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 **REPLY BRIEF OF THE MONITOR – COST ALLOCATION APPROVAL**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Darren R. Bieganek, Q.C./Ryan F.T. Quinlan Barrister & Solicitor Phone: 780.441.4386 Fax: 780.969.6381 Email: dbieganek@dcllp.com File #204-196164	**DUNCAN CRAIG LLP** LAWYERS MEDIATORS 2800 Scotia Place 10060 Jasper Avenue Edmonton, Alberta Canada T5J 3V9

TABLE OF CONTENTS

I. INTRODUCTION

1. The Monitor submits this Brief in reply to the Brief submitted by Northland Mortgage & Investment Corporation ("Northland").

2. By the February 2021 Allocation Northland is not being allocated any of the costs of these proceedings and is not being asked to contribute to the costs of maintaining and securing the Wabasca site, the site which it has first mortgage security on, notwithstanding that the Monitor has expended over $149,000 on utilities, maintenance, and security for the site.

3. The Northland complaint is therefore not about the allocation of costs. Rather, it is about Northland not receiving a cash distribution and it asks the Court to adjust the allocation of costs solely for its own benefit and for the sole purpose of securing a cash distribution out of the Winterburn proceeds. Justice Hillier has, however, already dismissed an application brought by Northland in 2018 for just that relief. No appeal was taken from that Order.

4. Northland is also now, for the first time, attempting to assert a priority position to the proceeds of camp units formerly on the Wabasca Camp site in circumstances where it had previously agreed, in writing in the property tax settlement agreements, that the creditors who held security in those assets had effective priority to those assets and where it stood silently by and allowed Justice Hillier to approve the tax settlements on those agreed upon terms.

5. Northland has, in its Brief, at paragraphs 3, 12, 18, 25, 28, 29, 31 and 54, included information which is the subject to confidential supplements, each of which were sealed by Orders of the Court. Those confidential supplements were provided to counsel for Northland under confidentiality undertakings not to copy, disclose or publish that information. Counsel have exchanged correspondence on the matter. Counsel for northland has advise this was inadvertent. The Monitor does not seek any relief in respect of this issue. None of the information imparted appears to prejudice any party. Counsel will however address this point with the Court at the outset of oral argument.

II. FACTS

6. Counsel now acting for Northland is Northland's third counsel of record in this matter and has very recently been retained. Not surprisingly given these circumstances, some of the information provided in the Brief is either inaccurate, incomplete and, in some instances, incorrect so further facts are needed to complete the record or refresh memories.

A. Winterburn Facility and the Interim Financing

7. The Winterburn lands were an integral part of ongoing operations while the Applicants remained in operation. The lands were the home of the modular manufacturing facility, out of which Campcorp Structures conducted its business, and were also used as a maintenance facility and staging yard for the Applicants' camp and catering business.[1]

[1] First Affidavit of Shane McCracken sworn June 28, 2017.

8. The facilities at Winterburn formed an integral part of the ongoing business of the Applicants throughout the proceeding until the property was sold in early May of 2018.

9. The interim financing, or DIP as referred in the Northland Brief, was used to assist the Applicants with the ongoing operation, including the operations at Winterburn, until the sale of that property and the Camp Transaction were concluded. Utilization of the Winterburn property did not cease when the offer to sell it was signed.

10. The sale of the Winterburn property was closed by the Monitor on May 3, 2018. The Initial Order in these proceedings subjected all assets of the Applicants to the Interim Lender's Charge and the Administration Charge for the professional fees and disbursements of the Monitor, its legal counsel, and those of legal counsel and advisors for the Applicants.[2]

11. The Vesting Order respecting the Winterburn sale maintained those charges against the proceeds and did not include any direction with respect to distributions.[3]

12. After the closing of the sale, the Monitor maintain some assets stored on site for a brief period with the consent of the purchaser and then removed the remaining assets that were stored at Winterburn to the farm property for the conduct an auction sale.[4]

B. Interim Distribution – Winterburn Proceeds

13. As noted in the Northland Brief at paragraph 16, Staheli Construction Co. Ltd. ("Staheli"), brought application for an interim distribution of the Winterburn proceeds. Northland also brought an application for distribution at that time, asking the Court to provide it with the balance of funds after payment of the Staheli Mortgage.

14. Northland's application was dismissed.[5]

15. Northland made very similar arguments on that original application as they now make on this application. They did not appeal that Court Order.[6]

C. Monitor's Allocation

16. The Original Allocation as set out in the Confidential Supplement to the Monitor's Eleventh Report dated March 12, 2018 was prepared at the request of the Court as a means for the Court and stakeholders to assess the prospects of recovery after the closing of the Camp Transaction and the Winterburn sale. It included the Monitor's assessment of potential recovery based on information and appraisals available to the Monitor at that time and was a good faith estimate based on a net realizable value assessment.[7]

17. The Original Allocation was prepared prior to the Order expanding the Monitor's powers and did not contemplate litigation with Weslease in respect of their mortgage security, nor

---

[2] Initial Order, **[Tab 1, Monitor's Book of Prior Orders and Authorities ("Monitor's Book")]**
[3] Amended Order Approving Winterburn Sale dated April 30, 2018, paragraph 8 [**Tab 1**]
[4] Monitor's Fifteenth Report dated June 11, 2018 Pages 6-11 **[TAB 2]**
[5] Staheli Distribution Order dated September 21, 2018 **[TAB 9, Monitor's Book]**
[6] Northland Brief of Law submitted on the Staheli Application **[Tab 3]**
[7] Confidential Supplement to the Monitor's Eleventh Report (to be provided to the Court separately)

did it anticipate litigation with 726 Remote Accommodations Ltd. and 726 Modular Finance Ltd. (collectively, “726”) respecting the priority to the entirety of the Bonnyville Camp and other assets, nor did it anticipate a significant drop in the market for camp assets or the remaining real estate, particularly, the real estate in Wandering River, Bonnyville or Wabasca.

D. Wabasca and Bonnyville Properties

18. The description of the use of the Wabasca and Bonnyville properties as set forth in Paragraph 26 of the Northland Brief is incorrect.

19. Wabasca was, prior to the Monitor obtaining expanded powers, an active camp. It had modular structures and a built-in place stick-built two-storey structure. The land is owned by the Applicant 1371047 Alberta Ltd (‘137”) and the modular units placed on that property were placed for use as a camp and were either subject to lease agreement security or were owned outright by Canada North and subject to general security in favour of Canadian Western Bank (“CWB”).

20. The Monitor made the decisions shortly after its powers were expanded to discontinue the operations at the Wabasca and HML Camps.[8]

21. From that point forward, the Monitor took steps to ensure that the camps were insured, utilities were maintained, and 24-hour security remained on site. The Wabasca Camp and the HML Camp were both properly winterized in the fall of 2018 as prudent practice dictated given that the camps were not operating, only security remained on site and some utility costs savings could be achieved.[9]

22. The Bonnyville site was not used for storage. It was a fully established camp with dorms set up to operate as a camp. The dorms were tied into the camp’s water, sewer lift stations, and other utilities, however, it was not operating during the proceedings.

23. The facts noted at Footnote 31 of Northland’s Brief reference an issue which arose with respect to Aurora Lodging Ltd. (“Aurora”) and ultimately arrangements made between the Monitor and Aurora. Counsel for Northland is well aware of those arrangements: They acted for Aurora in respect of those arrangements.

24. Aurora was able to remove their dorms from the Bonnyville Camp after negotiating arrangements with the Monitor. As noted previously, the remaining assets of Bonnyville were claimed by 726 and issues with 726 were litigated, ultimately culminating into a four-day hearing within the first few months of 2019. The Monitor was wholly successful.[10]

25. The matter was ultimately settled with 726 which resulted in payment to the Monitor of $3.25 million. [11]The settlement with 726 was finalized in the fall of 2019 and, thereafter, the equipment was removed.[12]

---

8 Monitor’s Fifteenth Report, paragraph 26 **[Tab 2]**
9 Monitor’s Eighteenth Report dated October 11,2018, paragraph 7 **[Tab 4]**
10 Order Re Priority to Contested Assets dated May 14, 2019 **[Tab 5]**
11 Monitor’s Twenty Fifth Report, September 30, 2019 **[Tab 6]**
12 Order Approving 726 Settlement dated October 1, 2019 **[Tab 7]**

E. Property Taxes

26. Northland's Brief leaves out critical facts respecting the municipal taxes at each of Wabasca and Bonnyville.

27. The creditor stakeholders and the municipalities where the camp assets, including the real estate, were located negotiated a settlement of property tax and improvement tax issues. The Monitor was not involved.

28. Each of the municipalities of the M. D. of Opportunity (Wabasca) and Bonnyville agreed to compromise the amount of the claims of taxes then outstanding respecting improvement taxes for the equipment which was on the lands and the land taxes. The municipalities agreed to fix the amounts owing inclusive of penalties and interest and to defer payment of the land taxes until the sale of the lands occurred. The settlements were outlined in agreements to which Northland was a party.[13]

29. With respect to Bonnyville:

    a. The tax liability attributable to improvements ("Improvement Taxes") was compromised at $205,000.00 and was paid in full by creditors with claims against the equipment. Germain to this application, $110,000.00 of the amount to be paid to Bonnyville for the improvement taxes was directed to be paid by the Monitor from funds otherwise held by the Monitor and to be treated as an interim distribution to CWB of its ultimate entitlement to proceeds derived in the CCAA action;

    b. The tax liability associated with levies and penalties attributable to the lands, excluding the improvement taxes, were compromised at $282,454.96 (the "Land Taxes"). The payment was to be deferred until the lands or any parcels comprising the lands are sold through the CCAA action, through a subsequent foreclosure action or other sale of the lands or until Bonnyville with proceeded with an auction in accordance with the provisions of the *Municipal Government Act*.[14]

30. With respect to Wabasca, the settlement was structured very similarly, although the taxes were much less:

    a. The Improvement Taxes were compromised at $38,394.48 and were to be paid by the Monitor from proceeds derived from equipment sales otherwise payable to CWB and Versa Bank and treated as interim distributions for their entitlement in this matter; and

    b. The Land Taxes were compromised and reduced to $38,394.47 and, again, were to be deferred until the lands giving rise to such liabilities were sold through this proceeding, subsequent foreclosure action, other sale of the lands, or until the M.D. of Opportunity proceeded with an auction in accordance with the provisions of the *Municipal Government Act*.[15]

---

[13] Affidavit of Jesse Taha dated August 21, 2019 **[Tab 8]**
[14] Affidavit of Jesse Taha dated August 21, 2019, Ex A **[Tab 8]**
[15] Affidavit of Jesse Taha dated August 21, 2019, Ex B **[Tab 8]**

31. Northland's then-counsel was a key proponent of negotiating resolution to the tax liability issues.

32. The tax settlements were confirmed by Order of Justice Hillier dated August 22, 2019.[16] There is nothing in the record to suggest Northland was asserting priority to the equipment on Wabasca at that time.

33. The Monitor notes that the Initial Order did include a provision requiring the Applicants to continue to pay municipal taxes.[17]

34. The Monitor, however, was not given the power to make any municipal tax payments when its powers were expanded and was specifically not given powers to act except as directed in that Order.[18]

35. At the application to approve the property tax settlement, Northland sought a direction from the Court requiring the Monitor to pay any accruing property taxes going forward. That relief was not granted. No Order was taken out in respect of that specific item of relief, but the Monitor never received authorization from the Court to make any property tax payments.[19]

36. With respect to appeals of property tax assessments in Bonnyville, the Monitor understands that Northland's concern was with respect to assessments done by Bonnyville prior to the CCAA Proceedings commencing. The Monitor notes that:

    a. The outstanding taxes pertaining to those assessments were settled in accordance with the tax settlements;

    b. The Monitor did not receive express powers to take the step of appealing the property tax assessments in Bonnyville when the powers were expanded but still took some steps to assist;

    c. The Monitor did advise Northland that it would do what it could to assist Northland to take steps to address the assessment. And did speak with the assessor and offered to go furhter; however

    d. Northland did not respond.[20]

37. Northland also never took steps to pay any of the accruing taxes on either Wabasca or Bonnyville, even though it had the authority to do so under the terms of its mortgages.

F. Marketing of the Properties

38. Both Bonnyville and Wabasca have been listed for sale with Cushman & Wakefield since the fall of 2017.[21]

---

16 Order of Justice S. Hillier dated August 22, 2019. **[TAB 11, Monitor's Book]**
17 Initial Order, Paragraph 7(c) **[Tab 1, Monitor's Book]**
18 Amended Order dated April 30, 2018 at paragraph 18
19 Transcript of Proceedings before Justice Hillier, August 22, 2019.
20 Monitor's Supplement to the 31st Report, paragraph 23 and Schedule D.
21 Monitor's Fifth Report dated November 8, 2017, Page 7.

39. The Monitor did provide updates to the Court periodically and specifically notes that the Confidential Twenty-Fourth Report dated August 12, 2019 confirmed that there was no interest at all in the Wabasca property and that the realtor had recommended that both Bonnyville and Wabasca be listed “at market” with an invitation to prospective buyers to provide any offer at all for the purchase of the properties.

40. In addition thereto, at the request of Northland, the Monitor had Mirterra include the Wabasca property in particular among the assets, subject to the online auction conducted by Mirterra in 2019. No party expressed interest or made a bid in respect of the property on that online auction.

41. The properties have received very little interest from prospective buyers. There has been recent activity at Bonnyville in respect of lots within the town limits but, as noted in the Monitor’s Thirtieth and Thirty-First Reports, Northland has declined to engage in discussions with the prospective buyer for the purchase of those properties and it is only for a portion of the total lands available.

42. Northland has never sought the Monitor’s consent to lift the stay to allow it to proceed with its own foreclosure proceedings as First Island did early in these proceedings.

43. As a result, the Monitor has expended funds from proceeds generated through sales of assets to continue to pay insurance, utilities and 24-hour security at the Wabasca site in particular. That site, as noted, includes a two-storey permanent dorm building.

44. The total funds expended by the Monitor in respect of Wabasca alone to the end of July were $149,715.00.[22]

45. As noted in the February 20, 2021 allocation, the costs are being borne by all other creditors as general costs. Northland is not being asked to pay any of the costs associated with the ongoing maintenance and security of that facility.

G. Communications with Northland

46. Former counsel to Northland wrote to counsel for the Monitor posing several questions of the Monitor relative to the October Allocation.

47. Counsel for the Monitor replied with answers to those questions on December 17, 2020 and invited counsel for Northland to articulate a position in respect of the allocation.[23]

48. No response was received from Northland respecting their position in respect of the allocation until Northland filed its Brief on Friday, February 19, 2021.

H. Monitor’s Fees and Disbursements and Those of Its Counsel

49. The Monitor continually updated stakeholders on the cost of the proceedings. After the Monitor’s powers were expanded and the Monitor took control of the liquidation, the

---

22 Supplement to the Monitor’s 31st Report, Schedule A Spreadsheet of Costs respecting Wabasca

23 Supplement to the Monitor’s 31st Report, Schedule H, Letter from Duncan Craig LLP to Bennett Jones LLP dated December 17, 2020

Monitor included statements of receipts and disbursements in a number of its reports, each of which included line items for legal fees and the Monitor's fees and disbursements:

a. Monitor's Twentieth Report (November 26, 2018);

b. Monitor's Twenty-Second Report (January 28, 2019);

c. Monitor's Twenty-Seventh Report (November 25, 2019);

d. Monitor's Twenty-Eighth Report (April 9, 2020);

e. Monitor's Twenty-Ninth Report (October 23, 2020); and

f. Monitor's Thirty-First Report (February 5, 2021).[24]

50. The Monitor has provided copies of its invoices and detailed time entries of those of its counsel to those creditors who have requested them, including Northland. The material was provided under Confidentiality Conditions as, particularly with respect to the law firm's time entries, the entries are privileged, but they were not redacted in any way.

51. No creditor has advised the Monitor or its legal counsel of specific concerns with respect to the amounts claimed. There has been a concern expressed by Northland about the magnitude relative to recovery, but no other complaints have been made or raised with the Monitor or its counsel.

I. Summary of Inequities Claimed by Northland

52. Northland outlines its complaints at Page 7, Paragraph 33 of its Brief. In summary, the Monitor responds as follows:

a. Property taxes of Winterburn were dealt with out of the proceeds of sale of the Winterburn property. The 2017 taxes would have fallen due just prior to the initial Order in this matter. The 2018 taxes would not have been due until after the sale of the property. The Wabasca and Bonnyville taxes were compromised and fixed in respect of arrears in the tax settlements. Any taxes subsequent to the 2019 settlement would have accrued. The Monitor did not have the authority to pay the taxes.

b. With regard to the high assessed values for property taxes on Bonnyville the issue was pre-CCAA and was settled in the tax settlements. The Monitor did not have the clear authority to appeal the assessments when its powers were expanded. It offered, nevertheless, to take steps to assists and did take some steps and offered to continue. Northland did not respond;

c. Complaining that there was no payment or allocation of attributed rent while camp units remained in place on Bonnyville and Wabasca is a very strange argument and is rather disingenuous. The properties were owned by 137. The assets on those properties were owned by other members of the CNC Group or were subject to lease security. Both properties were camps. The Wabasca camp operated until

[24] The Schedules from each of those Reports are attached at **TAB 9**

the Monitor's powers were expanded. Bonnyville had not been operating during the course of the proceedings. All creditors, other than Northland, are bearing the cost of insuring and maintaining the safety of the equipment on those properties, and those costs are coming out of their distributions, so to the extent that those creditors have or had assets subject to their security at those locations, they are paying for the costs associated with that. Northland is not and with respect to Wabasca the other creditors are picking up the cost of the $149,750.00 expended by the Monitor in respect of the Wabasca lands and building which remain subject to Northland's first mortgage security. If anyone is paying, it should be Northland but the Monitor is not recommending it;

d. There were active efforts to sell Bonnyville and Wabasca. They have been listed by a well recognized commercial realtor since 2017. What is more, at no time did Northland ask for consent to proceed with foreclosure to control the marketing itself. Not taking on the foreclosure itself has actually saved Northland from having to pay the ongoing cost of maintaining insurance, utilities and security on those sites but the cost of that is being borne by the remaining creditors, not Northland;

e. The sale of the Winterburn property was approved by the Court, not Northland. The Monitor prepared its report to the Court, which remains confidential, on the basis of the information available to it at the time with the recommendation made to the Court based on information it had available to it at the time. Northland only became unhappy with the result of that sale was dismissed and then when its application to obtain an earlier distribution in September of 2018 but took no steps to appeal that loss;

f. Mortgage interest does continue to accrue on the amount outstanding daily. It is a secured claim. There is a contract with the provision of interest. The interest stops rule does not apply to secured creditors.[25][26]

III. ISSUES

53. The Monitor notes the issues raised by Northland and takes no issue with their articulation. However, the issue before this Court is, at its heart, whether the February 2021 Allocation should be adjusted to suit Northlands's purpose so that it can obtain a distribution of cash in addition to what effectively amounts as a distribution of land assets subject to its security at no cost to it.

IV. LAW AND ARGUMENT

A. Is the Monitor Required to Pass Its Accounts?

54. The Monitor takes no issue with the law as enunciated by Northland in its Brief.

55. The Monitor is an officer of the Court and will take whatever directions the Court gives it respecting the passing of its accounts and those of its counsel.

---

[25] *Nortel Networks Corp, Re.,* 2015 ONCA 681 at para. 36, 98 **[TAB 10]**
[26] *Bankruptcy and Insolvency Act* (Canada) sections 70(1) and 136(1) **[TAB 11]**

56. The Monitor has provided the necessary information to Northland and other creditors. No other creditor has taken an issue. Northland has not objected to the fees, the comment on the magnitude and take issue with the process.

57. It must be noted that Northland is not being asked to pay anything toward the cost of these proceedings. This is so notwithstanding that over $149,713.00 has been expended by the Monitor on Wabasca alone just to keep it secured.

58. Northland was certainly able to articulate an argument on allocation of the fees and disbursements in preparing its Schedule "A" to its Brief, so the information provided was certainly not an impediment to it for doing that.

59. As well, it should be noted that the legal fees line item contained in the distribution is not exclusively legal fees paid to the Monitor's counsel. The legal fees item includes the legal fees incurred by the Applicants and not paid prior to the Monitor obtaining its expanded powers. It included fees of the Applicant's legal counsel totalling $341,335.05.[27]

60. Those fees and disbursements have never been subjected to assessment nor were the accounts of the CRO which total $786,738.33 (for three months work!).

61. Northland complains that the Monitor has not provided any breakdown of its fees incurred at any stage of these proceedings, which is clearly not correct. The Monitor attributes that statement in the Northland Brief to the fact that counsel for Northland is new to the file. The Monitor has provided ongoing updates to the stakeholders and the Court on its receipts and disbursements which include line items relative to its fees and those of its counsel in several reports since the expansion of its powers.

62. As this Court knows, this proceeding has been long and protracted. That is not through any fault of the Monitor. It has done its best and has acted in good faith throughout in trying to bring the liquidation proceedings to a conclusion. Its activities have been approved by the Court on several occasions.

63. The Monitor is not seeking merely a rubber stamp of its accounts. It has asked the Court to approve those accounts, and those of its counsel, without formal passing. Both the Monitor and its counsel appreciate the magnitude of these costs and that the creditors are not necessarily pleased with the magnitude. However, as this Court knows, and as the record reflects, this has not been an easy case. The Monitor has prepared 46 reports, including the confidential supplements. There has been a lot of litigation subsequent to the Monitor's expanded powers and the market for properties in the oil and gas sector has cratered. The costs are, unfortunately, what they are and are not unreasonable when consider in light of the circumstance of the case.

64. This Court has broad discretion in dealing with these matters pursuant to s. 11 of the *Companies' Creditors Arrangement Act*.[28]

65. In exercising its discretion, the *Rules of Court* and, in particular, R. 1.2(4), reminds us that the Court's remedy or sanction must be proportional to the reasons for granting or imposing it. The principles of proportionality apply to the exercise of discretion.

---

[27] Monitor's 22nd Report dated January 28, 2019, Schedule "A" – Notes – Note 6 **[TAB 12]**

[28] *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, s. 11 **[TAB 13]**

66. Northland is the only party requesting formal passing. It is not to say others might not ask the Court to require that but at this juncture Northland is the only party making that request. Yet Northland is not being asked to contribute to those costs.

67. If the objective of Northland is to have the fees of the Monitor and those of its legal counsel reduced to a point where it will be able to share in proceeds out of the Winterburn sale, the Monitor notes that if this allocation is accepted, Staheli will have suffered a shortfall on its mortgage in the amount of $109,642.00. Using the percentage of costs allocated to Staheli means that that shortfall represents that equivalent percentage of $1,005,889.91. In other words, assuming all other aspects of the February 2021 Allocation remain unchanged, in order for Northland to be successful to see any distribution from the Winterburn proceeds, the fees of the Monitor and those of its counsel would need to be reduced by something in excess of $1,005,889.91.

68. While the Monitor and its counsel appreciate that a reduction in the overall cost would contribute to increases in distribution for the creditors, in order for Northland to have any success, that is the hill that it must climb.

69. In the circumstances of this particular case, and only in the circumstances of this particular case, it is the Monitor's appreciation that the creditors wish to bring this matter to a conclusion and that, consistent with the Brief of CWB, support the February 20, 2021 Allocation as presented inclusive of the Monitor's fees, disbursements, and the legal fees of its counsel. As Northland is not being asked to contribute to the cost of this proceeding, it is out of proportion to ask the Monitor to take formal steps to pass the accounts, book time before the Court (likely another day), subject each of the creditors to a need to spend legal fees on reviewing those accounts, and then appear in Court to go through the minutia of the accounts given where matters stand at this moment. However, if the creditors contributing to the costs of the proceedings would like the Monitor to go through the exercise of passing the accounts, and the Court makes that direction, then the Monitor will do so. That need not, however, interfere with the Court's approval of the February 2021 Allocation: the passing of the accounts will only affect the quantum of the distribution, not the methodology employed. It will, however, delay that distribution until that task can be complete.

B. Cost Allocations Generally

70. The Monitor repeats the principles enunciated in its Brief in support of the application. Determining an allocation is more of an art than a science and is to be judged on a case-by-case basis with fairness and equity as its hallmarks.

71. What is clear from the cases is that the Monitor's proposed recommendation for any allocation is not to be lightly interfered with by the Court and a party proposing to upset the allocation bears a significant burden in doing so. Northland has not met that burden.

