstream and Marketing*, 2017 ABCA 157, 53 Alta. L.R. (6th) 96 (Alta. C.A.), citing *Creston Moly Corp. v. Sattva Capital Corp.*, 2014 SCC 53 (S.C.C.) at paras 47, 56-61, [2014] 2 S.C.R. 633 (S.C.C.).

139 The Supreme Court of Canada, in *Sattva* at para 58, notes in particular that surrounding circumstances consists of "objective evidence of the background facts at the time of the execution of the contract [. . .] that is, knowledge that was or reasonably ought to have been within the knowledge of both parties at or before the date of contracting."

140 Here it is noteworthy that none of the agreements makes any specific reference to Ancillary Equipment or Small Wares. The purpose appears to be to re-finance and operate the camps, under a partnership arrangement, as previously reviewed. The Court cannot ignore the significant involvement of CWB as the primary lender for CNC's ongoing operations, nor the scope of its security under the CWB GSAs.

141 Nothing in the evidence establishes a market or industry custom as concerns ownership or supply of Ancillary Equipment or Small Wares. Roman made no mention of any claim to this property in the October 5, 2018 Affidavit, which is difficult to attribute to a mere oversight as materials were otherwise being assembled.

142 Counsel for 726 argues that both principals (Roman and McCracken) were ad idem that each MELA and the Bonnyville Agreement implicitly included these items. Nothing in the body of the agreements or schedules supports their recent assertion of consensus. Such a broad interpretation cannot be sustained on the facts here or as a valid legal consequence of the transactions, as structured by the parties. It is simply unreasonable to interpret that such an extensive array of property is, without more, encompassed in the language used, especially as part of a generic reference to site set-up costs.

143 The test for mutual mistake, as with an implied term, requires more than evidence of subjective intent. There must be an objective measure that compels inclusion of the language sought to be inserted: *Ron Ghitler Property Consultants Ltd. v. Beaver Lumber Co.*, 2003 ABCA 221 (Alta. C.A.) at paras 6, 8-10, (2003), 330 A.R. 353 (Alta. C.A.).

144 The alternative argument is that 726 holds rights in Ancillary Equipment and Small Wares at the Three Camps as a bailor independent of any security claim under the CWB GSAs or the Partnership GSAs. This argument cannot prevail.

145 The evidence supports a finding that CNC was lawfully entitled to use the Ancillary Equipment and Small Wares as part of its responsibility for operations at the Three Camps. Once a debtor has possession of property from an owner, the *PPSA* does not distinguish between the nature of the contractual entitlement for usage.

146 The Ancillary Equipment and Small Wares cannot be characterized as "accessions," as that term is defined in the *PPSA*, because they are not installed in or affixed to other goods. This point was more aggressively argued by Sand Tiger and I will address it more fully in connection with those submissions.

147 The *PPSA* provides commercial efficacy to reconcile priorities between owners and registered security claimants: *Giffen, Re*, [1998] 1 S.C.R. 91, 155 D.L.R. (4th) 332 (S.C.C.). The harshness to an owner has been recognized in various situations. The answer, in these circumstances, obliges 726, as putative owner of the Ancillary Equipment and Small Wares, to take full inventory and list the property being leased or sold, from which it could easily register its interest.

J+J Dorms and Alleged Swaps

148 There has obviously been some confusion in handling the property claimed by 726 under this heading. Despite obvious weaknesses in the evidence, I am generally satisfied that the parties have reliably identified the equipment, where it was intended to go, and where it is currently located. That does not enable the Court to make a finding of "mutual mistake," which ought to be rectified. More importantly, even if 726 had a provable ownership interest, the Dorms are either in possession of CNC or traceable to its possession at the time of the *CCAA* Proceedings.

149 The six J+J Dorms were initially located at CNC's farm property. For the purposes of identification, I accept the work done to identify the units even in the face of refurbishing.