C. The February 2020 Allocation is Fair and Equitable

72. The complaints of Northland are not about the allocation. What they are about is the fact that Northland is not getting a distribution of cash out of these proceedings. Yet Northland is not being asked to pay anything in respect of the proceedings to date, even though the Monitor has calculated the specific costs attributable to Northland at the Wabasca site of $149,713.00.

73. The Monitor took Northland's circumstances into account when making a determination with respect to the February 2021 Allocation. Northland's circumstances are similar to Hadfield's. They are not getting a distribution out of this proceeding but will have the benefit of taking control of proceedings to realize on the lands which they hold as security once this Order is granted. They will be able to do so without the shackles of the CCAA proceedings continuing to bind them.

74. Given the market circumstances, the Monitor took the approach that a net zero allocation as a value on those lands was appropriate given the lack of sales activity in relation to them. The irony is that if the Monitor had attributed a value to those lands then each of Northland and Hatfield would be asked to pay money to the Estate to contribute to the costs of the proceedings. In the circumstance, the Monitor did not consider that was either fair or equitable.

75. The Monitor maintains that position even though there is now some level of sales activity which appears to be taking place in Bonnyville and notwithstanding the fact that the Monitor expended specific costs to maintain and secure the Wabasca property to Northland's benefit.

76. It is a preposterous statement to suggest that Northland has not been shown a compromise or common ground in these proceedings. Northland bases this submission on a falsehood that Bonnyville and Wabasca were used as storage grounds. The Wabasca camp was utilized by the Applicants while they were in control of the business. Operations ceased when the Monitor's expanded powers became operative. This argument that there was no rent or payment for storage is also ridiculous. All of the creditors who had secured assets on those sites are bearing the costs of the proceedings. Northland is not. All of those creditors are "paying for it". Northland is not.

77. The past property taxes and improvement taxes were compromised with the consent of Northland. The Monitor did not have the authority to pay ongoing continuing taxes and the Court declined to order the Monitor to pay taxes which continued to accrue. The Monitor took that into account in developing the February 2021 Allocation, thus, no attribution of costs to Northland.

78. What is more:

   a. Northland had the ability and power under its mortgages to pay those taxes. If it wanted to keep interest and penalties from accruing, it had the ability to make payment; and

   b. With respect to sales or recovery, Northland could have sought leave to lift the stay to take steps to foreclose on those properties but elected not to choosing to leave the cost and expense of maintenance, security and sales to the Monitor and the general body of creditors.

79. Finally, the Monitor has not said that the Bonnyville or Wabasca properties are valueless. The Monitor has said that there does not appear to be a market for them and it is concerned that attributing a value to the properties would result in Northland having to make payment to the Monitor toward the costs. The Monitor indicates that it is likely that a sale of those properties will not result in recoveries of sums greater than the taxes and

mortgage debts against them, thus its attribution of what it calls a “net zero value” to those properties.

80. There has also been recent offer activity on the Bonnyville properties which Northland has declined consider or counter.

81. The fact remains that if the February 2021 Allocation is approved as presented, Northland will have the ability to proceed to deal with all of the remaining real estate against which it has security.

D. Northland’s Proposed Allocation

82. Northland’s proposed Allocation benefits only one party: Northland.

83. Its argument with respect to the Winterburn property and the attribution of DIP financing to that property is interesting, but assumes that that property was sitting vacant and unused during the course of the CCAA proceedings, which is not correct.

84. The Winterburn lands were an integral part of the ongoing operations while the Applicants remained in operation. The lands with the home of the modular manufacturing facility out of which Campcorp Structures Ltd. conducted its business and were also used as a maintenance facility and staging art for the Applicants’ camp and catering business.

85. The construction business of the Applicants was part of the operations which continued during the course of the CCAA proceedings and the DIP financing was used to fund those ongoing operations, including the operations conducted on the Winterburn site.

86. Accordingly, it is wrong to say that the DIP financing did not benefit Winterburn. Winterburn was an integral part of the operation.

87. Reliance on the *Hunters* result as a precedent is also not appropriate. As the cases clearly articulate, each case is to be dealt with on its own merits. Furthermore, *Hunters* dealt with one property. In this case, we are dealing with a corporate group with several parcels of real estate and assets in multiple locations with several different companies and multiple creditors. The Monitor took the mortgage lenders into account and considered the more passive nature of their security in making its determination with respect to the February 2021 Allocation reducing the contribution to costs of those creditors simply because they held mortgage security. Any other adjustment by the Court would be arbitrary.

88. The Monitor recognizes that the February 2021 Allocation is not perfect. That is, however, not the test or the requirement. It is to be fair and equitable and, in the circumstances, the proposed alteration offered up by Northland would not meet that standard and is based on a misapprehension of fact in relation to the Winterburn property and is driven solely by a desire to receive a cash distribution.

89. To conclude on this point, the steps being taken by Northland are tantamount to an attempt to get around the decision which Justice Hillier made back in September of 2018 when he denied Northland’s application for a distribution of funds. Northland did not take steps to try to appeal that Order and now try to undo it. The Monitor notes as well that at that application it recommended a $700,000.00 holdback from the distribution to cover the

anticipated costs of the proceedings on a go-forward basis as representing Staheli's share. The Monitor was very accurate in that assessment.

E. Incidental Relief Sought by the Monitor is not Premature

90. With respect, the Incidental Relief is not premature.

91. Northland raises for the first time in its Brief an argument to the effect that it asserts, or plans to assert, priority to the camp assets located on Wabasca as they consider the assets to be fixtures.

92. The Monitor has corresponded with counsel for Northland. The Monitor does not consider them fixtures. Information and photographs are included in the Monitor's Supplement to the 31st Report submitted with this Brief.

93. The position of Northland is disingenuous and borders on a lack of good faith. Northland was a key proponent of the property tax settlements in respect of both Bonnyville and Wabasca.

94. The settlement agreements, as outlined previously, clearly articulated that with respect to the Improvement Taxes, the equipment, the taxes were paid in full by the parties claiming security over the equipment. That payment came out of proceeds derived from sales of those assets and were considered to be interim distributions to those creditors of their entitlement to payment from those assets.

95. The settlement agreements were agreed to by Northland. Northland was a key proponent. The settlements were approved by the Court.

96. It is implicit, not only in the Court Orders, but in the settlement agreements themselves, that Northland acknowledged the entitlement of those creditors to the proceeds from the sale of those assets.

97. The Monitor also notes that at no time during these proceedings has Northland ever articulated that position until now. It is also important to note that Northland has not offered to repay either CWB or Versa Bank the money that they have already effectively paid to those municipalities as part of its submission to the Court in this application.

98. This also raises several questions: If Northland asserted priority to the equipment on a site of Wabasca, why did it enter the Tax Settlement Agreement? Did it reveal its intentions to CWB or Versa Bank? Why did it support the Court approving the Tax Settlement Agreements with Wabasca and Bonnyville? Did counsel advise the court that it accepted the settlement but was not accepting priority?

99. Good faith in performance of contracts is now accepted as a given. Good faith and transparency is a hallmark of CCAA proceedings. The requirement of good faith is now set forth in the statute.[29]

100. While the Court would have general and broad authority to make any Order that it thinks fit under the CCAA, section 18.6(2) empowers the Court where they determine that an

[29] CCAA, supra, s. 18.6(1) **[TAB 12]**

interested person fails to act in good faith to make any order that it considers appropriate in the circumstances.

101. Northland is now coming to Court to:

a. Effectively get around the Order of Justice Hillier made in relation to the initial distribution relief they sought in respect of the Winterburn proceeds; and

b. Contradict the very terms of the tax settlement agreements and the subsequent Court Order approving them by asserting a priority to a position on the proceeds of the sale of assets which they previously allowed to be paid out to the taxing authorities on behalf of each of CWB and Versa Bank.

102. Northland has every ability to raise issues with the allocation ais it affects them. That right has always been preserved. What they miss in their submissions though is that the Monitor has considered their concerns and their position in developing this allocation and has taken steps to recommend that Northland (and Hadfield) not be visited with any costs of the proceedings even in circumstances where the Monitor can calculate actual costs incurred for their benefit.

103. The ultimate position Northland finds itself in with respect to recoveries has more to do with the location of the security which they obtained for their loans, the priority of that security (in the instance of Winterburn and the farm in particular) and the market conditions existing in this province for the security which they hold.

104. Those circumstances do not warrant an adjustment to the allocation proposed.

V. CONCLUSION

105. In all the circumstances, the only party which appears to be taking issue with the February 2021 Allocation is Northland. Northland is not being asked to contribute to any cost of the proceedings but will come out of the proceedings with the ability to proceed and foreclose on the security which it has.

106. In the circumstances, the Monitor remains of the view that the February 2021 Allocation is fair and reasonable in all respects and that the relief sought on the application is appropriate and ought to be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22nd day of February, 2021.

DUNCAN CRAIG LLP

Per: ____

DARREN R. BIEGANEK, Q.C. / RYAN F.T. QUINLAN
Counsel for Ernst & Young Inc., in its capacity as Monitor of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd.,1919209 Alberta Ltd., and Canada North Group LP Holdings Ltd., and not in its personal or corporate capacity

LIST OF REFERENCES & AUTHORITIES

Tab

1. Amended Order Approving Winterburn Sale dated April 30, 2018, paragraph 8
2. Monitor's Fifteenth Report dated June 11, 2018 Pages 6-11
3. Northland Brief of Law submitted on the Staheli Application
4. Monitor's Eighteenth Report dated October 11,2018, paragraph 7
5. Order Re Priority to Contested Assets dated May 14, 2019
6. Monitor's Twenty Fifth Report, September 30, 2019
7. Order Approving 726 Settlement dated October 1, 2019
8. Affidavit of Jesse Taha dated August 21, 2019
9. Schedules consisting of Statements of Receipts and Disbursements of the Monitor's 20th Report, 22nd Report, 27th Report, 29th Report and 31st Report to the Court
10. *Nortel Networks Corp, Re.,* 2015 ONCA 681 at para. 36, 98
11. *Bankruptcy and Insolvency Act* (Canada) sections 70(1) and 136(1)
12. Monitor's 22nd Report dated January 28, 2019, Schedule "A" – Notes – Note 6
13. *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, s. 11 AND 18.6(1)

TAB 1

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

FILED APR 3 0 2018 JUDICIAL CENTRE OF EDMONTON Clerk of the Court

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

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

DOCUMENT **AMENDED ORDER APPROVING WINTERBURN SALE, ASSIGNING LITIGATION, EXPANDING POWERS OF MONITOR, REMOVING CERTAIN PARTIES AS APPLICANTS, AUTHORIZING NAME CHANGES OF CERTAIN APPLICANTS AND EXTENDING THE STAY OF PROCEEDINGS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP
Barristers and Solicitors
2700, Commerce Place
10155-102 Street
Edmonton, AB, Canada T5J 4G8
Phone: 780.429.1751 Fax: 780.424.5866

Lawyer: Stephanie A. Wanke
Email: swanke@millerthomson.com
File No.: 230560.1

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

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: **April 30th, 2018**

LOCATION OF HEARING: **Edmonton, AB**

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

UPON THE APPLICATION of Canada North Camps Inc. ("**CNC**"), D.J. Catering Ltd. ("**DJ**"), Campcorp Structures Ltd. ("**Campcorp**"), Canada North Group Inc. ("**CNGI**"), 816956 Alberta Ltd. ("**816**"), 1371047 Alberta Ltd. ("**137**") and 1919209 Alberta Ltd. ("**191**") (collectively, the "**Applicants**"), **AND UPON** having read the Initial Order granted in these proceedings on July 5, 2017 (the "**Initial Order**"), the Eleventh Report of the Monitor, Ernst & Young Inc., (the "**Monitor**"), filed March 12, 2018; the Confidential Supplement to the Eleventh Report of the Monitor dated March 12, 2018, unfiled (the "**Confidential Supplement to the Eleventh Report**"); the unfiled Replacement Schedule C to the Confidential Supplement to the 11th Report ("**Confidential Replacement Schedule**"); the Twelfth Report of the Monitor, filed April 10, 2018; the Confidential Supplement to the Twelfth Report of the Monitor dated April 9, 2018, unfiled (the "**Confidential Supplement to the Twelfth Report**"); the Thirteenth Report of the Monitor, filed April 11, 2018, and the Confidential Supplement to the Thirteenth Report of the Monitor (the "**Confidential Supplement to the Thirteenth Report**"), dated April 11, 2018, unfiled; the Fourteenth

Report of the Monitor dated and filed April 13, 2018; and the Affidavit of Service of Gillian Cameron to be filed;

AND UPON NOTING that the shares of Campcorp and DJ and the rights to the names "Canada North Camps" and "Canada North Group" are being sold as part of the Camp Transaction, as defined in the Order granted in these proceedings on March 20, 2018 (the "**Camp Transaction Order**"); AND UPON BEING ADVISED that, the current directors of CNC, CNGI, 816, 137, and 191 (collectively, the "**Remaining Applicants**") wish to resign effective the closing of the Camp Transaction;

AND UPON hearing from counsel for the Applicants, counsel for Canadian Western Bank, counsel for the Monitor and such other counsel as were present, IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

EXTENSION OF STAY

2. The Stay Period as referred to and defined in paragraph 13 of the Initial Order is hereby extended to and including July 31, 2018

SALE OF WINTERBURN PROPERTY

3. 137 is hereby authorized to sell the property legally described as

Plan 8622655
Block E
Excepting Thereout All Mines and Minerals
Area: 5.66 Hectares (13.99 Acres) More or Less

(the "**Winterburn Property**")

pursuant to the terms of the Offer to Purchase and Interim Agreement made between 137 and 2007062 Alberta Ltd. (or its nominee) (the "**Purchaser**") dated February 17, 2018 and appended as Schedule "D" to the Confidential Supplement to the Eleventh Report and amended by the Purchaser Condition Removal and Second Amending Agreement dated March 23, 2018 (collectively, the "**Purchase Agreement**") and appended to Schedule "A" of the Confidential Supplement to the Twelfth Report (collectively, the "**Winterburn Transaction**").

4. 137 is hereby authorized and approved to, without further Order of this Court:

   (a) take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Winterburn Transaction or for the conveyance of the Winterburn Property to the Purchaser; and

   (b) agree with the Winterburn Purchaser to such minor amendments to the Purchase Agreement as may be required to facilitate closing, subject to the approval of the Monitor.

5. Upon the delivery of a Monitor's certificate to the Winterburn Purchaser (or its nominee) substantially in the form set out in Schedule "A" hereto (the "**Monitor's Certificate**"), all of 137's right, title and interest in and to the Winterburn Property shall vest absolutely in the name of the Purchaser free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured,

unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

(a) any encumbrances or charges created by the Initial Order;

(b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and

(c) those Claims listed on Schedule "B" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, easements and restrictive covenants listed on Schedule "C") (the "**Permitted Encumbrances**"); and,

for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Winterburn Property are hereby expunged and discharged as against the Winterburn Property.

6. Upon the delivery of the Monitor's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar of Land Titles of Alberta (the "**Registrar**") is hereby authorized, requested, and directed to cancel the existing Certificate of Title No. 132 082 619 for the Winterburn Property and to issue a new Certificate of Title for the Winterburn Property in the name of the Purchaser (or its nominee), and to register such transfers, discharges, discharge statements of conveyances, as may be required to convey clear title to the Winterburn Lands to the Purchaser (or its nominee), which Certificate of Title shall be subject only to the Permitted Encumbrances.

7. This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.

8. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Winterburn Property (to be held by the Monitor) shall stand in the place and stead of the Winterburn Property, and from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Winterburn Property with the same priority as they had with respect to the Winterburn Property immediately prior to the sale, as if the Winterburn Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. The Winterburn Purchaser shall, by virtue of the completion of the Winterburn Transaction, have no liability of any kind whatsoever in respect of any Claims against 137 or the Winterburn Property.

10. Immediately after the closing of the Winterburn Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Monitor or 137.

11. The Monitor is to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).

12. Notwithstanding:

(a) The pendency of these proceedings;

(b) Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of 137 and any bankruptcy order issued pursuant to any such applications; and

(c) Any assignment in bankruptcy made in respect of 137.

the vesting of the Winterburn Property the Winterburn Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of 137 and shall not be void or voidable by creditors of 137, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

13. 137, the Monitor, the Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Winterburn Transaction.

ORDERS ANCILLARY TO CLOSING THE RESTRUCTURING TRANSACTION

14. Pursuant to the Plan of Arrangement (the "**Plan**") attached to and approved by the Camp Transaction Order, on filing of the Pre-Closing Transaction Monitor's Certificate (as defined in the Camp Transaction Order):

   (a) The DJ Transferred Assets (as defined in the Plan) and the DJ Claims (as defined in the Plan) shall transfer to and be assumed by CNGI and the DJ Claims will attach to the DJ Transferred Assets with the same priority as they had with respect to the DJ Transferred Assets immediately prior to the transfer, as if the DJ Transferred Assets had not transferred and remained in the possession or control of DJ. DJ shall thereafter be free and clear of all DJ Claims whatsoever, except the Permitted DJ Claims (as defined in the Plan). For the purposes of the *Income Tax Act* and the *Excise Tax Act*, the fair market value of the DJ Transferred Assets is deemed to be nil. For the purposes of the *Income Tax Act* and the *Excise Tax Act*, the discounted value of the DJ Claims and is deemed to be nil; and

   (b) The CSL Transferred Assets (as defined in the Plan) and the CSL Claims (as defined in the Plan) shall transfer to and be assumed by CNGI and the CSL Claims will attach to the CSL Transferred Assets with the same priority as they had with respect to the CSL Transferred Assets immediately prior to the transfer, as if the CSL Transferred Assets had not transferred and remained in the possession or control of CSL. CSL shall thereafter be free and clear of all CSL Claims whatsoever, except the Permitted CSL Claims (as defined in the Plan). For the purposes of the *Income Tax Act* and the *Excise Tax Act*, the fair market value of the CSL Transferred Assets is deemed to be nil. For the purposes of the *Income Tax Act* and the *Excise Tax Act*, the discounted value of the CSL Claims and is deemed to be nil.

15. Upon the filing of the Camp Monitor's Certificate, as defined in the Camp Transaction Order, and effective only from the date of such filing:

   (a) Campcorp and DJ shall be removed as Applicants from these proceedings and shall no longer be subject to the Initial Order or any subsequent Orders in these proceedings;

   (b) CNG shall change its name to 667402 Alberta Ltd. and CNC shall change its name to 18512398 Alberta Ltd.;

   (c) The Style of Cause in these proceedings shall be amended:

      (i) to amend the names of each of CNG and CNC to their respective numbers as set out in paragraph 15(b) above; and

      (ii) to delete Campcorp and DJ; and

(d) The resignations of each of Paul McCracken and Shayne McCracken as directors of each of the Remaining Applicants shall be deemed to be accepted by each of the Remaining Applicants and the Alberta Registrar of Corporations is directed to reflect their resignation in the corporate records for each of ~~Campcorp and DJ~~ the Remaining Applicants.

EXPANSION OF MONITOR'S POWERS

16. Upon the filing of the Camp Monitor's Certificate, as defined in the Camp Transaction Order, and effective only from the date of such filing, the Monitor's powers are expanded as set out in this Order.

17. Nothing in this Order shall derogate from the powers of the Monitor as provided for in the Initial Order or subsequent Orders in this Action.

18. In addition to the powers and duties of the Monitor set out in the Initial Order, and without altering in any way the limitations and obligations of the Remaining Applicants because of these proceedings, or prior orders of the Court in these proceedings, the Monitor be and is hereby authorized and empowered to do any of the following with respect to the Remaining Applicants where the Monitor considers it necessary or desirable:

(a) preserve, protect and maintain control of the Remaining Applicants' remaining real property, personal property, books, records, and documents (paper and electronic) (collectively "Property"), and any and all proceeds, receipts and disbursements arising out of or from the Property or any parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(b) manage, operate and carry on the business of the Remaining Applicants, including, without limitation, completing the sale of the Winterburn Property;

(c) take all steps and actions the Monitor, on behalf of the Remaining Applicants, considers necessary or desirable in these proceedings including, without limitation:

(i) entering into any agreements;

(ii) incurring obligations in the ordinary course of business;

(iii) retaining or terminating employees;

(iv) ceasing to carry on all or any part of the business;

(v) marketing any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Monitor, in its discretion, may deem appropriate;

(vi) subject to the terms of the Initial Order, selling, conveying, transferring, leasing or assigning the Property or any part or parts thereof out of the ordinary course of business of the Remaining Applicants;

(vii) applying for any Vesting Order or other Orders necessary to convey the Property or any part of parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property.

(viii) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

(ix) oversee and direct the preparation of cash flow statements and to assist in the dissemination of financial and other information in these proceedings;

(x) receive, collect and take possession of all monies and accounts now owed or hereafter owing to any one or more of the Remaining Applicants, including proceeds payable pursuant to sales of Property;

(xi) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property or business of the Remaining Applicants, whether in the Monitor's name or in the name and on behalf any one or more of the Remaining Applicants;

(xii) initiate, prosecute and continue the prosecution of any and all proceedings on behalf of one or more of the Remaining Applicants and to settle or compromise any such proceedings or claims. For greater certainty, such authority shall include the ability to represent the Remaining Applicants in any negotiations or mediation with respect to such claims of the Remaining Applicants. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceedings;

(xiii) exercise any rights which the Remaining Applicants may have;

(xiv) provide instruction and direction to the advisors of the Remaining Applicants;

(xv) make any distribution or payments required under any Order in these proceedings; and

(xvi) exercise any other incidental rights or powers which the Remaining Applicants may have, including rights or powers available to the Remaining Applicants under the terms of the Initial Order and the Companies' Creditors Arrangement Act as applicable, as deemed reasonable and appropriate by the Monitor.

19. No provision in this Order is intended to appoint the Monitor as an officer, director or employee of any of the Remaining Applicants. Additionally, nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, or receiver and manager of any of the Remaining Applicants or a successor employer and that any distributions made to creditors of the Remaining Applicants and any actions taken by the Monitor in furtherance to the directions given in this Order or previous Orders will be deemed to have been made by the Remaining Applicants, as applicable.

20. The Remaining Applicants, and their current and former shareholders, officers, directors, agents and representatives shall fully co-operate with the Monitor in the exercise of its powers and discharge of its duties and obligations under this Order or any other Order of the Court.

21. The Monitor shall continue to have the benefit of all of the protections and priorities as set out in the Initial Order and any such protections and priorities shall apply to the Monitor in fulfilling its duties under this Order or in carrying out the provisions of this Order.

ASSIGNMENT OF GRAND RAPIDS ACCOUNTS RECEIVABLE AND RELATED CLAIMS

22. Effective as of the filing of the Camp Monitor's Certificate, any and all right, title and interest:

(a) of CNC and Heart Lake Canada North Group GP ("**Heart Lake**") to accounts receivable pursuant to or arising from the Services Agreement No. 4600005905 made between Grand Rapids Pipeline Limited Partnership ("**Grand Rapids**") and Heart Lake effective November 4, 2014;

(b) of CNC, 137 and Wandering River Properties Ltd. ("**Wandering River**") to accounts receivable pursuant to or arising from the Lease Agreement made among 137, Wandering River and Grand Rapids effective October 1, 2014;

(c) of Heart Lake, 137 and Wandering River in and to the proceedings of the Court of Queen's Bench of Alberta Action No. 1701 – 16910 (the "**Grand Rapids Action**") in addition to all claims of whatsoever nature or kind which 137 now has or may have hereafter in relation to the Grand Rapids Action, including, but not limited to, any and all rights to collect and receive any amounts awarded pursuant to a judgment or any benefits that may arise from a settlement of the Grand Rapids Action

are assigned and transferred over to DJ.

23. Upon filing of this Camp Monitor's Certificate:

(a) the Clerk of the Court of Queen's bench is hereby authorized and directed to amend the style of cause of the Grand Rapids Action to substitute DJ as Plaintiff for Heart Lake, Wandering River and 137; and

(b) DJ is hereby permitted and authorized to take up and continue proceedings in the Grand Rapids Action in its own name and at its own expense.

TRANSFER OF CNRL ACCOUNTS RECEIVABLE AND RELATED CLAIMS

24. The parties to the Camp Transaction are authorized to amend the Camp Transaction so that Campcorp's right, title, and interest in and to its accounts receivable with Canadian Natural Resources Limited ("**CNRL**") arising from services and materials provided to or in connection with building of CNRL's North Kirby Camp and Wooden House Camp stay with Campcorp and are not removed from Campcorp prior to the shares of Campcorp being sold as part of the Camp Transaction.

FOREIGN ASSISTANCE

25. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order.

NO PROCEEDINGS AGAINST THE MONITOR

26. No proceeding or enforcement process in any court or tribunal, shall be commenced or continued against the Monitor except with the written consent of the Monitor or with leave of this Court.

SEALING THE CONFIDENTIAL REPLACEMENT SCHEDULE, CONFIDENTIAL SUPPLEMENTS TO THE ELEVENTH, TWELFTH AND THIRTEENTH REPORT

27. The Confidential Replacement Schedule, the Confidential Supplements to the, Eleventh, Twelfth and Thirteenth Report shall be sealed on the Court file until further order of this Court, notwithstanding Division 4 of Part 6 of the Alberta Rules of Court.

28. The Clerk of this Honourable Court shall file the Confidential Replacement Schedule, the Confidential Supplements to the Eleventh, Twelfth and Thirteenth Report in sealed envelopes that set out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY ERNST & YOUNG INC., in its capacity as Court-Appointed Monitor of CANADA NORTH GROUP INC., et al. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO AN ORDER ISSUED BY JUSTICE K. D. Nielsen ON April 20, 2018 UNTIL FURTHER ORDER OF THIS COURT.

APPROVAL OF REPORTS AND ACTIVITIES

29. The Tenth to and including the Fourteenth Reports of the Monitor, and any Confidential Supplements and Schedules prepared in connection therewith, and the activities of the Monitor outlined therein, are hereby approved provided, however, that only the Monitor in its personal capacity and only with respect to its own personal liability shall be entitled to rely upon or utilize in any such approval.

J.C.Q.B.A.

SCHEDULE A

Form of Monitor's Certificate

COURT FILE NUMBER	1703 12327
COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	Edmonton
	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.
DOCUMENT	**Monitor's Certificate**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	DUNCAN CRAIG LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attn: Darren R. Bieganek, QC Phone: 780.441.4386 Fax: 780.428.9683 Email: dbieganek@dcllp.om

RECITALS

A. Pursuant to an Order of the Honourable Justice K.G. Nielsen of the Court of Queen's Bench of Alberta, Judicial District of Edmonton (the "Court") dated July 5, 2017, Ernst & Young Inc. was appointed as the Monitor of CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD. (collectively, the "**Debtor**").

B. Pursuant to an Order of the Court dated April 20, 2018, the Court approved the sale transaction (the "**Winterburn Transaction**") contemplated by an agreement of purchase and sale (the "**Winterburn Sale Agreement**") made between 137 and 2007062 Alberta Ltd. or nominee (the "**Winterburn Purchaser**") dated February 17, 2018 and appended as Schedule "D" to the Confidential Supplement to the 11th Report of Ernst & Young Inc. in its capacity as Monitor of the Applicant (the "**Monitor**") dated March 12, 2018 and subsequently amended by the Purchaser Condition Removal and Second Amending Agreement dated March 23, 2018 and appended to Schedule "**A**" of the Confidential Supplement to the Twelfth Report of the Receiver dated April 9, 2018, which provided for the vesting in the Winterburn Purchaser (or its nominee) of 137's right, title and interest in and to the land and improvements (the "**Winterburn Property**") described in the Winterburn Sale Agreement which vesting is to be effective with respect to the Winterburn Property upon the delivery by the Monitor to the Winterburn Purchaser of a certificate confirming (i) the payment by the Winterburn Purchaser of the Purchase Price for the Winterburn Property; (ii) that the conditions to Closing as set out in sections 5 and 6 of the Winterburn Sale Agreement have been satisfied or waived by 137, the Monitor and the Winterburn Purchaser; and (iii) the Winterburn Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Winterburn Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Winterburn Purchaser (or its nominee) has paid and 137 has received the Purchase Price for the Winterburn Property payable on the Closing Date pursuant to the Winterburn Sale Agreement;
2. The conditions to Closing as set out in sections 5 and 6 of the Winterburn Sale Agreement have been satisfied or waived by 137, the Monitor and the Winterburn Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at **[Time]** on **[Date]**.

Ernst & Young Inc., in its capacity as Monitor of the Debtor and not in its personal capacity.

Per:________________________

Name:

Title:

SCHEDULE B

Winterburn Encumbrances

1. Registration 102 253 454: Caveat re: Lease Interest in favour of Experienced Equipment Sales & Rental registered on July 21, 2010.

2. Registration 112 394 192: Mortgage in favour of 506221 Alberta Ltd. registered on December 7, 2011.

3. Registration 162 322 778: Mortgage in favour of Northland Mortgage & Investment Corporation registered on November 16, 2016.

4. Registration 162 322 779: Caveat re: Assignment of Rents and Leases in favour of Northland Mortgage & Investment Corporation registered on November 16, 2016.

5. Registration 172 101 430: Mortgage in favour of Canadian Western Bank registered on April 27, 2017.

SCHEDULE C

Winterburn Permitted Encumbrances

1. Registration 022 349 944: Caveat re Lease in favour of TM Mobile Inc. registered on September 17, 2002.

TAB 2

Clerk's Stamp

JUDICIAL CENTRE OF EDMONTON
FILED
JUN 11 2018
Clerk of the Court

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., AND 1919209 ALBERTA LTD.
DOCUMENT	**MONITOR'S FIFTEENTH REPORT**
	June 11, 2018
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com <u>COUNSEL</u> Duncan Craig LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attention: Darren R. Bieganek, QC Phone: 780-441-4386 Fax: 780-428-9683 Email: dbieganek@dcllp.com

TABLE OF CONTENTS

SCHEDULES

Schedule A – Agreement between Aurora Lodging Inc. and the Monitor

INTRODUCTION AND PURPOSE OF THE REPORT

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

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

3. On July 27, 2017, the Applicants made an application to the Court for an extension of the Stay and to add 1919209 Alberta Ltd. ("**1919**") as an applicant to the CCAA Proceedings. The relief sought by the Applicants at this application was granted by the Court, and for the purposes of this report, 1919 will be included in the defined term Applicant, unless otherwise noted.

4. On April 20, 2018, the Applicants made an application to the Court for an Order:

   a.) approving the sale of Winterburn;

   b.) assigning certain litigation;

   c.) dealing with certain issues regarding the Camp Transaction;

   d.) expanding the powers of the Monitor;

   e.) removing certain parties as Applicants;

   f.) authorizing name changes of certain Applicants; and

   g.) extending the Stay.

   The Court granted an Order which provided for the relief sought by the Applicants as requested effective that same date.

5. Pursuant to certain provisions of the Order dated April 20, 2018, on May 3, 2018 the Camp Monitor's Certificate was filed with the Court by the Monitor, and directly as a result, several significant changes to these CCAA proceedings occurred (amongst other changes and relief granted in the Order), namely:

   a.) Campcorp and DJ were removed as Applicants from these CCAA proceedings and are no longer subject to the Initial Order or any subsequent Orders in these proceedings;

   b.) CNG changed its name to 667402 Alberta Ltd. ("667") and CNC changed its name to 18512398 Alberta Ltd. ("**185**");

   c.) The Style of Cause in these CCAA proceedings was amended:

      i.) to change the names of each of CNG and CNC to their respective numbers as noted above; and

      ii.) to delete Campcorp and DJ;

   d.) The resignations of each of Paul and Shayne McCracken as directors of the Remaining Applicants (as applicable) was deemed to be accepted by the Remaining Applicants;

   e.) The Monitor's powers were expanded as set out in the Order; and

   f.) Any and all right, title and interest in the Grand Rapids accounts receivable and related claims were assigned and transferred over to DJ.

6. Over the Course of these CCAA proceedings, the Applicants have made a number of applications to this Court requesting various relief and corresponding extensions of the Stay. To date, the Monitor has filed fourteen reports with the Court and issued three unfiled Confidential Supplements in relation to its Eleventh, Twelfth Report and Thirteenth Report. Copies of all filed Monitor's reports, materials filed by the Applicants, application materials and previous Orders of the Court can be accessed on the Monitor's website as noted in the disclaimer section of this report below.

7. The purpose of this report (the "**Fifteenth Report**") is to provide the Court and the Remaining Applicants' stakeholders with:

   i.) an update in relation to the status of the transaction with Restructuring Investor, the closing of the Winterburn Yard sale, and the effective date of the expansion of the Monitor's powers;

ii.) an update in relation to the actions of the Monitor since the date of the last report, specifically since the expansion of its powers effective May 3, 2018;

iii.) information in relation to the Monitor's recommendation to Canada North Group LP Holdings Ltd. to the CCAA proceedings;

iv.) information in relation to a pending sale of certain assets located at the Bonnyville camp site;

v.) information in relation to a request by BDC for a reserve for future legal fees in these CCAA proceedings;

and to serve as support for an Order of the Court that:

vi.) approves the actions of the Monitor as set out in this report;

vii.) adds Canada North Group LP Holdings Ltd. to these CCAA proceedings as a Remaining Applicant;

viii.) approves the sale of certain assets at the Bonnyville camp site and vests clear title of the assets sold to the potential purchaser on closing of the transaction contemplated herein;

ix.) provides direction to the Monitor in relation to the payment of the reserve for future legal fees as requested by BDC; and

x.) extends the Stay to December 31, 2018.

DISCLAIMER

8. In preparing the Fifteenth Report, the Monitor has relied upon unaudited financial information of the Remaining Applicants, the Remaining Applicants' books and records, certain financial information prepared by the Remaining Applicants and discussions with the Remaining Applicants' management (**"Management"**). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or

relied upon in its preparation. Future oriented financial information reported or relied on in order to prepare this report is based on Management's assumptions regarding future events; actual results will vary from forecast, and such variations may be material.

9. This report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders previously issued in these proceedings all of which, save for items directed to be sealed for confidentiality purposes, are available on the Monitor's website established for these proceedings that is located at *http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410*. In addition, this report should be read in conjunction with any new materials filed with the Court by the Remaining Applicants (if any) prior to the date set for the application as set out in this report.

10. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein not otherwise defined are as defined in the previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

STATUS OF TRANSACTION WITH RESTRUCTURING INVESTOR, WINTERBURN SALE, AND EXPANSION OF THE MONITOR'S POWERS

Status of Transaction with Restructuring Investor

11. It was decided amongst the Monitor and its counsel, counsel for the Applicants, and counsel for the Restructuring Investor that the effective date of the Camp Transaction would be close of business on April 21, 2018. This particular date was used as it provided for a streamlined cut-off of operations, payroll, and the transition of staff to the new operating entity. As such, effective April 22, 2018, all of the operations of the camps included in the Camp Transaction along with all of the associated former staff of the Applicants that were required to maintain future operations were transitioned to the Restructuring Investor's new operating entity, Lodgistx Accommodations and Service Inc. ("**Lodgistx**").

12. In the interim period between the effective date of the Camp Transaction and the filing of the Monitor's Certificate (Camp Transaction), a number of transactions were processed by the Remaining Applicants in relation to the operations of the camps after the effective date that will require to be reconciled with the Monitor. Conversely, Management has indicated that there were payments made after the filing of the Monitor's Certificate (Camp Transaction) by Lodgistx on behalf of the Remaining Applicants. There are a few other related adjustments that may also be required in relation to the Camp Transaction and the Monitor and Management will be completing a reconciliation of any such transactions and finalizing an adjustment as required in the near future.

13. Notwithstanding the reconciliation and anticipated adjustment referenced above, the Monitor advises that in all material respects the Camp Transaction was completed. On May 3, 2018, the Monitor signed and filed with the Court the Monitor's Certificate (Camp Transaction) within which the Monitor certified, amongst other things, that the funds in relation to the Camp Transaction had been received, and all other related conditions as required under the Order of the Court dated March 20, 2018 in relation to the Camp Transaction had been satisfied.

Winterburn Sale

14. Pursuant to discussions between 2007, the Monitor and their respective counsel, 2007 advised that in order to complete the purchase of the Winterburn Yard, 2007 would require possession on May 1, 2018. The Monitor agreed to allow 2007 to have possession on that date provided it was confirmed that the sale proceeds were in trust with the Monitor's counsel to close the transaction, and that 2007 would reasonably accommodate the Monitor and Remaining Applicants while the Monitor determined a course of action to deal with the Remaining Applicant's assets located on the Winterburn Yard. The Monitor received the confirmation required with respect to the sale proceeds and was comfortable moving forward and allowing 2007 to have possession for May 1, 2018.

15. On May 3, 2018 the Monitor signed and filed with the Court the Monitor's Certificate (Winterburn) within which the Monitor certified, amongst other things, that the funds in relation to the sale of the Winterburn Yard had been received, and that the transaction had been completed to the satisfaction of the Monitor.

Expansion of the Monitor's Powers

16. As a result of the filing of the Monitor's Certificate (Camp Transaction) on May 3, 2018, the Monitor's powers were expanded effective that date in accordance with the Order of the Court dated April 20, 2018. The conservatory measures and a number of the other actions taken by the Monitor in relation to its expanded powers since May 3, 2018 are discussed below.

CONSERVATORY MEASURES AND OTHER ACTIONS OF THE MONITOR SINCE EXPANSION OF ITS POWERS

Conservatory Measures

17. Management provided the Monitor with the relevant details in relation to all existing bank accounts maintained by the Remaining Applicants, and the Monitor has taken measures to freeze all withdrawals or close the accounts as applicable. A number of bank accounts that were used by the

Remaining Applicants were not closed by the Monitor, but instead were simply placed into a "monitor and verify" status for any outgoing transactions. The Monitor was advised that many of the Remaining Applicants' customers pay by way of electronic fund transfers, and it was decided that trying to switch payment arrangements to the Monitor's trust account was not practical for a number of reasons. The Monitor is accounting for all deposits received in all existing bank accounts and will sweep funds on account for deposit into the trust account opened by the Monitor. In addition to the above, the Monitor is working with the Remaining Applicants, and the respective banks to ensure that appropriate payments required for continued operations, payroll, insurance, post-CCAA trade creditors and otherwise are properly authorized and recorded, prior to any payments occurring.

18. The Monitor has not redirected the mail of the Remaining Applicants. Instead, the Monitor continues to work with Management and has established arrangements to pick up documents, cheques and other mail at the former head office of the Remaining Applicants, which is now home to the head office for Lodgistx, the operating entity established to run the camp business by the Restructuring investor.

19. The Monitor advised the Remaining Applicants' insurer of its appointment and expanded powers and has reviewed the existing policies, made adjustments where necessary or deemed appropriate, and confirms that adequate coverage is now in place.

20. The Monitor arranged for adequate security at all of the remaining camps previously operated by the Applicants pursuant to various limited partnership agreements (discussed later in this report), as well as for security at both the Winterburn Yard and the Farm as required by the Applicants' insurer.

21. As at May 3, 2018, the Remaining Applicants' residual rolling stock, dorms and other assets (excluding formerly operating camps in remote areas, discussed later) ("**Residual Assets**"), were located primarily at either the Winterburn Yard or the Farm.

22. As noted earlier in this report, the Winterburn Yard was sold, and 2007 took possession of the site on May 1, 2018. 2007 was very cooperative with the Monitor, and allowed the Remaining Applicants, and the Monitor to remain on the premises in the short term while the logistics in relation to the Residual Assets on site were addressed. The Monitor enquired as to whether or not 2007 would be agreeable to allow a potential auction of the Residual Assets on site at some point later in the summer, and was advised that 2007 would prefer that the Residual Assets be removed and sold elsewhere. In addition, it was the Monitor's view that as 2007 continued to move its own assets onto the Winterburn Yard and started operating, additional storage concerns and related issues in

relation to the Residual Assets could arise. The Monitor determined that it would be best to move all of the Residual Assets from the Winterburn Yard to the Farm, for a number of reasons, including but not limited to the following:

a.) The relocation of the Residual Assets to the Farm would reduce security costs, as only one location would need to be monitored;

b.) The Monitor maintained staff on the payroll from Campcorp to complete a construction project that was in the final stages of completion, and such staff had capacity to assist in the relocation, which in turn minimized the costs of the move to the estate;

c.) The relocation of the Residual Assets reduced the risk of any assets being inadvertently co-mingled with those of 2007's, damaged, or otherwise disappearing;

d.) The relocation would eliminate the risk that some of 2007's assets would be accidently removed, damaged or sold by a liquidator engaged by the Monitor to sell the Residual Assets at the Winterburn Yard. At the same time, avoiding a sale on 2007's property and moving the Residual Assets also avoids possible damage and cleanup costs to the Winterburn Yard in the future from the workers and patrons attending the sale and by heavy equipment used by purchasers to pick up assets purchased, or otherwise; and

e.) The relocation of the Residual Assets to the Farm would increase potential liquidators' interest in submitting a proposal to have an auction sale as essentially all of the Residual Assets would then be located on one site and the Farm could be used to hold a sale (as opposed to having to move the assets to a different site, which was a concern expressed by a number of liquidators when the Monitor was supervising the Applicants as they requested proposals for the purchase / sale of a portion of the Residual Assets in March 2018).

23. In regard to the Farm, the Residual Assets onsite now consist of various pieces of rolling stock, miscellaneous equipment and approximately 100 dorms / sleeper camp units. All of the major assets at the Farm have been inventoried and photographed by the Monitor. The Farm is fenced and gated and appropriate security measures have been established. The Monitor does not plan on changing the locks on any of the surplus dorm units as this would involve changing several hundred locks at a significant cost. As at the date of drafting this report, although the majority of the Residual Assets have been moved to the Farm, there remains a few items yet to be recovered/relocated from the Winterburn Yard or otherwise. The Monitor will change the locks to the permanent buildings and the gate once it is confirmed that all assets required to be moved to

the Farm, have been relocated and that access by the retained CNC staff is no longer required.

24. In addition to the securing the Residual Assets discussed above, the Monitor attended 6 of the 7 camps previously operated by the Applicants that remain and did not form part of the sale with the Restructuring Investor. Each of the camps attended were photographed and all of the significant assets on each site were inventoried by the Monitor. Specifically, the Monitor attended the following sites:

    i) Bonnyville, Alberta

    ii) Peace River, Alberta

    iii) Wabasca, Alberta

    iv) HML Lodge, Alberta

    v) Wandering River, Alberta

    vi) Cimarron, British Columbia.

25. Only one former camp site has not yet been attended by the Monitor as at the date of this report and that camp is known as Kilometer 147 or Monais. The Monitor has been advised that there have been access issues in relation to this camp in the past that are being addressed currently by the Monitor and its counsel. The Monitor hopes to have any such issues resolved and an inspection and inventory of the assets located at the Monais camp site completed in due course.

26. In previous reports of the Monitor, the Monitor was considering continuing operations at either or both camps known in these proceedings as HML and Wabasca. In consultation with Management, the Monitor was advised that there were only 2 men in camp at Wabasca and although there were approximately 15 - 20 men in HML, there were significant repairs required to HML in order to legally continue operating. Further, the Monitor was advised that there were no contracts with customers at HML and as such, there was no guarantee that the customers currently staying in camp would continue to stay in the camp for any period of time to recover the costs of the repairs required. The Monitor discussed the matter at length with Management, reviewed the related costs to continue to operate, and decided to shut both of these camps down immediately. Management agreed with the assessment of the Monitor, and after these specific camps were shuttered, the Monitor arranged for 24 hour camp watch at each of these sites, and all utilities, internet, cable and other related expenses were reduced significantly to a minimum.

27. To assist with the attendance at the various camp sites, the inventory of the related assets and to provide an updated forced sale assessment of each of the remaining camps, the Monitor engaged Mirterra Industrial Appraisers & Auctioneers ("**Mirterra**"). Mirterra was previously engaged by the Applicants earlier in these CCAA proceedings to provide an appraisal of the Applicants' assets for other purposes.

Other Actions of the Monitor

28. In addition to the conservatory measures discussed above, the actions of the Monitor also include, but are not limited to the following:

a.) Sent an updated request for proposals ("RFP") to all of the liquidators who were included in the original RFP request conducted in March 2018. A number of new additional parties were also included after expressing interest to the Monitor since the last RFP was completed. To date, the Monitor has had numerous calls from interested parties and has attended the Farm to show assets. The deadline for submission of proposals is June 22, 2018. An updated RFP process was required in light of the Monitor's decision to move all of the Residual Assets to the Farm as well as the fact that a significant number of additional assets were added to the Residual Assets by the Applicants in comparison to the assets that were subject to the original RFP;

b.) As previously mentioned above, the Monitor retained certain staff of the Remaining Applicants to assist with relocating assets, as well as to finish the construction and transportation of one remaining project. The Monitor also retained certain additional staff to assist with filing GST returns, to prepare and file records of employment and T4s, and to provide information required by the Monitor to address payables and receivables;

c.) Issued accounts receivable and work in progress invoices and collection letters, and continues to pursue collection of these funds;

d.) Collected the sale proceeds from the sale transactions involving the Restructuring Investor and the Winterburn Yard;

e.) Reviewed invoices and supporting documents and issued payments to several of the professionals who were owed fees from these CCAA proceedings;

f.) Continues to review accounts payables of the Remaining Applicants, and make payments to trade creditors who provided goods and or services to the Applicants post-CCAA;

g.) Continues to work with its counsel as required to evaluate and address a number of issues in relation to the Remaining Applicants' assets and affairs, creditor enquiries and matters, priority issues and other related items;

h.) Issued payments to CRA totalling $685,542.93 on account of the outstanding deemed trust claims issued against CNC and Campcorp;

i.) Issued payment to BDC in the amount of $3,606,582.29 to repay the DIP and related interest and legal costs as calculated to May 29, 2018 (this matter will be discussed further, later in this report);

j.) Continues to communicate with affected creditors and stakeholders as required; and

k.) Prepared this report.

ADDITION OF CANADA NORTH GROUP LP HOLDINGS LTD. TO THE CCAA PROCEEDINGS

Background Information

29. 667, formerly CNG, is the 100% shareholder of Canada North Group LP Holdings Ltd. (**"Holdings"**), and 667 is also the 100% shareholder of 185 (formerly CNC), Campcorp, and DJ. Holdings is a limited partner in all the limited partnerships which established several of the various camps, each of which were operated under contract by 185, formerly CNC. The Monitor understands that both Paul and Shayne McCracken have resigned as directors of Holdings at present. Currently, there are six camps still in place, which were operated under the limited partnerships, and these camps, and the respective partnership interests of Holdings are as follows:

a.) Kilometer 147 LP (**"147"**) - (33%)

b.) Peace River Lodge LP (**"Peace"**) - (49.5%)

c.) Bonnyville Lodge LP (**"Bonnyville"**) - (49.5%)

d.) Wandering River Lodge LP (**"Wandering"**) - (24.75%)

e.) HML Lodge Limited Partnership (**"HML LP"**) - (49.5%)

f.) Cimarron Lodge Limited Partnership (**"Cimarron"**) - (49.5%)

30. The only other camp is located in and known as Wabasca. This camp was not operated under a limited partnership arrangement and is wholly owned by 185 on lands owned by 137.

31. Holdings made contributions to each of the limited partnerships noted above, which contributions vary to some extent between each of the partnerships; however, such contributions generally included a proportionate share of initial working capital, staffing the camps, groceries, equipment and in some cases the land on which the camp was situated.

Secured Creditors

32. Although further investigation is required into the various secured creditors against the limited partnerships and relevant parties, the paragraphs that follow outline the registrations noted by the Monitor and its counsel in relation to Holdings, the limited partnerships, and the general partners of the limited partnerships.

33. BDC and CWB both have security registrations against Holdings' all present and after acquired property, registered in first and second position respectively, and CWB also has a registered land charge and assignment of debt owing to 185 registered.

34. CWB has security registrations in Alberta for all present and after acquired accounts, chattel paper, securities and instruments (and proceeds thereof) against 147, Peace, Bonnyville, Wandering, and HML LP.

35. Remote Waste LP has registrations in Alberta against all present and after acquired personal property for both 147 and Peace.

36. 185 has registrations in Alberta against all present and after acquired personal property as well as land charge registrations for 147, Peace, Bonnyville, Wandering, and HML LP

37. CWB has registrations in Alberta for all present and after acquired accounts, chattel paper, securities and instruments (and proceeds thereof) against the general partner of each of 147, Peace, Bonnyville and HML LP.