150 The apparent relocation of the J+J Dorms to facilities of 726 in Spruce Grove was completed in consultation with and approval of the Monitor.

151 I find the Monitor is entitled to deal with the J+J Dorms as CNC property to which the CWB GSA applies.

152 Turning to the so-called Swaps or mis-deliveries under the Kilometer 147 MELA from my review of the circumstances of the FX6 Dorm:

i. CNC's request for directions regarding the error was not addressed by 726.

ii. The delivery in error of a new six-unit rec dorm to Kilometer 147 did not settle the matter; I find the relocation by 726 nearly 10 months after the first *CCAA* order was done without any prior communication, much less authorization from the Monitor. Accordingly, 726 was not entitled to move the Dorm from Kilometer 147 to its Conklin yard.

iii. The Monitor has now sold the FX6 Dorm at Wandering River. The unauthorized relocation of the new unit to Conklin may have impacted sales timing, but that is a matter to be sorted out in costs.

iv. I find that the Monitor was entitled to sell the FX6 Dorm at Wandering River and is further entitled to deal with the new Dorm at Conklin as property of CNC covered under the CWB GSA.

v. Since the Units have been reasonably secured, nothing really turns on the relocation itself, as relates to the claim of ownership or entitlement by 726 to a "Swap."

153 The 12-unit Kitchen diner that went to Kilometer 147 is only marginally different because it appears that 726 was never advised of the alleged error. If the CWB GSA was not in priority, then 726 might well have had a meritorious claim of ownership. That is not, however, the Court's finding; and again, the Monitor is entitled to deal with it under the CWB GSA.

5. Equitable Relief

154 I have consolidated the various alternative arguments of 726: rectification, relief from forfeiture and fraudulent preference as calls for the Court to exercise discretion to attenuate, in some measure, the significant impact of dealings with CNC.

155 The claim for rectification is grounded in the assumption that the purpose of the business arrangement, as intended by both McCracken and Roman, merits correction of the paperwork. As cited by 726, the court in *Wickerstrom* points out the high standard of proof required to support rectification. The evidence must be reliable and beyond doubt. Nothing in the documents points to any common agreement as to protection of 726 from the business risks, whether in respect of the Dorms, the Ancillary Equipment or Small Wares. The answers in Questioning from Roman and McCracken on this point do not inspire confidence. I find the evidence of McCracken, in particular, fails miserably to meet this standard of proof. Moreover, as an equitable remedy, the circumstances do not present Roman as an unwitting business operator who is unmindful of the risks of commercial enterprise.

156 To the extent that the evidence supports any common intention, the parties would appear to have structured a complicated enterprise that either ignored or, at least, failed to properly and fairly consider the extensive, vested role of CWB in the business of CNC. The measure of the degree of fault or culpability as between 726 and CNC is not a matter for this Court's assessment.

157 It is important to respect the purpose of stay provisions under the *CCAA* by maintaining the status quo as regards competing claims: *Redstone Investment Corp., Re*, 2015 ONSC 533 (Ont. S.C.J.) at para 57, (2015), 26 C.B.R. (6th) 272 (Ont. S.C.J.).

158 Although the priority of the CWB GSAs imposes a harsh consequence on 726, it was entirely preventable by the exercise of reasonable due diligence. Regrettably for 726, the representation of McCracken that the Bonnyville Assets were free and clear was absolutely untrue. That is not any justification for the Court to ignore the priorities regime established under the *PPSA*.

159 Section 248 of the Alberta *BCA* does confirm the authority of the Court to make orders to address contraventions of a unanimous shareholder agreement, but nothing in the equities between CNC and 726 persuades me that the registered interests

of CWB should be compromised. I am drawn to this conclusion by the delay of 726 in investigating and addressing the risks in dealing with CNC between at least December 2014 and June 2017. The subsequent delay in clarifying its position simply aggravated the situation as regards the status of debt, the merits of *CCAA* protection, and latterly, the sale of assets.