38. 185 has registrations in Alberta against all present and after acquired personal property against the general partner of each of 147, Peace, Bonnyville, Wandering and HML LP.

39. The Monitor is not aware of any security registrations against Cimarron, or its general partner.

General Dissolution Provisions of the Limited Partnerships

40. Subject to some differences in relation to the HML Lodge Limited Partnership agreement, all of the other limited partnership agreements generally state the following:

a.) any limited partner may, at any time, send notice to the others that it desires to terminate the partnership;

b.) in the event that a dissolution notice is given by any limited partner to the others, the following provisions shall govern:

i) any assets that a limited partner or its affiliates or subsidiaries has leased to the partnership shall remain the property of that limited partnership or any of its affiliates or subsidiaries, and if applicable, shall be removed pursuant to the terms of the applicable lease agreement; and

ii) any assets that a limited partner or its affiliates or subsidiaries has contributed to the partnership shall be distributed to that limited partner or its affiliates or subsidiaries and that limited partner shall give 90 days' notice before removal of such assets;

c.) on dissolution of the partnership, the general partner shall act as the Receiver ("**Receiver**") of the partnership. If the general partner is unable or unwilling to act as Receiver, the limited partnership shall, by ordinary resolution, appoint some other appropriate person to act as Receiver. The Receiver will proceed to diligently wind down the affairs of the partnership and to distribute the net proceeds from the sale of the partnership assets in accordance with the partnership agreement;

d.) the Receiver shall distribute the net proceeds from the sale of the partnership assets as follows:

i) first, to pay the expenses of the liquidation and the creditors of the partnership;

ii) secondly, to provide such reserves as the Receiver considers appropriate or necessary for any contingent liability of the partnership;

iii) thirdly, to the limited partners, to the extent of the amount of their respective capital; and

iv) fourthly, to the limited partners, the balance thereof, pro rata in accordance with the number of respective units held; and

e.) the Receiver shall allocate net income, net loss, tax loss and taxable income to the account of the limited partners that received distributions, then shall be divided into equal amounts per total units issued and thereafter allocated amongst the partners' accounts in accordance with the number of units held by each partner.

41. In respect to HML Lodge Limited Partnership, the governing dissolution provisions are generally the same as above, except that:

a.) the limited partner Harrison Marine Ltd.'s ("**Harrison**") assets contributed remain its own, and any assets that Holdings contributed remain the property of Holdings and it shall give 90 days' notice before removal of such assets; and

b.) with respect to any assets that were purchased by the partnership ("**Joint Assets**"), either Harrison or Holdings shall have the right within 10 days of the dissolution notice to make an offer in writing to the partnership to purchase all of the Joint Assets from the partnership at a stipulated price and terms, and thereafter, there is a corporate "shotgun" type of process that commences in respect of such offer.

Adding Holdings to the CCAA Proceedings

42. As noted earlier, Holdings is an affiliate of 667 by virtue of its 100% shareholdings in Holdings and the Monitor understands that both Paul and Shayne McCracken have resigned as the directors of Holdings.

43. To the best of the Monitor's knowledge, the only operating camp that Holdings had an interest in over the course of the CCAA proceedings was HML as none of the other camps subject to the partnership agreements operated during the CCAA proceedings.

44. Holdings is effectively the entity within the Canada North family of companies that is party to the limited partnership agreements that legally operated the various camps. Further, Holdings is the entity within the limited partnerships that has caused 185 and other Remaining Applicants to enter into equipment leases with the limited partnership and/or to otherwise place dorms and other assets on the various lands to operate these camps.

45. Upon adding Holdings as an applicant in the CCAA proceedings, the Monitor will assume de facto control of Holdings. Thereafter, it would then be the intention of the Monitor to attempt to negotiate releases and/or sales of the Remaining Applicants' assets located on the camps, as well as favourable wind-down scenarios, with the partnerships, and their general partners and limited partners. If necessary, the Monitor may issue notices of dissolution under and pursuant to the

limited partnership agreements. This, in turn, will generally cause the following in respect of each of the limited partnerships:

a.) the partnership will return any assets leased or contributed by Holdings, 185, and 137, as applicable;

b.) any operating or services agreements entered into by 185 with the partnership will cease; and

c.) the general partner, or other appointed Receiver, will wind up the affairs of the partnership and distribute the net proceeds in accordance with the provisions of each agreement (discussed above).

46. The dissolution of the limited partnerships is necessary or beneficial for a number of reasons which would include, but not limited to, the following;

a.) the dissolution would provide for an orderly, transparent and efficient process to deal with the various camp and partnerships' affairs and remaining assets;

b.) it may generate value for Holdings' and/or 667's creditors from the realization of the partnership assets/recovery of property from the partnerships that was leased or contributed by Holdings or 667; and

c.) it will allow the Monitor to complete its mandate as it proceeds to finalize matters and bring these CCAA proceedings to an end.

47. Holdings is wholly owned by 667, and the Monitor being able to effect its enhanced powers over Holdings is the only manner in which it can seek to ensure the orderly wind-down of the above described camps, ensure it has the right to remove or sell assets from the camp lands, and effect the liquidation of any assets thereon, as is discussed further below.

48. Based on the above factors, the Monitor recommends that Holdings be added as an Applicant to these CCAA proceedings at this time.

SALE OF CERTAIN ASSETS FROM THE BONNYVILLE CAMP

49. On April 30, 2018, the Monitor was contacted by a representative from a prospective purchaser, and was advised that the prospective purchaser was just finalizing a transaction to acquire three 30-bed dormitories manufactured by Alta-Fab Structures Ltd. (the "**Dorms**") from Aurora Lodging

Inc. ("**Aurora**") that were located at the Bonnyville camp site (that was operated by Bonnyville as discussed earlier in this report). The representative from the prospective purchaser was concerned about the possible impact the CCAA proceedings would have on the proposed transaction, and as such contacted the Monitor to;

a.) obtain the Monitor's confirmation that the Monitor did not take issue with the proposed sale transaction, and that the Dorms could be removed from the Bonnyville camp site without issue;

b.) obtain the Monitor's confirmation that once the sale transaction was concluded, that the proposed purchaser would enjoy clear title to the Dorms; and

c.) to advise the Monitor/make arrangements for the pending removal of the Dorms from the Bonnyville camp site.

50. The prospective purchaser provided the Monitor with a copy of the Sales Agreement dated April 13, 2018 ("**Sales Agreement**"), with Aurora in relation to the Dorms, which outlined the description of the Dorms being sold (on an "as is", "where is" basis) and indicated the total sale price of the Dorms was $1,141,875.00 (including GST).

51. The Monitor advised the prospective purchaser that it was not aware of the transaction in question, or of any claim of property by Aurora in relation to the Dorms, and that the Dorms could not be sold or removed without further investigation and the approval of the Monitor. The Monitor requested additional information from the prospective purchaser, and deferred the matter to its counsel for further discussion and investigation.

52. Aurora engaged counsel shortly after April 30, 2018, after which, counsel for Aurora and the Monitor exchanged various correspondence and information in relation to the matter.

53. From correspondence received from Aurora and its counsel, Aurora is claiming to be the owner of the Dorms, and has further claimed that the Dorms in question (along with two additional 38 bed dorms) were leased to CNC in late July, 2013 for a lease term of 12 months, after which time, CNC continued to lease the Dorms on a month to month basis until CNC terminated the lease in February, 2015. Sometime shortly thereafter, Aurora has advised that Paul McCracken of CNC gave verbal permission to Aurora to store the Dorms at the Bonnyville camp site while Aurora attempted to sell or re-lease the Dorms elsewhere.

54. The Monitor has discussed this situation and Aurora's representations outlined above with Paul McCracken, who has advised the following:

a.) The Dorms were originally used by CNC in its efforts to support the flood relief in Calgary back in 2013, and as such, the Dorms were originally shipped to Calgary in 2013 and used as accommodations for relief workers (and/or others) at the time of the flood;

b.) After the flood relief efforts were concluded, the Dorms were moved up to Bonnyville and set up to be used at that location as CNC anticipated work from two significant customers at the time;

c.) Upon arrival of the Dorms at Bonnyville, the Dorms were tied into the camp's water, sewer/lift stations, and other utilities in anticipation of their use;

d.) One of the customers who had approximately 100 men in the Bonnyville camp pulled its crews from the Bonnyville area, and the other customer cancelled its projects in the area several years ago when the price of oil collapsed, and the Bonnyville camp has been sitting idle (unoccupied) since that time;

e.) The Aurora Dorms have never been de-mobilized, and remain attached to the camps services as noted above; as such, in order to remove the units, de-mobilization will be required; and

f.) CNC did terminate the lease with Aurora several years ago, and an agreement was verbally made allowing Aurora to leave/store its assets at no monthly cost on the Bonnyville camp site.

55. The Monitor has discussed the Sales Agreement with its counsel, CWB and its counsel, and Ron Victor of Mirterra. Based on the discussions with these parties, and particularly with Mr. Victor, the Monitor is of the opinion that the sale price of $1,141,875.00 for the Dorms is reasonable in the circumstances. Further, although the Aurora units have been incorporated into the Bonnyville Camp, the Monitor understands that the removal of the Dorms should not be an onerous task, and they are not essential to ensure the sale of the Bonnyville camp or the assets that will remain.

56. The Monitor, through its counsel, has advised Aurora that there are a number of potential claimants against the Bonnyville camp and the related assets, and as such, has concerns about other potential claims that could arise as against the Dorms.

57. Given all of the above factors, the Monitor has agreed to work with Aurora and the potential purchaser to complete the sale and release the Dorms. A copy of the agreement between the Monitor and Aurora is attached as Schedule "A" to this report, for ease of reference, the main conditions of the agreement are as follows:

a.) 100% of the sale proceeds will be held in trust with counsel for the Monitor pending either an agreement among any potential claimants and the Monitor, or further order of the Court;

b.) The purchase price shall stand in the place and stead of any and all claims against the Dorms;

c.) All arrangements for removal will be made and coordinated with the Monitor and its representatives;

d.) The purchaser will be responsible for the cost of the removal of the Dorms; and

e.) Aurora and the potential purchaser agree to hold the Monitor and Bonnyville harmless in respect of any and all damage and repair work to remove the Dorms from the Bonnyville camp, including capping off any utilities or otherwise.

58. As at the time of drafting this report, the sale proceeds have not yet been received by counsel for the Monitor, and the Dorms have not been removed from the Bonnyville camp site. The Monitor has recently been advised that the purchaser has requested that the Court approve the transaction outlined in the agreement and grant an order that vests clear title of the Dorms to the purchaser on closing of the transaction.

59. The Monitor recommends the Court grant an Order which incorporates the request by the purchaser in relation to the purchase of the Dorms discussed above.

LEGAL FEE RESERVE REQUEST BY BDC

60. On May 24, 2018, in response to a request of the Monitor for payout information in relation to the DIP provided by the Interim Lender (BDC), the Monitor received a letter from BDC that outlined the total amount outstanding in relation to the DIP and related interest and costs, as well as outstanding legal fees. Also included in this letter was a request to the Monitor to set aside "Reserve for Future Legal Fees" (the "**Reserve**") in the amount of $225,000.00 which BDC was requesting to be paid by the Monitor from funds on deposit in the Monitor's trust accounts. The Monitor understands that the purpose of the Reserve is for the continued response to CRA's appeal, and any potential further appeal to the Supreme Court of Canada, in relation to the priority of its claim for unremitted source deductions over the Administration Charge and the Interim Lender's Charge granted in the Initial Order.

61. The Monitor discussed the Reserve with its counsel, and it was the opinion of both the Monitor and

its counsel that the Reserve should not be paid to BDC without first seeking direction from the Court.

62. Over the same timeframe of the events noted above, CWB and its counsel enquired of the Monitor and its counsel as to the status of the DIP, the amount required to be paid to payout the DIP, and when it would be paid. Consequently, counsel for the Monitor discussed the matter with counsel for CWB, and was advised that CWB was opposed to any payment to BDC on account of the Reserve.

63. Counsel for the Monitor advised BDC and its counsel of CWB's opposition and of the fact that the Monitor would be seeking the direction of the Court prior to making any payment to BDC on account of the Reserve.

64. On May 28, 2018, the Monitor proceeded to pay out the balance of the amount sought by BDC in relation to the payout of the DIP (with interest calculated to May 29, 2018 to allow for delivery of the payment issued by the Monitor on May 28, 2018) along with any outstanding legal fees incurred as per the details provided, excluding the Reserve. Under the terms of the Interim Lending Agreement, BDC was entitled to have its legal fees paid by the Applicants on a full indemnity basis, and the total of such fees paid over the course of the CCAA proceedings to date is $215,761.71.

65. Given the nature of the Reserve, and the opposition of the payment of the Reserve by CWB, the Monitor respectfully requests the Court provide direction in relation to the payment of the Reserve at this time. The Monitor advises that it takes no position in relation to the Reserve; however, the Monitor does anticipate that there should be sufficient funds held in the estate trust accounts to cover the Reserve amount at a later date should the Court approve such a payment at a future application.

EXTENSION OF THE STAY

66. Pursuant to the Order granted April 20, 2018, the Stay was extended to July 31, 2018. Based on information discovered and the work done by the Monitor since the expansion of its powers, the anticipated work and matters yet to be discovered, completed or resolved, and the matters noted as in progress or otherwise in this report, it is the Monitor's respectful submission that the current extension to July 31, 2018, does not provide for sufficient time to address the matters identified to date, realize on the balance of the Remaining Applicants' assets, resolve and determine the allocation of the costs of the CCAA proceedings, distribute funds to creditors, and bring these CCAA proceedings to an end.

67. It is the opinion of the Monitor that it will take until at least December 31, 2018, before most of the substantive matters in these CCAA proceedings can be resolved, and these proceedings can be

brought to an end.

68. In an effort to minimize costs and focus on addressing the matters to bring these CCAA proceedings to an end, the Monitor respectfully requests an extension of the Stay to December 31, 2018.

OTHER MATTERS

Receivership of Morningstar Golf Club ltd. ("**Morningstar**")

69. For the Court's ease of reference, Morningstar is a golf club located in Parksville, British Columbia which is owned and controlled by 816. Although Morningstar was never an Applicant under these CCAA proceedings, pursuant to paragraph 13 of the Initial Order Morningstar was identified and included as a "Stay Party" and afforded a limited Stay. The Stay in relation to Morningstar was limited to any creditors whose claims arose as a derivative of the primary liability of any one or more of the Applicants, and any proceedings in relation to such claims were stayed and suspended pending further order of the Court.

70. Over the course of the CCAA proceedings given that Morningstar was not an applicant, the Monitor was not monitoring its affairs.

71. On May 10, 2018, the Monitor and its counsel were copied on an email from counsel for Shayne and Paul McCracken to counsel for both of the senior secured lenders of Morningstar, being Realcor Mortgage Corp. ("**Realcor**") who holds the first mortgage on the lands in which Morningstar operates, and CWB who holds a second mortgage against the same property. The email indicated a number of issues in relation to Morningstar, including:

a.) The company did not have sufficient liquidity to fund the upcoming payroll due within the following week, address outstanding payables or to continue in operations, without an injection of funds, or possibly, a formal insolvency proceeding;

b.) The McCrackens were not able to inject the necessary cash to continue operations, and if the course is shuttered, it may limit the value of the property on resale (as restarting the course would be an expensive proposition as the greens decay, etc.);

c.) The McCrackens have resigned as directors of Morningstar;

d.) That the course would be closing without delay unless Realcor and CWB advised that they wished to proceed in a manner that kept the golf course operating as a going concern by end of day on May 11, 2018.

72. The Monitor discussed the email received above with its counsel, and corresponded with both Realcor and CWB as required. It is the Monitor's understanding that there is no surplus value or equity in Morningstar over and above the claims of Realcor and CWB, but rather it is likely that there will be insufficient value to address both Realcor's and CWB's claims.

73. Both Realcor and CWB declined to advance funds to Morningstar to support continued operations, and CWB further advised that it was not prepared to fund a receivership of Morningstar at the time.

74. Given the above factors, the Monitor advised all of the parties involved that it was not in a position to operate Morningstar, and while Morningstar is wholly owned by 816, it is not one of the Remaining Applicants and is not completely subject to the CCAA proceedings. Further, utilizing proceeds or revenues from the existing estate to subsidize a non-applicant subsidiary was not within the scope of the Monitor's authority at the time.

75. Over the weeks that followed, various correspondence was exchanged between the Monitor's counsel, and counsel for Realcor. As a result of this correspondence, a Consent Order (agreed to by the Monitor) was granted on May 31, 2018 by the Court which lifted the Stay against Morningstar to allow Realcor to take enforcement action and appoint a receiver.

76. On June 1, 2018, Realcor applied to Court for the appointment of a receiver of Morningstar, and the Court granted the relief requested.

CONCLUSIONS

77. The Monitor advises that other than the distributions noted in this report, no further distributions are contemplated at this time.

78. The Monitor respectfully requests:

   a. An order approving the actions of the Monitor as set out in this report;

   b. An order adding Canada North Group LP Holdings Ltd. to these CCAA proceedings as a Remaining Applicant;

   c. An order approving the sale of certain assets at the Bonnyville camp site that also vests clear title of the assets sold to the potential purchaser on closing of the transaction contemplated herein;

d. Directions to the Monitor in relation to the payment of the reserve for future legal fees as requested by BDC; and

e. An order extending the Stay of Proceedings to December 31, 2018.

All of which is respectfully submitted.

Dated at Edmonton, this 11th day of June, 2018.

Ernst & Young Inc.
In its capacity as Monitor of
667402 Alberta Ltd.; 18512398 Alberta Ltd.;
816956 Alberta Ltd.; 1371047 Alberta Ltd.; and
1919209 Alberta Ltd.
and not in its personal or corporate capacity

Per:

Matt McCulloch, CPA, CA, CIRP, Licensed Insolvency Trustee
Senior Vice-President

SCHEDULE A

PARLEE MCLAWS LLP
BARRISTERS & SOLICITORS | PATENT & TRADEMARK AGENTS

JEREMY H. HOCKIN, Q.C.
DIRECT DIAL: 780.423.8532
DIRECT FAX: 780.423.2870
EMAIL: jhockin@parlee.com
OUR FILE #: 72762-2/JHH

June 1, 2018

Via Email

Duncan Craig LLP
Barristers & Solicitors
2800, 10060 Jasper Avenue
Edmonton, AB T5J 3V9

Attention: D. Bieganek, Q.C.

Dear Sir:

Re: Canada North Group Inc. et al (collectively "CNC") – CCAA Proceedings; Edmonton QB Action No. 1703 12327

This will confirm our various telephone conversations and email exchanges over the past few weeks.

I confirm that I am representing Aurora Lodging Inc. ("Aurora") with respect to the matters described in this letter. I confirm that you represent Ernst & Young Inc. in its capacity as Court Appointed Monitor of CNC ("the Monitor"). Aurora is the owner of three 30-bed Dormitories manufactured by Alta-Fab Structures Ltd. The serial numbers and model numbers of the three 30-bed dormitory units are as set out in the highlighted portion of the attached invoice dated July 10, 2013 (the "Dorm Units").

Aurora has accepted an offer to purchase the Dorm Units and the Purchaser requires access to the Dorm Units for the purpose of preparing them for removal and transport. The Monitor is prepared to facilitate the removal and transport of the Dorm Units on the terms set out below:

1. Aurora will cause the purchase price for the Dorm Units to be paid to Duncan Craig LLP in trust (the "Purchase Price"). The Purchase Price will be held by Duncan Craig LLP at interest, with interest to follow principal, in accordance with the terms of this letter agreement.

2. Upon receipt of the Purchase Price, the Monitor will permit the Purchaser, Komplete Modular Solutions Ltd. ("Komplete" or "the Purchaser"), to have access to the site where the Dorm Units are presently located ("the Bonnyville Lodge Camp") and will allow the Purchaser to remove the Dorm Units from the Bonnyville Lodge Camp.

3. The Monitor shall cause photographs to be taken of the Dorm Units for the purpose of assisting the parties to determine whether or not the Dorm Units have become "improvements" or "fixtures" to the land upon which they are presently located, and for determining whether or not they have become attached to any adjacent units.

4. The Purchaser and/or its agents shall coordinate with the Monitor with respect to all arrangements for the removal of the Dorm Units.

5. The Purchaser shall be responsible for the cost of removal of the Dorm Units. The Purchaser and Aurora agree to hold the Monitor, Bonnyville Lodge Limited Partnership and 137 1047 Alberta Ltd. harmless and indemnifying each of them in respect of any and all costs, charges, expenses, damages, and repair work or hoarding needed to remove the Dorm Units from the Bonnyville Lodge Camp. The Purchaser and Aurora shall be fully responsible for capping off and closing all utility connections and enclosing any other dorms to which the Dorm Units are attached once removed to properly secure them from adverse weather conditions and shall comply with any other reasonable requirements that the Monitor, in its discretion, may request of the Purchaser and Aurora.

6. The Monitor shall use its best efforts to determine the identity of all potential claimants to the Purchase Price and the maximum amount of their potential claims and shall advise Aurora, through its counsel herein, Parlee McLaws LLP, forthwith upon determining same. In the event that the maximum amount of potential claims against the Purchase Price is less than the amount of the Purchase Price held in the trust account of Duncan Craig LLP, then the difference shall be immediately released to Aurora through its counsel.

7. The Purchase Price shall stand in the place and stead of any and all claims against the Dorm Units.

8. The Purchase Price shall not be released from the trust account of Duncan Craig LLP without the consent of Aurora and the Monitor or alternatively by Court Order.

Please signify the Monitor's acceptance of the foregoing terms by affixing your signature in the space provided below and returning a fully executed copy of this letter agreement to me.

If there are any other terms or amendments to the existing terms that you would like to propose, I would be pleased to discuss them with you at your early convenience.

Yours truly,

PARLEE McLAWS LLP

JEREMY H. HOCKIN, Q.C.

JHH/lkd

Accepted and agreed to this 18th day of June, 2018

Duncan Craig LLP
Per:

Darren R. Bieganek, Q.C.
Solicitors and Agent for Ernst & Young Inc.
in its capacity as Monitor of CNC

TAB 3

FILED
SEP 19 2018
JUDICIAL CENTRE OF EDMONTON
Clerk of the Court

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT CT*, R.S.C. 1985, 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. AND 1919209 ALBERTA LTD.
DOCUMENT	BRIEF OF NORTHLAND MORTGAGE & INVESTMENT CORP.
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Witten LLP** Barristers & Solicitors Suite 2500, Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6 Solicitors for Northland Mortgage & Investment Corp. ATTN: Coralie Mohr/Kalen Lumsden FILE: 120102-15/DJC/KL PHONE: (780) 428-0501 FAX: (780) 425-0769 cmohr@wittenlaw.com / klumsden@wittenlaw.com

I. INTRODUCTION

1. This brief is written in response to the Monitor's application returnable September 21, 2017 for a $700,000 holdback to be applied against the proceeds of the sale of the Winterburn Property.

2. Northland Mortgage & Investment Corporation ("**Northland**") holds a second registered mortgage against the Winterburn Property securing the sum of $750,000.00 plus interest and plus legal costs, as between solicitor and his own client on a full indemnity basis (the "**Indebtedness**"). As at the date of this application, 1371047 Alberta Ltd. ("**137**") is indebted to Northland in the amount of $896,941.25 plus interest at the per diem rate of $362.46 mortgage.

Affidavit of Mark Eikeland sworn September 18, 2018 (the "**Northland Affidavit**") at para 10

3. Staheli Construction Co. Ltd ("**Staheli**"), as first mortgagee, has applied to have the Winterburn Property sale proceeds paid out of court. After payout of Staheli, the balance of the sale proceeds should flow to Northland as the next secured creditor on title.

4. The $700,000 holdback proposed by the Monitor leaves no proceeds for Northland. This will cause Northland, a passive and well secured creditor, to suffer a very significant shortfall. And, rather than spreading this interim allocation among creditors who benefit from these CCAA proceedings, makes Northland solely liable for this portion of the Monitor's cost to its extreme detriment.

II. BACKGROUND

5. The Winterburn Property was sold in April 2017 after being marketed for over a year. In support of the offer to purchase the Winterburn Property, the Monitor advised that the proceeds would provide for the payment of related mortgage, including Staheli and Northland's mortgages. Northland's support for this sale was sought by the Monitor and granted on their advice that this sale would pay out all or substantially all of first and second mortgages.

Confidential Supplement to the Monitor's Eleventh Report at para 13

Confidential Supplement to the Monitor's Twelfth Report at paras 10 and 11

6. In none of the discussions or documents filed in support of the sale was there any indication that a $700,000 allocation and holdback would be sought against the proceeds.

III. LAW AND ARGUMENT

7. The *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, is remedial legislation. Its purpose is to allow a debtor company to emerge from financial difficulties and to maximize returns to creditors and other stakeholders. The proceedings are not meant to disadvantage creditors but to try and provide a constructive solution for all stakeholders.

> ***Sun Indalex Finance, LLC v United Steelworkers***, 2013 SCC 6 at para 205 [TAB 1]; ***Century Services Inc v Canada (Attorney General)***, 2010 SCC 60 at para 77 [TAB 2]

8. The Respondent agrees with the Monitor that the allocation of the priority charges must be done on a case-by-case basis. This task engages this Honourable Court's discretion.

> ***Royal Bank of Canada v Atlas Block Co Limited***, 2014 ONSC 1531 at para 43 (***Atlas Block***) [TAB 3]; ***Atlantica Diversified Transportation Systems Inc. (Re)***, 2018 NSSC 77 [TAB 4]; ***National Bank of Canada v Stomp Pork Farm Ltd.***, 2008 SKCA 73 at paras 25, 30 [TAB 5]; ***Hunjan International Inc. (Re)***, 2006 CarswellOnt 2718 at paras 55, 57 (***Hunjan***) [TAB 6]; ***Re Hunters Trailer & Marine Ltd.***, 2001 ABQB 1094 at para 15 (***Hunters Marine***) [TAB 7]

9. This Honourable Court must be satisfied that the Monitor's proposed allocation is *prima facie* fair. Courts are entitled to depart from a monitor's proposed allocation where the reasons for departure are reasonably articulable.

> ***Re: Medican Holdings Ltd.***, 2013 ABQB 224 at paras 39, 44 (***Medican***) [TAB 8] ***In Re Hickman Equipment (1985) Ltd. (Receivership)***, 2004 NLSCTD 164 (***Hickman***) [TAB 9]

10. Any creditor objecting to a proposed allocation must show that there is an inequity in the circumstances or that the creditor will be prejudiced by the allocation.

> ***Medican*** at para 39 [TAB 8]; ***Atlas Block*** at para 43 [TAB 3]

11. The overarching principles emerging from the case law indicate that costs must be allocated in a fair and equitable manner. An allocation is not required to be equal in order to be equitable, but a fair and equitable allocation cannot ignore the benefit or detriment suffered by any creditor in CCAA proceedings.

> ***Atlas Block*** at para 43 [TAB 3]; ***Hickman*** at para 17 [TAB 9]

12. In Northland's case, the detrimental effect of the allocation and holdback proposed by the Monitor is acute. Of the Monitor's costs allocated to 137 to date, the Monitor proposes to holdback approximately half. And, rather than those costs being borne equally among creditors who stand to benefit from the CCAA proceedings, those cost are born solely by Northland.

> Confidential Supplement to the Monitor's Seventeenth Report at paras 19-20

13. Northland is not a publically traded bank or a lender who invests pooled investments, in which case a loss may be less difficult to absorb. Northland's $750,000 mortgage is funded by a single individual, a widowed pensioner on Vancouver Island who relies on the interest payment to fund her retirement. The Monitor's proposed holdback and allocation methodology is to make her solely responsible for $700,000 in costs which supposedly benefit all creditors.

Northland Affidavit at para 3

14. Staheli, as first mortgagee, is as much a beneficiary of the sale of the Winterburn Property as Northland and as a passive secured creditor, is in the same creditor class as Northland. However, the $700,000 allocation and holdback impacts Staheli's security only slightly whereas Northland's security is effectively wiped off title.

15. The Respondent submits that the allocation proposed by the Monitor is both inequitable in the circumstances and prejudices the Respondent as a second mortgage holder on the Winterburn Property.

16. Though the purpose of an allocation is not to do a cost-benefit analysis to determine which creditors benefited more from the CCAA proceedings, in this instance it is useful to do a rough analysis. With respect to the Winterburn Property the Monitors effectively oversaw a commercial foreclosure, which is what would have happened had this been a receivership. The Winterburn Property was listed and sold. There were a few applications and some transaction costs. An average commercial foreclosure may cost $15,000 to $50,000 in legal fees and disbursements. The position of the Monitor is that potentially $700,000 in fees are attributable to the sale of the Winterburn Lands.

17. This is overpaying for a commercial foreclosure by over $650,000.

18. While the courts have held that there is a potential benefit to all creditors, including secured creditors, in a CCAA proceeding, the benefit to the secured creditors in this instance appears to be overstated.

19. Further, the Monitor has provided no documentation indicating the breakdown of the fees between legal fees and the Monitor's fees. Nor has the Monitor provided any accounts or time records which would allow the parties paying the allocation to review the fees.

20. Courts have acknowledged that "passive creditors", being those secured in land, stand to benefit substantially less from CCAA proceedings than operating creditors. In ***Hunters Marine***, the Court ordered the passively secured creditor to be charged 15% of the Monitor's fees, to reflect the "difference in the nature and priority of UMC's security, the remedies that were available to it and the extent of its recovery."

Hunters Marine at paras 20, 14 [TAB 7]

21. In ***Hunjan***, when the Court approved the receiver's allocation, the Court was satisfied that the receiver had taken into account, to the extent possible, a distinction between those costs that could be said to benefit all creditors and those, where possible, specific costs could be fairly allocated to one or more particular creditors.

Hunjan at para 72 [TAB 6]

22. Northland submits that the Monitor's proposed allocation does not take into account the passive nature of Northland and Staheli's security in land and suggests that this Court follows ***Hunters Marine*** and attribute 15% of 137's portion of the Monitor's costs to its secured creditors with that portion to be shared pro-rate among the secured creditors based on the amount of their recovery.

23. If the Monitor's application is granted as sought, it has the potential to cast a chill on commercial lending practices in Alberta. Effectively, a creditor secured against land with sufficient equity to cover their loan and who was advised their security was good and that they could expect to paid out of the sale proceeds will have had their entire security subsumed by Monitors fees. Rather than secured lenders as a class paying 15% of the Monitors total charges, one individual lender will have paid approximately 15% of the total fees by herself and will be barred from anywhere near full recovery on her loan.

IV. RELIEF SOUGHT

24. Northland seeks:

    a. An order that the balance of the Winterburn sale proceeds after payment to Staheli be paid to Northland in respect of its Indebtedness; and

    b. An order reducing the holdback on the Winterburn sale proceeds to $50,000 to be prorated between Staheli and Northland based on the amount of their recovery from the proceeds.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 19th day of September, 2018

WITTEN LLP
Per:

KALEN LUMSDEN
Solicitors for Northland Mortgage & Investment Corporation

Table of Authorities

Tab

1. *Sun Indalex Finance, LLC v United Steelworkers*, 2013 SCC 6
2. *Century Services Inc v Canada (Attorney General)*, 2010 SCC 60
3. *Royal Bank of Canada v Atlas Block Co Limited*, 2014 ONSC 1531
4. *Atlantica Diversified Transportation Systems Inc. (Re)*, 2018 NSSC 77
5. *National Bank of Canada v Stomp Pork Farm Ltd.*, 2008 SKCA 73
6. *Hunjan International Inc. (Re)*, 2006 CarswellOnt 2718
7. *Re Hunters Trailer & Marine Ltd.*, 2001 ABQB 1094
8. *Re: Medican Holdings Ltd.*, 2013 ABQB 224
9. *In Re Hickman Equipment (1985) Ltd. (Receivership)*, 2004 NLSCTD 164

TAB 4

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 **MONITOR'S EIGHTEENTH REPORT**

OCTOBER 11, 2018

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

MONITOR

ERNST & YOUNG INC.
EPCOR Tower
10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7
Attention: Matt McCulloch / Dan McCulloch
Telephone: 780-638-6642 / 780-441-4695
Fax: 780-428-8977
Email: matt.mcculloch@ca.ey.com
dan.mcculloch@ca.ey.com

COUNSEL

Duncan Craig LLP
Suite 2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Attention: Darren R. Bieganek, QC / Ryan Quinlan
Phone: 780-441-4386
Fax: 780-428-9683
Email: dbieganek@dcllp.com
rquinlan@dcllp.com

TABLE OF CONTENTS

Schedules

INTRODUCTION AND PURPOSE OF THE REPORT

1. On July 5, 2017, the Applicants made an application before this Honourable Court requesting certain relief under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "**CCAA**") and obtained, inter alia, an Initial Order, a Stay, and the appointment of Ernst & Young Inc. ("**EYI**" or the "**Monitor**") as monitor of the Applicants.

2. Over the Course of these CCAA proceedings, the Applicants and more recently, the Monitor, have made a number of applications to this Court, which have not been outlined in this report, requesting various relief and corresponding extensions of the Stay. To date, the Monitor has filed seventeen reports with the Court and issued five unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth and Seventeenth Reports. Copies of all filed Monitor's reports, materials filed by the Applicants, application materials and previous Orders of the Court can be accessed on the Monitor's website as noted in the disclaimer section of this report below.

3. The purpose of this report (the "**Eighteenth Report**") is to provide the Court and the Remaining Applicants' stakeholders with:

   a.) information in relation to the winterization efforts of the Monitor at both the HML and Wabasca Camps;

   b.) an update in regard to the results of the sale conducted by Maynards;

   c.) information in support of the Monitor's anticipated course of action in respect of Holdings' units in the Cimarron Lodge LP Limited Partnership;

   d.) new information obtained by the Monitor since the Seventeenth Report in relation to the possible Hadfield mortgage on the Wandering River property;

   e.) information and the Monitor's position in regard to the validity of the Weslease mortgages registered against 1251 Industrial Drive (Wabasca) and the Bonnyville North lands (the "**Weslease Mortgages**");

   f.) an update in relation to the property claims asserted by 726, as well as an update in relation to the priority dispute between 726 and 185;

   g.) an update in relation to the Small Wares matter from the time of the Seventeenth Report;

   h.) information and the Monitor's recommendation in relation to a pending sale of certain assets currently located at HML;

i.) an update in relation to the Monitor's actions regarding the missing assets at Monias; and

j.) information in relation to the sale of a significant number of fir access mats by 726 from the Monias camp site, and the agreement entered into by the Monitor with 726 as a result;

and to serve as support for an Order of the Court that:

k.) approves the actions of the Monitor as set out in this report, including without limitation the Monitor's consent to permit 726 to sell certain access fir mats located at Monias, which are subject to contested ownership and priority claims as between 726 and the Monitor, to an arm's length purchaser upon the terms and conditions set out in this Eighteenth Report and the Confidential Supplement to the Monitor's Eighteenth Report;

l.) provides advice and direction to the Monitor in relation to whether or not the Hadfields' claim can be accepted for review by the Monitor at this time;

m.) provides advice and direction as to whether or not the Weslease Mortgages are or continue to be valid and enforceable against the respective properties and if not, a direction that the Weslease Mortgages be discharged immediately;

n.) approves the sale of certain assets currently located at HML, the details of which are as set out in this report and the Confidential Supplement to the Monitor's Eighteenth Report; and,

o.) seals the contents of the Confidential Supplement to the Monitor's Eighteenth Report.

DISCLAIMER

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

5. This report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders previously issued in these proceedings all of which, save for items directed to be sealed for confidentiality purposes, are available on the Monitor's website established for these proceedings that is located at *http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410*. In addition, this report should be read in conjunction with any new materials filed with the Court by the Remaining Applicants (if any), or other parties, prior to the date set for the application as set out in this report.

6. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein not otherwise defined are as defined in the previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

WINTERIZATION OF HML AND WABASCA CAMPS

7. Over the course of the last several weeks, as the winter weather begins to set in, the Monitor has concluded that it should proceed to winterize both the HML and Wabasca camps for a number of reasons including, but not limited to, the following:

   a.) The camps are not operating, and the Monitor does not anticipate any practical or legitimate reason that these camps will be operated by the Monitor over the winter;

   b.) The majority of the dorms are vacant as there is only camp watch on site currently, therefore, a significant costs savings with respect to utilities and other related costs could be achieved by winterizing the dorms and other buildings where possible;

   c.) Winterizing the dorms and other building will likely assist in the demobilization process going forward as dorms and other assets are sold; and

   d.) Winterizing the dorms will reduce the risk of freeze up and related damage should there be a power or utility outage/interruption for any reason over the winter.

8. Given the above, the Monitor solicited three different quotes to complete the winterization process for these locations. Two of the three quotes obtained were from external parties, not known to the Monitor, but were referred to the Monitor by one of the external consultants engaged by the Monitor to assist in selling the various camps. The other quote was from a former employee of the Applicants, who had completed the winterizations for the Applicants in the past, including both the Wandering River, and Bonnyville locations.

9. The Monitor confirmed with Management that the former employee was qualified to perform the winterization procedures at HML and Wabasca, and the quote obtained from this individual to conduct the work required was more cost effective than the other quotes obtained. As such, the Monitor engaged the former employee to winterize both of the camps.

10. The Monitor has confirmed with one of its external consultants, as well as the potential purchaser of the Alta - Fab dorms at HML (discussed below), that the winterization steps to be competed at each of the locations for all affected dorms and buildings are adequate. A detailed listing of these steps is not being provided in this report, but can be provided to any interested party on request.

11. As at the date of this report, the former employee has completed winterization at HML, and is working on Wabasca at present. All utilities will be maintained as required until such time as all winterization actions are completed, after which time, the Monitor will look to reduce utility supply accounts and related costs where possible.

12. For the Court's reference, the Monitor has confirmed with Management that all of the other camps (with the exception of HML and Wabasca) were winterized by the Applicants previously and as such, that no winterization efforts in relation to these other camps is required. This advice from Management is consistent with the other advice and information received and visual inspections conducted by the Monitor to date.

UPDATE ON MAYNARDS LIQUIDATION SALE

13. On September 12, 2018, Maynards conducted the liquidation sale of the surplus dorms, rolling stock and other assets located at the Farm. Maynards restricted the sale to an online sale only, as it was their position that an online sale only was the most effective manner in which to conduct the liquidation.

14. Attached as **Schedule "A"** to this report is a copy of the summary of the accounting in relation to the sale. As noted in Schedule "A", the total gross auction proceeds were $1,297,682.26 which is $57,682.26 above the NMG; however, the excess is insufficient to result in any additional participation payment to the Monitor on behalf of the Applicants under the NMG Proposal.

15. The Monitor confirms that it has received payment of $1,240,000.00 from Maynards in accordance with the accounting provided. The Monitor further advises that Maynards has provided a detailed breakdown of the individual sale amounts which comprise the total proceeds derived from the sale; however, this information has not been included in the attached schedule as the Monitor wishes to keep these details strictly confidential at this time.

16. The Monitor continues to work with Maynards to clear the Farm of the assets in order to facilitate vacant possession for the new purchaser of the Farm for November 1, 2018.

SALE OF HOLDINGS' UNITS IN CIMARRON LODGE LP LIMITED PARTNERSHIP ("CIMARRON LODGE LP")

17. Forthwith after the inclusion of Holdings as an Applicant to these proceedings, the Monitor and its counsel commenced discussions with the various external limited partners of the various limited partnerships which partnered with Holdings to operate a number of camps.

18. The details in this section of the report relate strictly to the investigations conducted by the Monitor and the discussions and other correspondence between the Monitor and representatives from Cimarron Camp Services Ltd. (**"Services"**), which is the other limited partner of Cimarron Lodge LP.

19. To begin, the Monitor has determined that the only physical assets contributed by and belonging to the Applicants at the site of Cimarron Lodge LP is a 6 unit ATCO Rig Camp. With the consent of Services, the Monitor added this 6 unit ATCO Rig Camp to the Maynards liquidation sale, and the unit was sold in the September sale. The proceeds from the sale of this asset will be paid to the Monitor with the other proceeds due from Maynards in due course.

20. Next, the Cimarron Lodge LP camp has not operated in several years, and is currently not operating. Services has indicated that it may attempt to reopen the camp at some point in the future provided a demand for such services arises, and also provided it can operate free from the involvement of the Applicants.

21. The Monitor has received and reviewed internal financial information in relation to Cimarron Lodge LP (attached as **Schedule "B"** to this report) , as well as confirmed with Management that there are no significant outstanding assets or other value associated with Cimarron Lodge LP currently despite what the internal records indicate. The Monitor has been advised that that these internal records have not been updated in some time (likely several years) and as such, are not reliable.

22. Services has indicated to the Monitor that 185 borrowed a significant amount of money from Cimarron Lodge LP (the Monitor understands this amount to be $248,652), and that this amount remains outstanding, but is uncollectible as a result of the CCAA proceedings.

23. The internal financial statements reported significant negative long term liabilities (i.e. receivables) due from both CNC (185) and Services in the amounts of $100,000 and $250,000 respectively. In

discussions with Services and Management, these amounts are not actually receivables due to Cimarron Lodge LP, but rather these amounts reflect previous profit share draws by both Services and CNC when the camp was operating. Services confirmed that these amounts were actually drawn by each of CNC and Services, and further indicated that these amounts should have been adjusted against the retained earnings reported in these same statements, the amount of which was significant. The Monitor believes this statement to be true given the statements reviewed, and based on its discussions with both Services and Management.

24. Given the factors noted above, it does not appear that there is any economic benefit for Holdings to continue as a limited partner in respect of this camp. It is the Monitor's intention to sell Holdings' partnership units to Services for a nominal value and that if such a sale cannot be completed for any reason whatsoever, it is the Monitor's alternative plan to issue a notice of dissolution in respect of this partnership in order to conclude Holdings' interest in this partnership.

ADVICE AND DIRECTION IN RELATION TO HADFIELD MORTGAGE ON WANDERING RIVER

25. As noted in the Seventeenth Report, a mortgage was registered by Jeff and Jackie Hadfield (the "**Hadfields**") against the title of the real property which is the site of the Wandering River Camp with an original principal amount of $1,340,000. As further noted in the Seventeenth Report, the Monitor had not received any proof of claim or other documentation from the Hadfields as at the date of the Seventeenth Report, despite the Hadfields being included on the service list in these proceedings, receiving the Claims Process Order and receiving a copy of the Creditor Package from the Monitor. On or about August 23, 2018, the Monitor wrote to the Hadfields requesting that the Hadfields submit a claim, along with additional information in this regard.

26. As a quick reference for the Court, 137 holds an undivided half interest in the Wandering River Camp real property, with the other undivided half interest being held by Wandering River Properties Ltd., of which 137 owns 66% of the voting shares.

27. On September 19, 2018, the Monitor received a proof of claim from the Hadfields, a copy of which is attached as **Schedule "C"** to this report. That Proof of Claim did not include any supporting documents, nor an explanation for why the claim was not filed prior to the Claims Bar Date, which was January 19, 2018. That explanation has been included in the Affidavit of Mr. Hadfield filed October 4, 2018.

28. In addition, the Monitor has now reviewed the Hadfields' application materials and related Affidavit filed with the Court on October 4, 2018, which has provided the applicable supporting documents

and the Hadfields' explanation for why the claim was not filed prior to the Claims Bar Date. Based on the claim and other information received and reviewed, the Monitor understands that the Hadfields claim is a "vendor takeback" mortgage which secured the balance of the purchase price for the land. They claim there is presently a balance owing on the applicable mortgage of $811,000.00 as at June 1, 2017.

29. The Claims Bar Date was January 19, 2018 at 5:00 PM. Mr. Hadfield acknowledges receiving documentation and information pertaining to same. The proof of claim was filed with the Monitor exactly eight months after the Claims Bar Date. Given the length of time it has taken to receive the proof of claim and the acknowledgement that the creditor package was received, the Monitor does not believe it is within its purview to accept the late filed claim without direction from the Court. The Hadfield mortgage is the only consensual encumbrance registered against title to the Wandering River Camp Lands. The other charges relate to a tax notification and the Administration Charge (both of which appear to enjoy prior to the Hadfield's mortgage. If it is the Court's determination that the Monitor can accept the late filed claim then the Monitor recommends that the Court direct that the Hadfield claim be adjudicated in accordance with the terms of the Claims Process Order with a determination of the Monitor's evaluation of the claim to be issued within 30 days from the Court's Order directing acceptance of the late filing.

UPDATE AND MONITOR'S OPINION IN RELATION TO WESLEASE MORTGAGES

30. As noted in the Seventeenth Report, Weslease has submitted claims purporting to have 2 separate mortgages against two separate parcels of land owned by 185 and 137 respectively, in addition to submitted claims against 1919 and Paul McCracken pursuant to numerous leases, promissory notes and other documents. A snapshot of the details of these Weslease Mortgages are set out below:

Applicant	Real Property Name	Amount Claimed
185	Wabasca (1251 Industrial Drive)	$761,000
137	Bonnyville (North Lands)	$1,500,000

31. Copies of the Weslease Mortgages were included with the Affidavit of Keith Talbot sworn and filed with the Court on October 5, 2018.

32. The Monitor, in consultation with Management and their counsel, note the following deficiencies in respect of the Weslease mortgages:

a.) There is no evidence of direct loans to 137 or 185 by Weslease, nor any other direct indebtedness owing from 137 or 185 to Weslease;

b.) There are no guarantees granted by 137 or 185 in relation to the indebtedness of 1919 or Paul McCracken owing to Weslease; and

c.) The Weslease Mortgages, on their face, secure amounts that are allegedly due and owing by 137 and 185, respectively, pursuant to certain lease agreements, but there are no lease agreements executed as between 185 or 137 and Weslease.

33. The Monitor's counsel has discussed these issues with counsel for Weslease on several occasions.

34. Weslease has not provided any evidence of direct borrowings or guarantees provided by 137 or 185 to Weslease. Based on these facts, it is the Monitor's position that the Weslease Mortgages are entirely unenforceable.

35. The Monitor respectfully requests an Order directing Weslease to discharge the Mortgages, or in the alternative, an Order directing the registrar of land titles to discharge the Weslease Mortgages as against the respective titles.

726 PROPERTY CLAIM AND ISSUES REPSECTING PRIORITY TO THE 726 CLAIM

36. As noted in the Seventeenth Report, at least two Affidavits, which have been classified as confidential and are sealed, were sworn by each of Shayne McCracken and Paul McCracken wherein they swore to the fact that assets listed on the appraisals appended to those Affidavits were owned by the Applicants. The Monitor took steps to subsequently confirm those statements and received confirmation in writing from then counsel for the Applicants to the effect that they had been advised that the information contained in those Affidavits was accurate.

37. The representatives of 726 as sworn in Affidavit on October 2, 2018 which, in respect of the assets claimed by 726, contradicts the previously sworn Confidential Affidavits.

38. The Affidavit of the representative of 726 was received on or about October 4, 2018. Counsel for 726 has also served Paul McCracken with an appointment to question him pursuant to Rule 6.8 of the *Alberta Rules of Court*. The scheduled time for the questioning was 10:00 AM, Friday, October 12, 2018.

39. Upon review of the Affidavits and an assessment of the several issues that are now before the Court in respect of the assets claimed by 726, the Monitor has provided instructions to counsel to question

726's affiant on his Affidavit and has been instructed to participate in the questioning of Paul McCracken. Until such time as the questioning is complete, the Monitor is not in a position to finalize its Report to the Court and the matter is not in a position to be properly heard or addressed on October 23, 2018. The Monitor proposes to put over the hearing in respect of matters as they relate to the assets claimed by 726 to the dates reserved in December (December 4 and 5, 2018) to afford the parties an adequate opportunity to ensure that all relevant evidence is before the Court. The Monitor understands that 726 has agreed to put these matters over to the December hearing dates.

SMALL WARES CLAIMS (BONNYVILLE, MONIAS, WANDERING RIVER, AND PEACE RIVER) BY EACH OF 726 AND SAND TIGER

40. As noted in the Seventeenth report, the Monitor is of the opinion that the sale of any of the Remaining Applicants' camps as operating going concern camps is unlikely, and in that report, the Monitor was initially looking to obtain the Court's approval to evaluate and possibly realize on the Small Wares situated at each of the camps.

41. Since the filing of the Seventeenth Report, counsel for both 726 and Sand Tiger contacted counsel for the Monitor and indicated that their respective clients were claiming a property interest in the Small Wares contained within the specific dorms and other structures which were the subject of their client's property claims.