160 Similarly, as regards relief from forfeiture, s 10 of the Judicature Act, RSA 2000, c J-2 confers power to relieve on terms as the court sees fit. This discretionary remedy has been examined in a variety of circumstances: *Saskatchewan River Bungalows Ltd. v. Maritime Life Assurance Co.*, [1994] 2 S.C.R. 490 (S.C.C.) at para 32, (1994), 115 D.L.R. (4th) 478 (S.C.C.) [WL]; *Canpar Holdings Ltd. v. Petrobank Energy & Resources Ltd.*, 2011 ABCA 62 (Alta. C.A.) at paras 40-41, (2011), 505 A.R. 102 (Alta. C.A.).

161 The conduct of 726 has to be measured against the steps by which its forfeiture of interest could have been prevented. Certainly the amount of the investment at risk is significant; so too is the financial impact on CWB. The circumstances of 726 were entirely preventable by the exercise of due diligence and protection of its own interests at the time of its various agreements with CNC.

162 Fraud is not founded on the facts as between 726 and CWB specifically. The role of McCracken, acting for CNC and each of the LPs, was facilitated by structure of the business relationship. This application cannot possibly determine that the Partnership GSAs — or indeed the entire business arrangement between CNC and 726 — were intended to defeat, hinder, delay or prejudice either 726 or CWB.

163 The evidence is clear that CWB already had the protection of the CWB LP Guarantees from July 2015. As earlier concluded, CNC continued to front the costs of operation after March 2017, albeit using funds from CWB. The Partnership GSAs are neither a fraudulent preference nor a fraudulent conveyance from which 726 is entitled to defeat the security of CWB.

164 In short, the merits of the case here simply do not call for any interference by the Court in the business arrangement that the parties have structured, documented and implemented.

165 However, there is one matter of residual discretion which needs to be examined, although I am not aware of the net residual implications. CWB acknowledges that a portion of the funds which 726 paid for the Bonnyville Assets was sent to its CNC account. The operating line affecting that account allowed CNC to utilize an equivalent value in re-advances so the benefit to CWB was transitory. That is not something for which 726 can be held responsible. To the extent it may be relevant in winding up the estate, if at all, the security interest of CWB on the Bonnyville Assets is set at \$16.5 million.

6. Summary

166 I find that 726's purchase of the Bonnyville Assets remains subject to the prior security of the CWB GSA: there was no sale by CNC in the ordinary course of business and 726 knew or ought reasonably to have known of the security interest of the CWB.

167 The Monitor's position that the LPAs gave rise to conditional sale agreements does not support a priority claim of CWB. However, as this was an alternative argument, no relief flows to 726.

168 The challenge of 726 to the Partnership GSAs as to USA compliance is a matter between those parties and does not jeopardize the entitlement of CWB to rely on the protection of its security.

169 All Leased Equipment together with the J+J Dorms and the Swaps are validly in possession of CNC as to which CWB holds a priority first charge on property.

170 There are no valid grounds for the exercise of any equitable remedies in favour of the claims of 726.

171 The security interest of CWB on the Bonnyville Assets is confirmed at \$16.5 million.

172 The Ancillary Equipment and Small Wares are not part of any of the 726 agreements for Bonnyville, or the Three Camps; there was no bailment. Quite apart from any delay or laches by 726, the facts do not support a mutual mistake. The inventory constitutes property in the possession of CNC and is subject to the CWB GSAs.

IV. Sand Tiger Application

1. Evidence

173 The Small Wares specifically claimed by Sand Tiger from the four Dorms leased to CNC include: 38 televisions, perhaps as many as 9 washers and 9 dryers, as well as the undocumented mattresses and bedroom furniture.

174 The Dorms where these Small Wares have been kept have been relocated to Gateway Industrial Park in Bonnyville, Alberta. They have not been used since CNC and Sand Tiger signed a settlement agreement in September 2016, which reduced the amount owed by CNC to \$155,373.33, as at the date of the *CCAA* Order in July 2017.

175 The Sand Tiger Lease does not refer separately to inclusion of the property. It does specify that "any accessories and additions to the returned units shall be deemed to be part of the units and property of Sand Tiger" (para 10).

176 Mr. McCracken stated in Questioning that he does not dispute ownership of Small Wares by Sand Tiger, except for the bedding.

177 While the Small Wares remain stored in the Dorms, they are not fastened down in any permanent way.

2. Issues

178 On the Sand Tiger application, the following issues need to be addressed:

- i. whether the Small Wares are the property of Sand Tiger;
- ii. whether such ownership is subject to the requirement of PPR registration under the *PPSA*;
- iii. whether the Small Wares constitute fixtures or appurtenances of the Dorms leased to CNC by Sand Tiger;
- iv. whether leasing of Small Wares is part of the regular business of Sand Tiger;
- v. which party takes priority to the Small Wares?

3. Parties' Positions

179 Sand Tiger argues that the documents support its claim of ownership of the Small Wares, which were implicitly included under the lease to CNC that was in place for more than one year. The arrangement is exempt from registration under the *PPSA* by virtue of the fact that Sand Tiger "is not regularly engaged in the business of leasing goods": *PPSA*, s 1(1)(z)(iv).

180 Sand Tiger relies on *Planwest Consultants Ltd. v. Milltimber Holdings Ltd.*, [1995] 10 W.W.R. 334, 172 A.R. 237 (Alta. Q.B.), aff'd 1997 ABCA 318 (Alta. C.A.), where both courts upheld the Master's determination that a prior mortgagee which leases a property on default is not regularly engaged in leasing.

181 Sand Tiger also points to the language of the Lease (paras 5, 6 and Appendix "A") that CNC agreed to keep the Dorms free and clear of lien claims or encumbrances and to indemnify Sand Tiger.

182 Sand Tiger argues for an exemption where the lease of household furnishings or appliances are incidental accessions to the use of land within the scope of subsection 1(1)(z)(v) of the *PPSA*.

183 Finally, Sand Tiger urges the Court to consider the commercial reasonableness of its position that registration of the Dorms security should properly include the Small Wares.

184 CWB relies on various provisions of the *PPSA* to support its assertion that the Small Wares are not covered, without more, by the registration of the Dorms. It specifically notes s 67(5) which declares void all contractual provisions that purport to exclude a duty or onus imposed by the *PPSA*. It points to the definition of accessions as inapplicable to the circumstances because the goods are neither installed in or affixed to other goods (*PPSA*, s 1(1)(a)). So too, the lease of these Dorms does not fit within s 1(1)(z)(v), which is restricted to land leases.

185 CWB also submits that Sand Tiger is regularly engaged in leasing and not entitled to rely on any exemption: *Bank of Montreal v. Patchrite Inc.*, 2006 SKQB 519 (Sask. Q.B.) at paras 23, 24, (2006), 290 Sask. R. 132 (Sask. Q.B.). The circumstances here do not involve the lease of land. Commercial business sense requires consideration of the purpose of the *PPSA* and its specific language.

4. Analysis

186 As to ownership of Small Wares, the evidence supports that Sand Tiger had title in the listed Small Wares, except for the bedding that was provided by CNC. That conclusion, as distinct from the claim to priority, is not really challenged. As the terms of the Lease clearly indicate, the parties understood and intended that the Dorms be retained as property of Sand Tiger. However, the Lease made no specific reference to the nature of arrangements in respect of the Small Wares. The electric appliances have serial numbers that could serve as identification for purposes of registration.

187 Mr. McCracken's evidence, that he does not dispute ownership, does not, of course, address or resolve the matter of priorities under the *CCAA* for items in possession of the Debtor.