42. In addition to the above, Sand Tiger filed an affidavit with the Court on October 4, 2018 wherein it claims not only a number of specific dorms on site at the Bonnyville Camp, but also the following assets contained therein:

   a.) 38 TVs
   b.) 5 washing machines and 6 dryers; and
   c.) All bedding, mattresses and bedroom furniture.

43. Similarly, 726 also filed an affidavit with the Court on October 4, 2018 wherein it claims not only a number of dorms, kitchen and recreational units, but also all of the "standard wares" within their respective units claimed. Per 726's affidavit, the "standard wares" include:

   a.) for dorms: all beds, mattresses, televisions, desks, and chairs;
   b.) for kitchen units: all fryers, ranges, mixers, standalone fridges, microwaves, and shelving; and

c.) for recreational dorms: all exercise equipment, pool tables and foosball tables.

726 indicates in its affidavit that it is standard practice for the "standard wares" not to be particularized within invoices for sale, and that is what the case was with respect to its dealings with the Applicants.

44. Counsel for the Monitor is reviewing these claims with a view to providing an opinion to the Monitor with respect to the validity and enforceability of those claims and any priority issues which might arise in respect of same, which likely cannot be completed until the questioning of 726's affiant and Paul McCracken has been completed. These issues, as well, will need to be addressed on December 4, or 5, 2018.

SALE OF CERTAIN ASSETS FROM HML CAMP

45. The Monitor has been working with two separate independent consultants who specialize in the sale of camp dorms and related assets for several months in an attempt to sell the assets of the remaining camps.

46. One of these consultants is Used Modulars Canada Ltd. ("**Used Modulars**"). It is the broker who assisted the parties with the sale of the Aurora Dorms, discussed in previous reports of the Monitor. In the Monitor's opinion, Used Modulars has a strong knowledge of the camp industry, the players and available assets in the market.

47. The Monitor, through Used Modulars has recently received an offer to purchase two 38 Person Alta-Fab Dormitories (the "**Alta Fabs**") along with a two unit Recreation Complex currently located at the HML camp (hereinafter for the purpose of this report, these assets will collectively simply be referred to as the "**HML Dorms**"). The HML camp site is comprised of other assets and dorms in addition to the HML Dorms described above, which will be realized on by the Monitor at a later date.

48. The Monitor has prepared a Confidential Supplement to the Monitor's Eighteenth Report ("**Confidential 18th Supplement**") which contains information in relation to a few matters that the Monitor considers sensitive in nature and should not be disclosed to the public at this time. The Monitor considers the some of the details in relation to the offer received to be sensitive in nature in the event the sale does not close and also on account of the significant number of other dorms and similar assets still to be sold in these circumstances. Given the Monitor's concerns in this regard, the details that the Monitor considers sensitive in nature in relation to this pending sale are outlined in the Confidential 18th Supplement.

49. Used Modulars initiated an invitation for sealed bids process by email on August 22, 2018 in relation to only the Alta Fabs and notified a number of parties which it believed would be qualified, serious and interested in the Alta Fabs. The closing date for bids from interested parties was set for 2:00 p.m. MST on August 31, 2018. Used Modulars felt this timeframe was reasonable in the circumstances as most of the interested parties were aware of the pending opportunity in advance of the formal notice and would be able to quickly conduct their due diligence and submit and offer within the timeframe stipulated. Other factors, such as the end of summer, and onset of fall weather also played a part in the timeframes initially chosen by Used Modulars. A copy of Used Modulars' invitation for offers document is attached as **Schedule "D"** to this report.

50. Used Modulars has advised the Monitor that it initially directly contacted 19 individuals from 13 different companies through its sales process and in addition to the direct marketing efforts of Used Modulars, the Monitor advises that the Alta Fabs were also advertised for sale on Used Modulars' web site: www.usedmodulars.ca.

51. After considering the information outlined in the Confidential 18th Supplement, section 36 (3) of the CCAA and other factors identified by the Monitor's counsel, it is the Monitor's respectful submission that the proposed sale of the HML Dorms is reasonable and appropriate in the circumstances and should be approved by this Honourable Court based on the comments in the Confidential 18th Supplement and the following considerations:

a.) It is the Monitor's position that its use of two outside consultants, who specialize in the sale of such assets in non-exclusive agreements, to assist the Monitor in the marketing and sale of the HML Dorms (and other assets of the Applicants) has resulted in a process that has sufficiently canvassed the applicable market, and further marketing will not result in a superior offer to Structures' that is being contemplated herein;

b.) The Monitor has not only approved of the process leading up to the proposed sale, but has also been involved in the process, where required;

c.) The sale process utilized by the Monitor in respect of the HML Dorms was fair, transparent and reasonable in the circumstances;

d.) As noted in the Confidential 18th Supplement, it is the Monitor's opinion that the pending purchase price for the HML Dorms is beneficial to the creditors and other stakeholders of the estate, and that completing this sale will have a positive effect on the recoveries of the Remaining Applicants' creditors who have an interest in the HML Dorms;

e.) Although no creditors have been specifically consulted on this proposed sale as at the date of this report (simply due to the timing of the offer received, only recently), the Monitor has shared marketing related information with creditors upon their request, including CWB, who was previously provided, on a confidential basis, with the information and materials relating to the arrangements the Monitor has with its outside consultants, and their marketing and sale strategies;

f.) The purchaser is an arm's length party to the Monitor and the Applicants; and

g.) The proposed sale price is fair and reasonable for the HML Dorms, taking into account their appraised market values, the opinion of the Monitor's consultant and the other information outlined in the Confidential 18th Supplement.

MONITOR'S ACTIONS IN RELATION TO THE MISSING ASSETS AT MONIAS

52. As discussed in the Seventeenth Report, the Monitor continues to investigate the whereabouts of a number of "missing assets" that were listed as being located at Monias, but were not on site at the time of the Monitor's attendance on July 18, 2018. A listing of these missing assets was included as a schedule to the Confidential 17th Supplement.

53. Management has confirmed that, to the best of their knowledge, the missing assets existed and were located on site at Monias effective the last date the Applicants were on site (the Monitor understands that the Applicants were last on site at Monias back in March of 2017).

54. 726 has indicated to the Monitor that it did not remove any assets that were not the subject of its property claim, which would exclude these missing assets.

55. The individual who has been controlling/restricting access to the Monias site has confirmed to the Monitor that he has not taken or moved any of the assets from the site, and specifically, has not moved or taken any of these missing assets.

56. Given the above, the Monitor has notified the Applicants' insurer of the possible claim, and has filed a police report for the missing assets. The Monitor continues to work with the Applicants' insurer, and the RCMP in regard to investigating this matter, and will report back to Court in a subsequent report as additional information becomes available or developments occur.

SALE OF A SIGNIFICANT NUMBER OF ACCESS MATS BY 726 WITH KNOWLEDGE AND CONSENT OF THE MONITOR

57. Since the expansion of its powers, the Monitor has worked with a few outside consultants to market and sell the Remaining Applicants' remaining assets, and as a result, has entertained various enquiries and offers in relation to various assets or groups of assets.

58. In particular, the Monitor has received a number of offers in relation to fir access mats located at or near the Monias camp, which it has not been able to finalize due to the opposition of 726, who has asserted a property claim over these fir access mats at this location.

59. Recently, 726 has advised the Monitor that it has received a number of offers directly for the purchase of these mats at the Monias site, one of which is superior to all of the other offers received to date. 726 has indicated that this offer is more than fair and reasonable and should be pursued and finalized. The Monitor agrees that the proposed purchase price per mat is superior to any offers received to date, and further believes that the amount is fair and reasonable in the circumstances. The Monitor has provided additional information in relation to the appraised value of these fir access mats, and the offers received in the Confidential 18th Supplement.

60. Given 726's pending property claim against the assets at the Monias site, the desire of 726 to proceed with a sale agreement in relation to these mats, the information outlined in the Confidential 18th Supplement and the Monitor's opinion that the proposed purchase price is fair and reasonable in the circumstances, the Monitor has agreed to allow 726 to proceed to a sale of the mats in question subject to a number of terms, which generally include the following:

a.) 726 will cause the purchase price for the Dorm Units to be paid to McAllister LLP in trust (the "Purchase Price"). The Purchase Price will be held by McAllister LLP in trust in accordance with the terms of the agreement;

b.) Upon receipt of the Purchase Price, the Monitor and 726 will permit the purchaser to have access to the site(s) where the mats are presently located and will allow the purchaser to remove the mats from such locations;

c.) The purchaser and/or its agents shall coordinate with the Monitor with respect to all arrangements for the removal of the mats;

d.) 726 and the purchaser shall enter into to a simple form of written agreement, an executed form of which shall be provided to the Monitor, that contains (without limitation) clauses to the following effects: (a) the purchaser agrees to hold the Monitor, 726, Kilometer 147 Lodge LP, and 18512398 Alberta Ltd. harmless and indemnify each of them in respect of any and all costs, charges, expenses, damages, and repair work or other services needed to remove the mats from the sites upon which they are located; (b) the purchaser shall comply with any other reasonable requirements or requests of 726 or the Monitor, in their discretion; (c) the mats are being purchased "as is, where is"; and (d) the purchaser shall be responsible for the cost of removal and transportation of the mats;

e.) The Monitor and 726 shall each have (or at least be entitled to have) a representative present on each site present at the time or times that the purchaser is removing the mats, and the Monitor's representative shall take an accounting of the number of mats removed, type of mats removed, and dimension of mats removed. The purchaser shall not be permitted to remove any mats without a representative of the Monitor present during such removal, unless previously permitted in writing by the Monitor;

f.) The Purchase Price shall stand in the place and stead of any and all claims against the mats in their priorities immediately prior to the sale, and nothing in the sale of the mats shall be deemed to or otherwise have the effect of altering the ownership or legal priorities in respect of and to the mats; and

g.) The Purchase Price shall not be released from the trust account of McAllister LLP without the consent of 726 and the Monitor or alternatively by Court Order.

61. A copy of the letter agreement between 726 and the Monitor is included as a schedule to the Confidential 18th Supplement.

CONCLUSIONS

62. Based on the matters outlined in this report, the Monitor respectfully requests an Order that:

a.) approves the actions of the Monitor as set out in this report;

b.) authorizes the Monitor to complete the sale of Holdings' units in the Cimarron Lodge LP limited partnership for a nominal value, or if such a sale cannot be completed, to issue a notice of dissolution in respect of this limited partnership;

c.) provides advice and direction to the Monitor in relation to whether or not the Hadfields' claim is barred or can be accepted late for review by the Monitor;

d.) provides advice and direction as to whether or not the Weslease Mortgages are or continue to be valid and enforceable against the respective properties and if not, a direction that the Weslease Mortgages be discharged immediately;

e.) puts over the issues respecting 726's property and priority claims and all Small Ware claims to be heard December 4 or 5, 2018;

f.) approves the sale of the HML Dorms; and,

g.) seals the contents of the Confidential Supplement to the Monitor's Eighteenth Report.

All of which is respectfully submitted.

Dated at Edmonton, this 11th day of October, 2018.

Ernst & Young Inc.
In its capacity as Monitor of
667402 Alberta Ltd.; 18512398 Alberta Ltd.;
816956 Alberta Ltd.; 1371047 Alberta Ltd.;
1919209 Alberta Ltd.; and Canada North Group LP Holdings Ltd.
and not in its personal or corporate capacity

Per:

Matt McCulloch, CPA, CA, CIRP, Licensed Insolvency Trustee
Senior Vice-President

SCHEDULE A

ACCOUNTING FROM MAYNARDS IN RELATION TO THE SEPTEMBER 12, 2018 SALE

Maynards
SINCE 1902
CANADA | USA | EUROPE | JAPAN | CHINA

Remit to: Ernst & Young Inc

Attention: Dan McCulloch

Reference: **Canada North Group Auction**

Attached please find a cheque which is calculated as follows:

Net Minimum Guarantee			**$1,240,000.00**
Add: Participation Component:			
	Gross Auction Sales	1,221,411.07	
	Gross Auction Pre-Sales	76,271.19	
	Less: NMG	(1,240,000.00)	
	Less: Due to Maynards (Max $60K)	(57,682.26)	
	Available for Participation	0.00	
	Participation due to Ernst & Young	90%	0.00
Auction Payout:			**1,240,000.00**
Adjustments:			
Balance (Due)/Owing:			**$1,240,000.00**

Thank you,

Maynards Industries Canada Ltd
1585 West 4th Ave
Vancouver, BC
V6J 1L6
Ph: 604-876-6787
Fax: 604-876-2678
www.maynards.com

SCHEDULE B

INTERNAL FINANCIAL INFORMATION IN RELATION TO CIMARRON LODGE LP

Cimarron Lodge LP
Balance Sheet As at 07/31/18

ASSET

Current Assets		
Cimarron Lodge LP CWB Cheq...	0.00	
Cimarron Lodge LP: Royal Che...	2,063.04	
Direct Debit - Payroll	0.00	
Cimarron Lodge: BMO Chequing	69.15	
Total Cash		2,132.19
Camp Set-Up Costs		0.00
Deposit		1,522.00
Accounts Receivable	11,668.36	
Accrued Receivables	0.00	
Allowance for Doubtful Accounts	0.00	
Payroll Advances	0.00	
Total Receivable		11,668.36
Groc Inventory	0.00	
Water Pop Inventory	0.00	
Total Inventory		0.00
Total Current Assets		15,322.55
Capital / Fixed Assets		
Capital Purchases		0.00
Deferred Finance Charge		0.00
Work In Progress		0.00
Acc Inventory - General		0.00
Prepaid Expenses		0.00
Prepaid Insurance		0.00
Equipment Lease Deposits		0.00
Land		0.00
Buildings - Moveable Class 10	0.00	
Accum Deprec - Buildings Move...	0.00	
Buildings - Net		0.00
Parking Lot	0.00	
Accum Deprec - Parking Lot	0.00	
Parking Lot - Net		0.00
Water Well & Septic	3,941.09	
Accum Dep - Well & Septic	-1,226.11	
Well & Septic - Net		2,714.98
Catering - Equipment	2,443.75	
Accum Deprec: Cater Equip	-684.26	
Catering Equip - Net		1,759.49
Signage	0.00	
Accum Dep - Signage	0.00	
Signage - Net		0.00
Office Equip/Furn	0.00	
Accum Dep: Office Equip	0.00	
Office Equipment - Net		0.00
Equipment	2,854.78	
Accum Dep - Equipment	-799.34	
Equipment - Net		2,055.44
Bedroom Equipment	0.00	
Accum Dep - Bedroom Equip	0.00	
Bedroom Equipment - Net		0.00
Linens	0.00	
Accum Dep - Linen	0.00	
Linens - Net		0.00
Utility System	0.00	
Accum Amort - Utility System	0.00	
Utility System - Net		0.00
Buildings - Class 6	0.00	
Accum Amort - Buildings	0.00	
Buildings - Net		0.00
Furnishings - Class 8	0.00	
Accum Amort - Furnishings	0.00	
Furnishing - Net		0.00

Cimarron Lodge LP
Balance Sheet As at 07/31/18

Computer Hardware	0.00	
Accum Dep - Computers Hard...	0.00	
Computers Hardware - Net		0.00
Computer Software	0.00	
Accum Dep - Comp Software	0.00	
Computer Software - Net		0.00
Automotives	0.00	
Accum Dep - Automotives	0.00	
Automotives - Net		0.00
Camp Setup: 5yr Amortization	0.00	
Accum Dep - Camp Setup: 5 yr ...	0.00	
Camp Setup: 5 yr - Net		0.00
Camp Setup: 3 yr Amortization	0.00	
Accum Dep - Camp Setup: 3 yr ...	0.00	
Camp Setup: 3 yr Amort - Net		0.00
Leasehold Improvements	0.00	
Accum Dep - Leasehold Improv...	0.00	
Leasehold Improvements - Net		0.00
Amortization Yearly Estimate		0.00
Total Capital / Fixed Assets		6,529.91
TOTAL ASSET		21,852.46
LIABILITY		
Current Liabilities		
GST Charged on Sales	0.00	
GST Paid on Purchases	-2,008.62	
GST Owing (Refund)		-2,008.62
GST Overpayment		0.00
Accrued wages		0.00
Loan - CNC (		-248,652.02
Account Payable		103,316.27
Uniforms		0.00
STAFF PURCHASES		0.00
Medical Deduction		0.00
Damage Deposit		0.00
Deposit to Hold Rooms		0.00
Bonus Payable		0.00
Accounts Payable - Y/E adjust		0.00
Vacation payable		0.00
EI Payable	0.00	
CPP Payable	0.00	
Tax Payable: Payroll	0.00	
Total Receiver General		0.00
Unearned Revenue		0.00
Land Taxes		0.00
Corporate Taxes payable		0.00
Future taxes payable		0.00
Total Current Liabilities		-147,344.37
Long Term Liabilities		
Loan - CNC		1,000.00
Cimarron Camp Services Ltd		0.00
Profit Share Cimarron Camp Ser...		-250,000.00
Profit Share CNC		-100,000.00
Total Long Term Liabilities		-349,000.00
TOTAL LIABILITY		-496,344.37
EQUITY		
Partners' Contribution		
Canada North Camps Inc.		107,201.00
Cimarron Holdings LLC		28,544.40

Cimarron Lodge LP
Balance Sheet As at 07/31/18

Total Share Capital	135,745.40
Retained Earnings	
Retained Earnings - Previous Year	435,887.47
Current Earnings	-53,436.04
Total Retained Earnings	382,451.43
TOTAL EQUITY	518,196.83
LIABILITIES AND EQUITY	21,852.46

Cimarron Lodge LP
Aged Overdue Payables Detail As at 04/30/18

Source	Type	Date	Due Date	Total Due	Total Current	Total Overdue	1 to 30 Overdue	31 to 60 Overdue	61+ Overdue
804-364508	Invoice	03/08/17	03/08/17	144.21	-	144.21	-	-	144.21
credit	Invoice	04/05/18	04/05/18	-770.51	-	-770.51	-770.51	-	-
Total outstanding:				-	-	-	-770.51	-	770.51
Allpoints Fire Protection									
13397 10.18.16	Invoice	04/01/17	04/01/17	5,475.41	-	5,475.41	-	-	5,475.41
credit*	Invoice	04/05/18	04/05/18	270.00	-	270.00	270.00	-	-
credit	Invoice	04/05/18	04/05/18	-5,745.41	-	-5,745.41	-5,745.41	-	-
Total outstanding:				-	-	-	-5,475.41	-	5,475.41
BC Hydro									
Dec17-5606 CR.	Invoice	12/19/17	12/19/17	-487.11	-	-487.11	-	-	-487.11
Dec17-5606	Invoice	12/20/17	12/20/17	1,543.10	-	1,543.10	-	-	1,543.10
Jan18-5606	Invoice	01/22/18	01/22/18	1,552.31	-	1,552.31	-	-	1,552.31
Feb18-5606	Invoice	02/21/18	02/21/18	1,535.61	-	1,535.61	-	-	1,535.61
Mar18-5606	Invoice	03/23/18	03/23/18	-2,762.10	-	-2,762.10	-	-2,762.10	-
Total outstanding:				1,381.81	-	1,381.81	-	-2,762.10	4,143.91
Bluewave Energy									
08204316319887	Invoice	11/25/16	11/25/16	6,152.13	-	6,152.13	-	-	6,152.13
08204316535330	Invoice	02/17/17	04/18/17	9,801.86	-	9,801.86	-	-	9,801.86
08204316535330...	Invoice	09/29/17	11/28/17	-9,353.86	-	-9,353.86	-	-	-9,353.86
Total outstanding:				6,600.13	-	6,600.13	-	-	6,600.13
Cimarron Camp Services Ltd.									
1926	Invoice	12/01/16	12/01/16	7,398.84	-	7,398.84	-	-	7,398.84
1933	Invoice	06/30/17	06/30/17	12,804.92	-	12,804.92	-	-	12,804.92
1937	Invoice	02/01/18	02/01/18	925.07	-	925.07	-	-	925.07
1932	Invoice	04/05/18	04/05/18	5,880.00	-	5,880.00	5,880.00	-	-
1936	Invoice	04/05/18	04/05/18	6,651.37	-	6,651.37	6,651.37	-	-
1931	Invoice	04/05/18	04/05/18	16,531.98	-	16,531.98	16,531.98	-	-
1928	Invoice	04/05/18	04/05/18	17,674.01	-	17,674.01	17,674.01	-	-
1929	Invoice	04/05/18	04/05/18	8,820.00	-	8,820.00	8,820.00	-	-
Total outstanding:				76,686.19	-	76,686.19	55,557.36	-	21,128.83
CRA: GST									
Jan01-Mar31.18 ...	Invoice	03/31/18	03/31/18	-16.52	-	-16.52	-16.52	-	-
Total outstanding:				-16.52	-	-16.52	-16.52	-	-
Home Hardware Building Centre									
578016	Invoice	02/27/17	02/27/17	120.87	-	120.87	-	-	120.87
578014	Invoice	02/27/17	02/27/17	86.02	-	86.02	-	-	86.02

SCHEDULE C

COPY OF HADFIELD PROOF OF CLAIM RECEIVED SEPTEMBER 19, 2018

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0013 993 259	4;17;71;35;NE	142 247 880

LEGAL DESCRIPTION

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 8020469
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

ESTATE: FEE SIMPLE

MUNICIPALITY: ATHABASCA COUNTY

REFERENCE NUMBER: 962 216 486

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
142 247 880	01/08/2014	TRANSFER OF LAND	$1,400,000	$1,400,000

OWNERS

1371047 ALBERTA LTD.
OF 2900 10180 101 STREET
EDMONTON
ALBERTA T5J 3V5
AS TO AN UNDIVIDED 1/2 INTEREST

WANDERING RIVER PROPERTIES LTD.
OF 2900 10180 101 STREET
EDMONTON
ALBERTA T5J 3V5
AS TO AN UNDIVIDED 1/2 INTEREST

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
5328RB	21/11/1968	CAVEAT RE : EASEMENT CAVEATOR - SUNCOR ENERGY INC. C/O LAND DEPARTMENT PO BOX 2844 150 6 AVENUE SW CALGARY ALBERTA T2P3E3 "DISCHARGE EXCEPT PART ON PLAN 884RS REG# 400RJ" (DATA UPDATED BY: CHANGE OF ADDRESS 912186637) (DATA UPDATED BY: TRANSFER OF CAVEAT 082458341) (DATA UPDATED BY: CHANGE OF ADDRESS 112117093)
3122RI	05/06/1969	CAVEAT RE : EASEMENT CAVEATOR - ATCO GAS AND PIPELINES LTD. ATTEN: LAND DEPARTMENT C/O ATCO GAS 10035-105 STREET EDMONTON ALBERTA T5J2V6 (DATA UPDATED BY: TRANSFER OF CAVEAT 002378482)
6608UG	07/12/1973	CAVEAT CAVEATOR - ATCO GAS AND PIPELINES LTD. 10035-105 ST EDMONTON ALBERTA T5J2V6 (DATA UPDATED BY: TRANSFER OF CAVEAT 012030644)
752 001 834	16/01/1975	CAVEAT CAVEATOR - SUNCOR ENERGY INC. C/O LAND DEPARTMENT PO BOX 2844 150 6 AVENUE SW CALGARY ALBERTA T2P3E3 AGENT - DEANNA HAVERLAND "DATA UPDATED BY TRANSFER OF CAVEAT #902080688" (DATA UPDATED BY: CHANGE OF ADDRESS 912183087) (DATA UPDATED BY: CHANGE OF NAME 082080104) (DATA UPDATED BY: CHANGE OF ADDRESS 112187777)
762 018 674	02/02/1976	UTILITY RIGHT OF WAY GRANTEE - ICG UTILITIES (PLAINS-WESTERN) LTD. "DATA UPDATED BY TRANSFER OF EASEMENT #822229348"

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
832 210 206	30/08/1983	CAVEAT RE : SEE CAVEAT CAVEATOR - ICG UTILITIES (PLAINS-WESTERN) LTD. BOX 800, LEDUC ALBERTA "AS TO LEGAL SUBDIVISION 16"
972 285 099	18/09/1997	LIEN BY - HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA RURAL ELECTRIFICATION LIEN
142 247 881	01/08/2014	MORTGAGE MORTGAGEE - JEFFREY HADFIELD MORTGAGEE - JACKIE HADFIELD BOTH OF: 4 BERRY CRESCENT FORT MCMURRAY ALBERTA T9H1J9 ORIGINAL PRINCIPAL AMOUNT: $1,340,000

TOTAL INSTRUMENTS: 008

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 1 DAY OF AUGUST, 2014 AT 10:00 A.M.

ORDER NUMBER: 26556459

CUSTOMER FILE NUMBER: 533685-5/RCB

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

THE LAND TITLES ACT

VENDOR TAKE BACK MORTGAGE

WHEREAS:

1371047 ALBERTA LTD. and WANDERING RIVER PROPERTIES LTD., bodies corporate having an office at Edmonton, Alberta, (the "Mortgagor") has agreed to purchase from JEFFREY HADFIELD AND JACKIE HADFIELD. (the "Mortgagee"), who and whose successors are herein called the Mortgagee, the Mortgaged Premises (as hereinafter defined) and as security for payment of a portion of the purchase price and interest thereon has agreed to grant the within Mortgage to the Mortgagee;

The Mortgagor is or is entitled to become registered as owner of an estate in fee simple with respect to the lands described in Schedule "A" hereto (the lands so described in Schedule "A", together with all buildings and improvements now or hereafter erected thereon being hereinafter referred to as "the said land" or "the Mortgaged Premises");

IN CONSIDERATION of the Mortgagee agreeing to sell the Mortgaged Premises to the Mortgagor and agreeing to accept this Mortgage as security for payment by the Mortgagor of the unpaid portion of the purchase price, namely the sum of $1,340,000.00 (hereinafter sometimes referred to as the "loan" or the "principal sum") the receipt and sufficiency of which consideration is hereby acknowledged by the Mortgagor;

THE MORTGAGOR COVENANTS WITH THE MORTGAGEE AS FOLLOWS:

Principal and Interest:

1. That the Mortgagor shall pay to the Mortgagee which sums the Mortgagee hereby irrevocably directs to be paid to the Mortgagee, at 4 Berry Crescent, Fort McMurray, Alberta, T9H 1J9 in lawful money of Canada, the principal sum lent to the Mortgagor as aforesaid with interest thereon at the rate of **zero percent (0.00%) per annum calculated and compounded annually, not in advance** as well as after as before maturity both before and after default and after judgment until paid as follows:

1.1 The principal sum together with interest on the aforesaid rate shall become due and be paid in equally monthly installments of $23,500.00, with the first payment payable on the first day of the month following the Closing Date under the Offer to Purchase between the Mortgagor as purchaser and the Mortgagee as vendor and continuing until paid in full.

1.2 Provided the Mortgagor is not otherwise in default of the terms of this Mortgage, the Mortgagor shall have the right and privilege to prepay the whole amount of principal advanced hereunder without notice, bonus or penalty and interest shall be calculated to the date of such payment.

Taxes:

2. That save as hereinafter described, the Mortgagor will pay when and as the same fall due, all taxes, rates, liens, charges, encumbrances or claims (hereinafter sometimes referred to as "taxes") which are or may be or become charges or claims against the Mortgaged Premises, on or in respect of this Mortgage.

Should the Mortgagor default in its obligation in this paragraph 2, the Mortgagee shall have the right itself to pay the taxes and the amount so paid, as aforesaid, by the Mortgagee shall be secured hereby and shall (together with interest thereon at the rate then in effect) be a charge on the Mortgaged Premises, and shall bear interest at the said rate until paid, all such monies to be repayable to the Mortgagee on demand, or if not demanded repayable on the next ensuing installment date (whether principal or interest).

Interest Calculation:

3. That the Mortgagor shall pay to the Mortgagee interest as aforesaid and all interest on becoming overdue shall be forthwith treated, as to payment of interest thereon, as principal and shall bear interest thereon at the rate then in effect, as well after as before maturity of this Mortgage and all such interest shall be a charge on the Mortgaged Premises; and in the event of non-payment of any of the monies hereby secured at the time herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, pay interest at the said rate from day to day on the same.

Insurance:

4. The Mortgagor shall forthwith place or cause to be placed, and thereafter maintain or cause to be maintained in full force and effect continuous (without interruption) during the continuance of this security, policies of insurance and insurance coverage as follows:

4.1 for public liability with limits not less than $2,000,000.00 per occurrence;

4.2 if and upon construction of any commercial building upon the Mortgaged Premises or if buildings or residences are located on the property and occupied by tenants:

4.2.1 against loss or damage by fire and extended perils and any other insurable perils that may be deemed necessary by the Mortgagee, the Mortgaged Premises in the sum of not less than their full insurable value of lawful money of Canada, and in any event, in an amount equal to not less than the full replacement cost of the Mortgaged Premises;

4.2.2 where applicable, against loss or damage due to perils covered by broad form boiler and pressure vessel insurance policies;

4.2.3 where applicable rental income insurance as the Mortgagee may require.

The loss for such policies shall be made payable to the Mortgagee as first loss payee, with the Mortgagee's mortgage clause affixed to each policy by the insurer. The Mortgagor shall pay all premiums and sums of money necessary for such purpose as the same shall become due, and shall forthwith assign and deliver to the Mortgagee the policy or policies of insurance and all renewal receipts and renewals thereto appertaining and will deliver evidence of renewal to the Mortgagee at least fifteen (15) days prior to the expiration of any policy. In the event of any breach of the foregoing covenants respecting insurance the Mortgagee may, at its option, effect such insurance on behalf of the Mortgagor, and if for any reason the Mortgagee is unable to effect or maintain such insurance the whole of the monies hereby secured remaining unpaid shall forthwith become due and payable. Forthwith on the happening of any loss or damage as aforesaid the Mortgagor, at the expense of the Mortgagor, will furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and any such insurance monies received by the Mortgagee may, at the option of the Mortgagee, be applied in repairing or rebuilding any building of which the Mortgaged Premises may form a part, or be applied to the payment of the monies hereby secured (whether or not any amount is then due) in such manner as the Mortgagee may determine or be paid to the Mortgagor or any person appearing by the registered title to be the owner of the said lands or partly in one way and partly in another.

Improvements and Fixtures:

5. The Mortgagor shall not commit any act of waste thereon, and shall at all times during the continuance of this security the same repair, maintain, restore, mend, keep, make good, finish, add to and put in order. Provided however that the preparation of the Mortgaged Premises for future subdivision for urban purposes shall not be deemed to be an act of waste. In the event of any loss or damage thereto or destruction of any new buildings placed upon the Mortgaged Premises the Mortgagee may give notice to the Mortgagor to repair, rebuild or reinstate the same within a time to be determined by the Mortgagee and to be stated in such notice. If the Mortgagor fails to so repair, rebuild or reinstate within such time,

such failure shall constitute a breach of covenant hereunder and thereupon the Mortgage monies shall, at the option of the Mortgagee, become immediately due and payable without demand by the Mortgagee upon the Mortgagor. The Mortgagee may repair, rebuild or reinstate the Mortgaged Premises at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor to the mortgage account, all notwithstanding any law, equity or statute to the contrary, and in particular, *The Insurance Act* of Alberta and *The Fire Prevention (Metropolis) Act*, 1774 (14 Geo.3 c.78), all rights and benefits of the Mortgagor thereunder being hereby expressly waived. This provision shall be in addition to any statutory covenants implied in this Mortgage.

Land Titles Act Covenants:

6. That the Mortgagor further covenants and agrees with the Mortgagee that:

6.1 the Mortgagor has good title to the said lands free from all encumbrances (save as endorsed hereon);

6.2 the Mortgagor has the right to Mortgage the lands;

6.3 on default the Mortgagee shall have quiet possession of the lands free from all encumbrances (save as endorsed hereon);

6.4 the Mortgagor shall execute such further assurances of the lands as may be requisite; and

6.5 the Mortgagor has done no act to encumber the lands (save as endorsed hereon).

Default:

7. That in the event of non-payment of the mortgage monies or any part thereof at the time of falling due of same under the terms of this Mortgage, or in the event of non-payment of interest or of any further amounts as provided for in this Mortgage, or in the event of default being made in any of the covenants, agreements, provisos or stipulations otherwise expressed or implied herein, or in the event of default being made in any of the covenants, agreements, provisos or stipulations expressed in any mortgage to which this Mortgage is subject, or if the Mortgagor shall become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy Act* of Canada, the *Companies' Creditors' Arrangement Act* of Canada, the *Winding-Up Act* of Canada or any other Act for the benefit of creditors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, or upon the registration of any builders' lien against the Mortgaged Premises, which lien remains undischarged for a period of twenty-one (21) days after notice of the registration thereof is given to the Mortgagor;

7.1 the Mortgagee at its option may, at the expense of the Mortgagor, and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation;

7.2 the Mortgagee may send or employ an inspector to inspect and report upon the value, state and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the same;

7.3 the Mortgagee may enter into possession of the Mortgaged Premises and whether in or out of possession collect the rents and profits therefrom, and make any demise or lease of the Mortgaged Premises or any part thereof for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised before or after and subject to any such demise or lease;

7.4 the Mortgagee at such time or times as it may deem necessary and without the concurrence of any other person through its servants, agents or contractors may enter upon the Mortgaged Premises and may make such arrangements for repairing or putting in order the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Premises as it may deem expedient, all costs, charges, and expenses incurred by the Mortgagee in so doing, including allowances for the time and service of any agent of the Mortgagee or other person appointed for the above purposes or in connection therewith shall be secured hereby and shall (together with interest thereon at the rate then in effect) be a charge on the Mortgaged Premises, shall bear interest at the said rate until paid, all such monies to be repayable to the Mortgagee on demand, or if not demanded, then repayable without demand on the next ensuing installment (whether for interest or principal);

7.5 the Mortgagee shall have full power, right and license to enter, seize and distrain upon the Mortgaged Premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of a demise of the Mortgaged Premises as much of the mortgage monies as shall from time to time be or remain in arrears and unpaid together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent;

7.6 the Mortgagee may sell and dispose of the Mortgaged Premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the Mortgaged Premises; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this Mortgage may be exercised; and any notice may be effectually given by delivering such notice or transmitting such notice by telefacsimile to the Mortgagor at the address or telefax number of the Mortgagor shown herein; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Mortgaged Premises hereunder, and the Mortgagee may sell, transfer and convey any part of the Mortgaged Premises, on such terms of credit or part cash and part credit secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to the Mortgagee most advantageous and for such prices as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any monies until the same shall be actually received in cash; and sales may be made from time to time of parts of the Mortgaged Premises to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make any stipulations as to title or evidence or commencement of title or otherwise as the Mortgagee shall deem proper, and may buy in or rescind or vary any contract for sale; and on any sale or resale, the Mortgagee shall not be answerable for any loss occasioned thereby; and for any such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case of any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained shall prove abortive, the Mortgagee may take foreclosure proceedings in respect of the Mortgaged Premises in accordance with the provisions of the laws of the Province of Alberta in that regard; and in the event of any deficiency on account of monies secured by this Mortgage remaining due to the Mortgagee after realizing all of the Mortgaged Premises by sale or otherwise then the Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the rate aforesaid;

7.7 the whole of the unpaid balance of the mortgage monies, interest and all other amounts due hereunder, at the option of the Mortgagee, become due and payable.

Non-Merger:

8. That the giving and taking of this Mortgage shall in no way merge or affect any other security or securities that may have been, or that may hereafter be given in respect of any amounts secured by this Mortgage or any part thereof, or impair or affect any such security or securities or any remedy thereon, and all rights or remedies which the Mortgagee now has or may hereafter have against the Mortgagor or any other person or entity are hereby reserved, and the Mortgagor agrees that the taking of a judgment or judgments under any of the covenants or agreements herein contained or under any such security or securities or the entering into any arrangement (including the granting of time), compromise, release or

discharge or the termination of any cause, claim or right whatsoever by the Mortgagee with the Mortgagor or any other person or entity, to the exclusion of the Mortgagor or any other person or entity, whether prejudicial or beneficial to any one or more of them, shall not operate as a merger of such covenants and agreements or affect the rights or remedies of the Mortgagee under the covenants herein contained or under any other such security or securities, or of the Mortgagee's security herein by way of a charge against the Mortgaged Premises, or affect the Mortgagee's right to interest at the rate prescribed herein on any amounts owing to the Mortgagee under the covenants contained in this Mortgage, or under any other security or securities, it being understood and agreed that interest at the rate prescribed herein shall run and be included and payable on any judgment or other proceedings taken herein and that any such judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until such judgment shall have been fully paid and satisfied.

Release of Mortgaged Premises:

9. That the Mortgagee may at any time release any part of the Mortgaged Premises, or any of the covenants and agreements herein contained, or any collateral security, either with or without any consideration therefor, and without being accountable for the value thereof, or for any money except what is actually received, and without thereby releasing or affecting any other of the Mortgaged Premises or any of the other covenants or agreements herein contained or releasing any surety or other security, and no person shall have any right to require the mortgage monies to be apportioned.

Partial Discharges:

10. Notwithstanding anything to the contrary contained in paragraph 9, although the Mortgagor shall not be entitled to a complete discharge of this Mortgage until after receipt of the entire principal sum, interest thereon, and all other monies secured, the Mortgagee shall from time to time release portions of the Mortgaged Premises (each such portion being hereinafter referred to as "Release Parcel") provided that:

10.1 the Mortgagor is not in default of any covenant or undertaking to be observed or performed by the Mortgagor under this Mortgage;

10.2 the Mortgagor shall at its sole cost and expense obtain any and all consents of all governmental planning authorities or subdivision authorities necessary to permit the registration of a plan of subdivision in respect of the Release Parcel;

10.3 the Mortgagor shall have made payment in reduction of the principal sum for each Release Parcel of an amount which is that portion of the principal sum then outstanding which the area of the Release Parcel exclusive of the area of environmental reserves, bears to the area contained in the title for the lands at that date; and

10.4 the Mortgagor has paid all interest which has accrued due upon the amount of the principal payment to be made pursuant to paragraph 10.3 above from the last preceding the date of such payment to the date of such payment.

Any prepayment made by the Mortgagor pursuant to paragraph 10.3 shall be credited against the principal sum then outstanding under this Mortgage.

Costs:

11. That all solicitor's, inspector's, consultant's (including the architect's), valuator's, surveyor's and other fees and expenses for drawing and registering this Mortgage, and for examining the Mortgaged Premises and the title thereto, and for making or maintaining this Mortgage as a first charge on the Mortgaged Premises (save as endorsed hereon) or incurred as a result of default hereunder or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of money payable hereunder, or of taking, recovering or keeping possession of the Mortgaged Premises, and generally in any other proceeding, matter or thing taken or done to protect or realize the security or any other security for this mortgage loan, together with all sums which the Mortgagee may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes, rates or in or toward payment of prior liens, charges, encumbrances or claims charged or to be charged against the Mortgaged Premises or in maintaining, repairing or restoring the Mortgaged

Premises notwithstanding that the costs thereof may exceed the principal sum secured hereunder, and in inspecting, leasing, managing or improving the Mortgaged Premises, or in maintaining, repairing or restoring the Mortgaged Premises, including the price or value of any goods of any sort or description supplied to be used on the Mortgaged Premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting, and legal costs, as between a solicitor and his own client on a full indemnity basis, and also an allowance for the time, work and expenses of the Mortgagee, for any purpose herein provided for and whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise shall be secured hereby and shall (together with interest thereon at the rate then in effect) be a charge on the Mortgaged Premises, shall bear interest at the said rate until paid, all such monies to be repayable to the Mortgagee on demand, or if not demanded, then repayable without demand on the next ensuing installment (whether for interest or principal).

Payments by Mortgagee:

12. That in the event of the mortgage monies advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of, and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged, and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this Mortgage or of any claim so paid off shall be final and binding upon the Mortgagor.

Accounting for Revenues:

13. That the Mortgagee shall not be charged with any monies receivable or collectible out of the Mortgaged Premises or otherwise except those actually received, and all revenue of the Mortgaged Premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may at the option of the Mortgagee be retained in a suspense account or used in maintaining or insuring or improving the Mortgaged Premises, or in payment of taxes or other charges against the Mortgaged Premises, or applied on the mortgage account, and the Mortgagee shall not be under any liability to pay interest on any sums in a suspense account.

Preparation of Discharges:

14. That any discharge of this Mortgage shall be prepared by the solicitor of the Mortgagee and the Mortgagee shall after receipt of payment in full as expeditiously as in the circumstances is reasonably possible execute and deliver such discharge to the Mortgagor provided interest as then in effect shall continue to run and accrue until actual payment in full has been received by the Mortgagee.

Payments to Mortgagee:

15. That all payments to be made to the Mortgagee are hereby irrevocably directed to be paid to the Mortgagee at 4 Berry Crescent, Fort McMurray, Alberta, T9H 1J9. All payments under this Mortgage should be made before 2:00 o'clock p.m. (Edmonton time) on any day on which the payment is made. In the event the payment is made after 2:00 o'clock p.m. (Edmonton time) on any particular day, it is understood and agreed that the said payment will be deemed to have been made on the next business day following the date on which payment is made. All payments made by mail shall be deemed received on the day and at the time of actual delivery to the Mortgagee at the address at which the Mortgagee shall require payment to be made; provided however, that any payments made by mail and actually delivered to the Mortgagee after 2:00 o'clock p.m. (Edmonton time) on any particular day shall be deemed to have been made on the next business day following the date on which payment was actually received.

Attornment:

16. That for better securing the punctual payment of the mortgage monies the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Mortgaged Premises at an annual rental equivalent to the annual installments secured hereby, the same to be paid on each day appointed for the payment of each such installment. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor.

Waiver of Redemption:

17. That the Mortgagor does hereby waive any and all rights, benefits and privileges which may otherwise exist at law or in equity to redeem this Mortgage after any order of any court of competent jurisdiction has been granted for foreclosure or judicial sale of the Mortgaged Premises.

Waiver of Breach:

18. That the waiver by the Mortgagee of the performance of any covenant, proviso, condition or agreement herein contained or implied, shall not abrogate such covenant, proviso, condition or agreement or be a waiver of any subsequent breach of the same.

Extensions of Time:

19. That no extension of time given or alteration of the interest rate or alteration of principal repayment made by the Mortgagee to the Mortgagor or its assigns or any one claiming under him or any other dealing by the Mortgagee with the owner of the said lands shall in any way prejudice or affect the rights of the Mortgagee against the Mortgagor or any other person.

Assignment by Mortgagee:

20. That the Mortgagee, without the consent of the Mortgagor, may assign in whole or in part the debt hereunder, this Mortgage and any security collateral to this Mortgage.

Mortgagor's Representations:

21. The Mortgagor represents and warrants to the Mortgagee that:

21.1 to provide written notice to the Mortgagee immediately upon the Mortgagor becoming aware that the said land or any adjacent property is being or has been contaminated with regulated, hazardous or toxic substances. Subject to the provisions of paragraph 22.2 the Mortgagor will not cause nor permit any activities on the said land which directly or indirectly could result in the said land or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Mortgage, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial, state or local statute, regulation or ordinance now or hereafter in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance; and

21.2 the Mortgagor shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the said land or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the said land, or incorporated in any improvements thereon. The Mortgagee may, but shall not be obliged to, enter upon the said land and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Mortgagor shall reimburse the Mortgagee on demand for the full amount of all costs and expenses incurred by the Mortgagee in connection with such compliance activities, unless such contamination was present upon the lands at the date of this Mortgage.

Additional Covenants of Mortgagor:

22. That the Mortgagor further covenants and agrees with the Mortgagee as follows:

22.1 the Mortgagor acknowledges that it has been advised by its counsel as to the meaning of Section 49 of the *Expropriation Act*, Alberta, and being fully aware that under the terms of the said Act the Mortgagee may be restricted to recovering the market value of this

Mortgage at the date of any expropriation, the Mortgagor hereby waives the provisions of Section 49 of the *Expropriation Act* and further waives any provisions which may be enacted and in force from time to time in replacement of or in addition to the provisions of the said Section 49 of the *Expropriation Act*;

22.2 in the event that the Mortgaged Premises, or any part thereof which are secured by this Mortgage, are condemned or expropriated to an extent which, in the Mortgagee's sole discretion, materially affects this mortgage security or any collateral security therefor, the full amount of the principal and interest and any other monies secured by this Mortgage then outstanding, shall, at the election of the Mortgagee, be deemed to become due and payable in full on the day before the said lands were expropriated and interest shall accrue thereon, at the rate then in effect, until the Mortgagee has been paid in full and the Mortgagor shall be estopped from denying otherwise;

22.3 the Mortgagor will pay or cause to be paid to the Mortgagee, upon the request of the Mortgagee and from any expropriation the whole of the proceeds thereof and if the Mortgagee elects to accelerate the term of the Mortgage pursuant to the provisions of paragraph 22.2 above, together with such additional funds as will retire the full amount of the principal and interest and any other monies then outstanding hereunder;

22.4 that the Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the expropriation of the Mortgaged Premises or any part thereof, will notify the Mortgagee of such proceedings;

22.5 any monies awarded by an order of the Land Compensation Board with respect to all or any part of the Mortgaged Premises to the extent of the full amount of the indebtedness upon this Mortgage and obligation secured hereby remaining unpaid, are hereby assigned by the Mortgagor and shall be paid forthwith to the Mortgagee, its successors and assigns;

22.6 the Mortgagor shall strictly comply with the terms and conditions of all agreements which the Mortgagee has entered into or assumed in relation to the Mortgaged Premises and with any and all requirements imposed upon the Mortgagor pursuant to the approval of any municipal or planning authority having jurisdiction over the subdivision or development of the Mortgaged Premises; and,

22.7 the Mortgagor acknowledges that this Mortgage is granted as part of the consideration due and owing to the Mortgagee pursuant to an offer to purchase dated July 10, 2014 as amended and extended from time to time (the "Purchase Agreement") and the terms of this Mortgage shall not merge in the completion of the sale of the Lands pursuant to the terms of the Purchase Agreement, and the Mortgagor shall have no rights of set-off or abatement howsoever arising, if at all, under the Purchase Agreement.

Extended Definition of Mortgagor:

23. That when the context makes it possible the word "Mortgagee" wherever it occurs in this Mortgage shall include the successors and assigns of the Mortgagee and where applicable the mortgage insurer, its successors and assigns, and the words "Mortgagor" shall include the heirs, executors, administrators, successors and assigns of the Mortgagor and the word "person" shall include any body corporate or politic; and the words in the singular include the plural and words importing the masculine gender include females and all covenants herein contained or implied are to be construed as both joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied. Reference to any statute includes any successor thereto.

Severability:

24. That if any provision of this Mortgage or the application thereof to any circumstances shall be held to be invalid or unenforceable, then the remaining provisions of this Mortgage, or the application

thereof to other circumstances shall not be affected thereby and shall be held valid and enforceable to the full extent permitted by law.

Consent and Postponement:

25. The Mortgagee, upon request of the Mortgagor, will unconditionally provide its written consent to subdivision or planning approvals sought by the Mortgagor. Further, provided that the Mortgagor is not in default hereunder, the Mortgagee forthwith, following the request of the Mortgagor, execute and deliver to the municipality such postponement of this Mortgage to any easements and utility rights of way as the municipality shall require to accommodate the installation of any roadways or utilities, on, under or through the Mortgaged Premises. No compensation shall be due to the Mortgagee for such postponements of this Mortgage to any easements or utility right of way.

Law of Property Act:

26. That the Mortgagor hereby waives the provisions of subsections (1) to (4) of Section 41 and subsections (1) to (3) of Section 42 of the *Law of Property Act*, Alberta, and all the amendments thereto and all the amendments made subsequent hereto, and all substitutions thereof, and further waives any provisions which may be enacted and in force from time to time in replacement of or in addition to the provisions of the said Section of the *Law of Property Act*.

Due on Sale

27. The Mortgagor acknowledges that the Mortgagee, in advancing the principal sum or any part thereof to the Mortgagor, is relying on the financial ability, in the opinion of the Mortgagee, of the Mortgagor alone to repay the same and the Mortgagor agrees that if the Mortgagor sells, conveys, transfers or assigns the said land, or agrees or purports to do so, to other than an affiliate (as defined in the *Business Corporations Act* (Alberta)) without the prior written consent of the Mortgagee, which consent the Mortgagee in its discretion may arbitrarily or unreasonably withhold, the whole of the principal sum outstanding hereunder together with interest, costs and charges thereon shall, at the option of the Mortgagee, forthwith become due and payable.