188 It is important that Sand Tiger registered and renewed its security interest in the Dorms, but took no steps to publicly register or otherwise identify an ownership claim on the Small Wares. Instead, it asserts, as a commercial reality, that contents should not be subject to the *PPSA* for the reasons summarized earlier, and which I will address in turn.

189 On its argument that *PPSA* registration was not required because Sand Tiger is not regularly in the business of leasing small wares, I have concluded that this position cannot be sustained. A lessor is entitled to market its facilities, in this case dorm trailers, to include or exclude whatever additional items it wishes to offer in the market place. It is not for the Court to compartmentalize the scope of business either prospectively or retrospectively, particularly in relation to the purpose of the *PPSA* and the apportionment of risks in business financing.

190 The circumstances here do not fit within the scope of subsection 1(1)(z)(iv) of the *PPSA*. The facts in *Planwest Consultants* are highly distinguishable. The lessor in that case owned real properties and managed financial investments. It only leased the premises because it was unable to sell the property on foreclosure. The chattels listed in the lease were clearly owned by the lessor prior to any debenture arrangements by the tenant. Sand Tiger, by contrast, operates a Dorm leasing business which measures market demand for Small Wares as a part of its leasing charges.

191 Even assuming a variety of business models, I am satisfied that offering Small Wares as part of a lease arrangement is one way in which Sand Tiger regularly runs its business. While it asserts that these lease arrangements do not separate out Small Wares as separate property, that is an internal business arrangement. Nothing precludes listing the property in the lease as part of registration to protect an ownership or financing claim.

192 The argument that the Small Wares are excluded from *PPSA* registration as incidental to land use is similarly inapplicable to these circumstances. As earlier noted, the definition of "accessions" in subsection 1(1)(a) of the *PPSA* refers to goods that are installed in or affixed to other goods. That is not an apt description of the appliances and furniture in the dorm trailers. They are not in the least "fixtures" in any business or insurance, much less legal, context. The obligations of the lessee for any missing items, to maintain property insurance (including accessories) to the benefit of the lessor, as owner, do not alter this conclusion.

193 The argument as to commercial reality is somewhat more nuanced. The Court is asked to essentially take notice of the inclusion of certain chattels as useful, attractive comforts. It is certainly a business model that simplifies the need for a lessee or operator to bring in their own appliances and other small wares. It may not be the only or even the dominant model.

194 Nonetheless, the proper issue in measuring commercial reality is whether the routine inclusion of small wares in its dorms relieves Sand Tiger of any obligation to register its security interest under the *PPSA*. The purpose of this legislation, as I have already considered under the 726 analysis, is to provide commercial efficacy to reconcile priorities between owners and registered security claimants: *Giffen, Re*.

195 The Sand Tiger Lease provision that purports to deem accessories and additions to be part of the property cannot be binding against prior secured creditors. To rule otherwise would undermine the purpose and reliability of securities legislation. The whole purpose of registration is to provide a public record of priority claims. As courts have recognized, the changes in legislation address the importance of possession and registration to the public interest: *Fast Labour Solutions* at paras 9-16.

V. Disposition

196 In summary, as to 726, the Court confirms the following:

- 1) CWB's security claim to the Dorms at all four Camps stands in priority to any ownership or lessor claims of 726;
- 2) CWB's security claim to the Ancillary Equipment and Small Wares at all four Camps stands in priority to any ownership or lessor claims of 726;
- 3) The security interest of CWB on the Bonnyville Assets is confirmed at \$16.5 million.

197 Although marginally stronger, the claim of Sand Tiger to the Small Wares must similarly be dismissed, because it too is property in possession of CNC to which the CWB GSA attaches priority.

198 In the event that the parties are unable to agree on costs within 60 days of the release of this Decision, they shall, within that time, arrange for a date to speak to the Commercial Co-ordinator, who shall confirm a date for hearing as well as directions and filing deadlines for any supporting materials on the matter.

Applications dismissed.