Charge:

28. That for better securing to the mortgagee repayment in the manner aforesaid of the principal sum and interest and other mortgage monies, the Mortgagor hereby mortgages to the Mortgagee all its estate and interest in the lands above described.

IN WITNESS WHEREOF the Mortgagor has executed these presents, this 9th day of July, 2014.

1371047 ALBERTA LTD.

Per: ______________________

WANDERING RIVER PROPERTIES LTD.

Per: ______________________

SCHEDULE "A"

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 8020469

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND THE RIGHT TO WORK THE SAME.

PERMITTED ENCUMBRANCES

Instrument No.	Instrument	Particulars
532RB	Caveat re: Easement	Caveator: Suncor Energy Inc.
3122RI	Caveat re: Easement	Caveator: ATCO Gas and Pipelines Ltd.
6608UG	Caveat	Caveator: ATCO Gas and Pipelines Ltd.
752 001 834	Caveat	Caveator: Suncor Energy Inc.
762 018 674	Utility Right of Way	Grantee: ICG Utilities (Plains-Western) Ltd.
832 210 206	Caveat re: See Caveat	Caveator: ICG Utilities (Plains-Western) Ltd.

Canada Revenue Agency Agence du revenu du Canada

Canada

Welcome to the GST/HST Registry > GST/HST Registry Search >

GST/HST Registry Search Result

GST/HST Number	817020753
Business Name	1371047 Alberta Ltd
Transaction Date	2014-08-01
Result	Registered on the transaction date entered

Our records show this GST/HST number was registered on the transaction date entered.

Please print this screen for your records.

Date Modified: 2012-10-20

SCHEDULE D

COPY OF USED MODULAR'S INVITATION FOR OFFERS LETTER

NOTICE OF SEALED BID OFFER

TWO Each– Alta Fab 38-person dormitories

NHAF – 5021-5028, Vintage Feb 2014 NHAF – 4871-878 Vintage Dec 2013

INVITATION FOR SEALED BIDS

Sealed Bid Auction for the purchase of the described assets in the Schedule portion of this Invitation for Sealed Bid opening will occur publicly at the date, time and place as follows:

Closing Date for Tenders will be **Friday August 31, 2018 at 2 P.M.**

Bids must be received by **1:59 P.M. Friday August 31, 2018** at the registered office of Used Modulars Canada - #2020 Tower 1 – 10060 Jasper Avenue T5J 3R8 – Bid opening will take place **Tuesday Sept 4th 10 a.m.** promptly.

Vendors will be contacted on **Tuesday September 4th, 2018** by end of business day (4:30 P.M.) Alberta time.

This Invitation for Sealed Bids is subject to, and all bids submitted must be in compliance with, the Schedule, Special Terms of Sale, Instructions to Bidders, General Terms of Sale, and Bid Forms and Acceptance, all of which are attached hereto and by this reference made a part hereof.

General Information:

Arrangement of viewing of assets can be made through Rod Duhamel via email at rod@usedmodulars.ca. Please include preferred time and date for viewing and list of who will be viewing assets from your corporation.

Mailing: The bid should be placed in a sealed envelope and mailed to the location address #2020 Tower 1 – 10060 Jasper Avenue T5J 3R8. Displayed prominently somewhere on the front of envelope should be displayed: **Bid Pkg. UMC-CAN – 38D - HML**

SCHEDULE

I. The Offering of Two – Alta-Fab manufactured dorms vintage 2013 - NHAF – 5021-5028 "as-is – where is" KM 273 Highway 881 Anzac, AB – Also known as HML Camp

SPECIAL TERMS OF SALE

The bidder shall be prepared to close within 14 days following bid acceptance. Any offer(s) considered by the Monitor for acceptance are subject to Court Approval, which is anticipated to occur on September 21, 2018, or such other date as mutually agreed between the Monitor and the prospective purchaser.

2. Bid Price

The Court appointed Monitor seeks to obtain fair market value for the property and reserves the right to consider, accept or reject any and all bids.

3. Prospective Purchaser's Agreement

As noted above, the acceptance of any Bidder's offers are contingent upon court approval of sale and the Bidder having entered into a Sale Agreement on or before the date of closing.

GENERAL TERMS OF SALE

1. TERMS – "INVITATION FOR SEALED BIDS."

The term "Invitation for Sealed Bids" as used herein refers to the foregoing Invitation for Sealed Bids, and its schedule; the Instructions to Bidders; the general terms of sale set forth herein; and the provisions of the Special Terms of Sale, and Bid Form all as may be modified and supplemented by any addenda that may be issued prior to the time fixed in the Invitation for Sealed Bids for the opening of bids.

2. DESCRIPTIONS IN INVITATION FOR SEALED BIDS.

The description of the property set forth in the Invitation for Sealed Bids and any other information provided therein with respect to said property are based on information available to us and are believed to be correct, but any error or omission, including but not limited to the omission of any information available to the Court appointed Monitor having custody over the property, shall not constitute ground or reason for non-performance of the contract of sale, or claim by purchaser for allowance, refund, or deduction from the purchase price.

3. INSPECTION

Bidders are invited, urged, and cautioned to inspect the property to be sold prior to submitting a bid. The failure of any bidder to inspect, or to be fully informed as to the condition of all or any portion of the property offered, will not constitute grounds for any claim or demand for adjustment or withdrawal of a bid after the bid opening or auction. All bidders are required to conduct their own due diligence in regard to the assets subject to this bid process, and the Monitor and Used Modulars Canada Ltd. make no representations as to the quantity, description, quality, title, character, condition, size, or kind, or that the same is in condition or fit to be used for the purpose for which intended.

4. CONDITION OF PROPERTY.

The property is offered for sale and will be sold "As Is" and "Where Is" without representation, warranty, or guaranty as to quantity, description, quality, title, character, condition, size, or kind, or that the same is in condition or fit to be used for the purpose for which intended, and no claim for any allowance or deduction upon such grounds will be considered after the bid opening or conclusion of an auction.

5. Removal of assets

Buyer will have 30 days from closing the transaction to remove assets, buyer will be responsible for removal of "skirting and framework" from site. Buyer will be responsible to ensure that no damage is made to the site on removal/the site is restored to pre-removal condition once assets are removed. Once the site is inspected post removal, and the Monitor is comfortable that the site is in a reasonable state, the Monitor will issue a certificate to finalize the sale and complete the transaction.

6. Special Considerations

Special consideration on bids will be given if buyer purchases additional modular or related equipment from HML site or other sites considered in the 'Canada North Group of Companies sale" providing that other assets are purchased within a predefined dollar range (undisclosed) – not withstanding the predefined purchase price on the 38-person assets.

7. POSSESSION.

The successful bidder agrees to assume possession of the property as of the date of conveyance.

8. REVOCATION OF BID AND DEFAULT.

In the event of revocation of a bid after the opening of bids but prior to acceptance, or in the event of revocation of a bid after notice of acceptance, or in the event of any default by the successful bidder in the performance of the contract of sale created by such acceptance, or in the event of failure by the successful bidder to consummate the transaction, the next highest bidder will have first right of refusal on purchase of the assets, not withstanding section 6 of this document.

9. **Court process**

Due to the nature of the assets being sold by a Court appointed Monitor, all pending sales are conditional on approval by Court

10. TITLE EVIDENCE.

Any title evidence, desired by the successful bidder, will be procured by the successful bidder at the sole cost and expense of the successful bidder. The Court appointed monitor will, however, cooperate with the successful bidder or his authorized agent in this connection, and will permit examination and inspection of such deeds, abstracts, affidavits of title, or other documents relating to the title of the premises and property involved, as it may have available. It is understood that the Court appointed monitor nor Used Modulars Canada Ltd. will not be obligated to pay for any expense incurred in connection with title matters or survey of the property.

INSTRUCTIONS TO BIDDERS

1. Submittal of Sealed Bids

On the date set and at the time designated for the opening of the sealed bid auction, each prospective bidder is required to submit the bid deposit in the amount and form specified herein.

Outside of envelope containing the sealed bid must be marked: Sealed Bid for Auction with the **Bid Pkg. UMC-CAN – 38D - HML**

2. Bid Form

Each prospective bidder is required to complete and execute, in duplicate, the bid form attached in this Invitation for Bids, and all information and certifications called for thereon must be furnished. Bids submitted in any other manner or which fail to furnish all information or certifications required may be summarily rejected.

Bids shall be filled out legibly with all erasures, strikeovers, and corrections initialed by the person signing the bid and the bid must be manually signed.

Negligence on the part of the bidder in preparing the bid confers no right for withdrawal or modification of the bid.

3. Bid Executed on Behalf of Bidder

A bid executed by an attorney or agent on behalf of the bidder shall be accompanied by an authenticated copy of his Power of Attorney or other evidence of his authority to act on behalf of the bidder.

a. Corporation: If the bidder is a corporation, The person filling out the bid must be a duly authorized officer of the corporation and will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary.

4. Bid Deposit

The successful bidder will be required to provide a 15% deposit

5. Additional Information

Used Modulars Canada or the Court appointed monitor, will, upon request, provide additional answers concerning the property offered to facilitate preparation of bids. Each bid submitted shall be deemed to have been made with full knowledge of all terms, conditions, and requirements contained in this Invitation for Bids. Additional questions may be made in writing to rod@usedmodulars.ca up until date and time of closing of the bid submissions. All questions must be submitted via email before August 28th at 2 P.M.

6. Notice of Acceptance or Rejection

Notice by Used Modulars Canada Ltd (on behalf of Court appointed trustee) of acceptance of a bid shall be deemed to have been sufficiently given via email to the high bidder or his duly authorized representative at the address indicated in the bid documents. Notice of rejection of a bid shall be deemed sufficiently given when received via email by a representative of Used Modulars Canada Ltd.

7. Waiver of Information or Irregularities

Used Modulars Canada Ltd or the Monitor may, at its election, waive any minor informality or irregularity in bids received.

OFFER TO PURCHASE Bid Pkg. UMC-CAN – 38D - HML

This offer is subject to the procedures, terms and conditions of the "Invitation for Sealed Bids" which is incorporated herein by reference. The undersigned bidder hereby offers and agrees, if this bid is accepted within 3 business days after the date of acceptance of bid, to purchase the sale item indicated above that corresponds with the description of the assets.

Amount of Bid: ____________________ Bid Deposit: 15% due upon acceptance of bid

Name: ______________________________

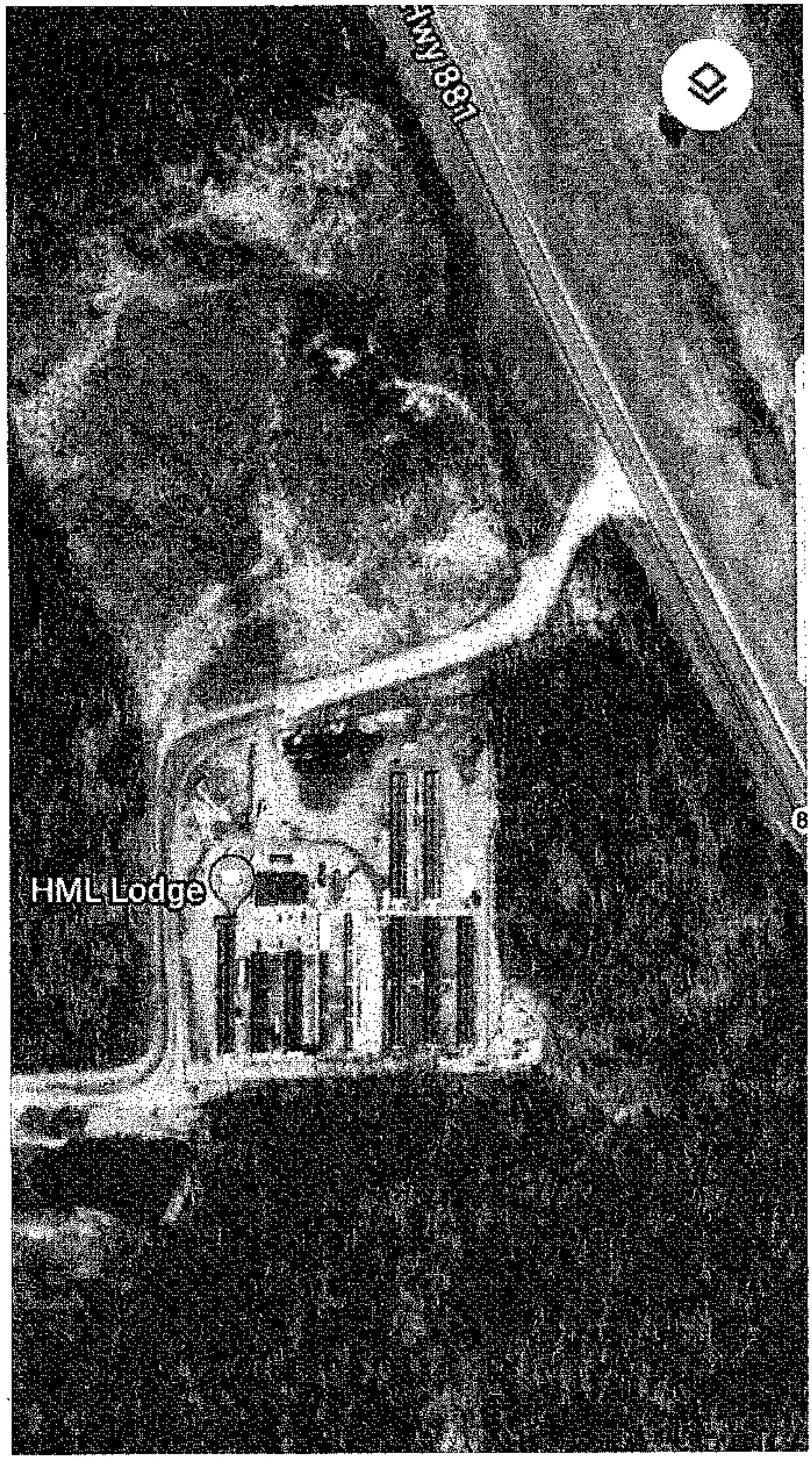
Mailing address: ______________________________

City: ____________________

Telephone: ____________________

Signature: ____________________

Signer's Name & Title: ______________________________


Hwy 881
HML Lodge

TAB 5

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

for Clerk of the Court

COURT FILE NO.	1703 12327	
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	

Clerk's Stamp

FILED JUL 09 2019 Judicial Centre Edmonton Clerk of the Court of Queen's Bench

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 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. Bieganek, 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

{02067757 v1}
4127-3965-2381.v1

(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. Bieganek, 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

APPROVED AS TO FORM AND CONTENT BY:

DUNCAN CRAIG LLP

Darren R. Bieganek, 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

TAB 6

Clerk's Stamp
JUDICIAL CENTRE OF EDMONTON
FILED
SEP 30 2019
Clerk of the Court of Queen's Bench

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.
DOCUMENT	**THE MONITOR'S TWENTY-FIFTH REPORT**
	September 30, 2019
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u>

ERNST & YOUNG INC.
EPCOR Tower
10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7
Attention: Matt McCulloch / Dan McCulloch
Telephone: 780-638-6642 / 780-441-4695
Fax: 780-428-8977
Email: matt.mcculloch@ca.ey.com
dan.mcculloch@ca.ey.com

COUNSEL

Duncan Craig LLP
Suite 2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan
Phone: 780-441-4386 / 780-441-4336
Fax: 780-428-9683
Email: dbieganek@dcllp.com
rquinlan@dcllp.com

TABLE OF CONTENTS

SCHEDULES

PURPOSE OF THE REPORT

1. Over the Course of these CCAA proceedings the Applicants and the Monitor have made several applications to this Court, which have not been outlined in this report, requesting various relief and corresponding extensions of the Stay. Prior to this report, the Monitor has filed twenty-three reports with the Court, issued one confidential report (the Confidential Twenty-Fourth Report) and issued ten unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth, Seventeenth, Eighteenth, Twentieth, Twenty-First and Twenty-Second Reports. Copies of all filed Monitor's reports, materials filed by the Applicants, application materials and previous Orders of the Court can be accessed on the Monitor's website as noted in the disclaimer section of this report below.

2. The purpose of this brief report (the "25^{th} **Report**") is to provide the Court and the Remaining Applicants' stakeholders with information in support of a request by the Monitor of this Honourable Court for an Order approving a proposed settlement with 726 Remote Accommodations Ltd., 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively "726") arising out of the previous application before Justice Hillier and his subsequent Reasons for Judgement dated May 14, 2019, (the "**Reasons**"), wherein he determined that:

   a) 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;

   b) In respect of the "Bonnyville Assets" (as defined in the Reasons), including without limitation the "J+J Dorms" (as defined in the Reasons), 726 acquired the Bonnyville Assets, subject to the security interest of CWB, which stands in priority to any ownership claim of 726, and the Monitor may liquidate the Bonnyville Assets;

   c) 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"), 185's security interest pursuant to the Partnership GSAs (as described in the Reasons) takes precedence and priority to 726's interest in the Leased Camp Assets, and that 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;

d) 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"), 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 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;

e) In respect of the "FX6 Dorms" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, the Monitor was entitled to sell the FX6 Dorms;

f) In respect of the "Removed Unit" as defined in the Affidavit of Barry Roman sworn on November 27, 2018 (the "**Roman Affidavit**"), CWB has the first priority security interest in the Removed Unit, and the Monitor may liquidate the Removed Unit in these proceedings for the benefit of CWB; and

g) In respect of the "Delivered Kitchen Units" as defined in the Roman Affidavit, CWB has the first priority security interest in the Delivered Kitchen Units; and the Monitor may liquidate the Delivered Kitchen Units in these proceedings for the benefit of CWB.

(the "**Hillier Decision**").

DISCLAIMER

3. This 25th Report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders previously issued in these proceedings all of which, save for items directed to be sealed for confidentiality purposes, are available on the Monitor's website established for these proceedings that is located at *http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410*. In addition, this 25th Report should be read in conjunction with any new materials filed with the Court by the Applicants (if any), or others, prior to the date of the upcoming application set for October 1, 2019.

4. This report should be read in conjunction with all reports previously filed by the Receiver, as well as all filed Confidential Supplements), as only new details not previously provided to the Court will be discussed herein, unless otherwise stated.

5. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein not otherwise defined are as defined in the previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

PROPOSED SETTLEMENT AGREEMENT AND RELEASE

6. Shortly after the Hillier Decision was released, the Monitor, its counsel, CWB and its counsel met to discuss the impact of the Hillier Decision in the circumstances and the Monitor's proposed next steps. It was agreed at the meeting that the most prudent course of action would be to approach 726 in an attempt to reach a settlement of the matter, as opposed to having the Monitor take possession of a number of additional assets (where required), secure such assets and proceed to liquidate same.

7. Between July 12, 2019 and September 25th, 2019 counsel for the Monitor and 726 exchanged without prejudice settlement offers and counter offers in an attempt to negotiate a settlement. CWB and its counsel were involved throughout this process and were fully apprised of all discussions in this regard.

8. Subject to the approval of this Honourable Court, the Monitor and 726 have come to an agreement whereby 726 will pay $3.25 million to the estate as follows:

   a. $159,123.46, for and on behalf of Wandering River Lodge LP, as repayment of the indebtedness owing from Wandering River Lodge LP to CNC;

   b. $1,116,897.75, for and on behalf of Peace River Lodge LP, as repayment of the indebtedness owing from Peace River Lodge LP to CNC;

   c. $1,236,788.24 (including the sum of $367,290.00 representing proceeds of sale of certain rig mats), for and on behalf of Kilometer 147 LP, as repayment of the indebtedness owing from Kilometer 147 LP to CNC;

   d. $737,187.55 in consideration of CWB releasing its priority security interest in the Bonnyville Equipment;

   e. $1.00 in consideration of CNC releasing its priority security interest in the Ancillary Equipment;

   f. $1.00 in consideration of CNC releasing its priority security interest in the Small Wares; and

   g. $1.00 for the release of any potential debt claim that one or more of the Applicants may have in respect of the Arizona Dorms (as defined below) and potential claim in relation thereto.

9. In exchange for the payment of settlement amount by 726, the Monitor and CWB have agreed to seek and support an Order of this Honourable Court approving the proposed Settlement Agreement and Release (the "**726 Agreement**") and confirming title in and to

the applicable assets, including the Removed Unit and Delivered Kitchen Units, in 726 free and clear of any right, title and interest of the Applicants and any creditors and other persons claiming through the Applicants, including without limitation the Monitor and CWB (the "**Approval Order**").

10. The 726 Agreement specifically excludes from its scope any costs award that may be payable by 726 to the Monitor and/or CWB as a result of the Hillier Decision (the "**Costs Dispute**"). The Costs Dispute is scheduled to be heard before the Honourable Mr. Justice Hillier on November 6, 2019 (the "**Costs Hearing**") and is still proceeding as at the date of this report. 726 will be responsible for the payment of any cost award issued against it notwithstanding this settlement.

11. A copy of the 726 Agreement and the applicable details in relation thereto is attached as **Schedule "A"** to this report. The Monitor advises that the 726 Agreement attached as Schedule A to this report is unfinalized at this time as the Monitor is awaiting confirmation from 726 that it has agreed to its final terms set out therein. The Monitor has been working with counsel for 726 in drafting the 726 Agreement and does not anticipate that any material changes to the terms will be required.

12. One further note in relation to the 726 Agreement relates to Schedule C attached thereto. The Monitor advises that this schedule is still being formulated at this time, but it will contain the listing of Ancillary Equipment that is generally set out in the Roman Affidavit.

13. The Monitor advises that although it may be possible to liquidate the assets subject to the 726 Agreement and achieve a higher recovery over the amount contemplated in the 726 Agreement, the Monitor has a number of significant concerns in this regard including, but not likely limited to the following:

    i.) The market for camp related equipment given the current state of the Alberta economy has been soft over the past year, and the Monitor is not privy to any information at present that suggests this will change in the foreseeable future. Unless the market improves, it is also possible that the net recovery/realization to the estate could be less than contemplated in the 726 Agreement;

ii.) Recent sales of the Remaining Applicants' assets have been slow, which could mean that significant carrying costs could be required to safeguard, store, maintain, insure, possibly transport and sell the assets subject to the 726 Agreement;

iii.) There would be increased professional fees required of the Monitor and likely its counsel to deal with the assets subject to the 726 Agreement, which could also be significant;

iv.) In relation to insurance, the Monitor advises that the Remaining Applicants' insurer recently advised that it would not be renewing the existing insurance policy, which was set to expire on September 30, 2019. Securing new insurance in these circumstances was very difficult as most insurance companies are no longer insuring non-operating camps. Although the Monitor was able to secure replacement insurance in time, the replacement insurance is expensive with monthly premiums of $7,198.00. The Monitor anticipates that insurance costs will be reduced with this settlement;

v.) Maintaining full time, on site security at certain of the former camp locations is becoming challenging given the passage of time. The Monitor has had difficulties maintaining security at some of the sites since the expansion of its powers (even with the assistance of Lodgistx), and is concerned that additional security would be difficult to secure and maintain; and

vi.) With the passage of time, the condition of the remaining camp assets (including the assets subject to the 726 Agreement) will likely deteriorate on account of weather conditions and lack of use.

14. In addition to the above, there are a number of reasons in support of the 726 Agreement, including the following:

a.) 726 has confirmed that the $3.25 million of consideration contemplated in the 726 Agreement would be paid to the estate within a few weeks of the Court's approval, eliminating the need for a sales process of the affected assets and seeing an injection of significant funds into the estate in short order;

b.) There will not be any additional costs to secure, store, maintain, insure, transport or sell the assets subject to the 726 Agreement;

c.) The payment of the $3.25 million by 726 sees all of the debt owed to CNC by Wandering River Lodge LP, Peace River Lodge LP and Kilometer 147 LP paid in full, plus an additional $737,187.55 paid as partial payment of the indebtedness owing from CNC to CWB, in exchange for a release of CWB's security interest on the Bonnyville Assets;

d.) The approval of the 726 Agreement will resolve the outstanding asset ownership/ priority issues which have been the primary cause for the delay in relation to the Monitor finalizing a request for proposals ("**RFP**"). Completion of the 726 Agreement will allow the Monitor to proceed to issue an RFP for the Remaining Applicants' remaining camp assets and real properties in due course with the certainty of what can be offered for sale through that process;

e.) The 726 Agreement does not include or address any costs which arise from the Hillier Order and this matter remains a live issue and will likely result in additional funds being paid to the estate;

f.) CWB is the only directly affected secured stakeholder in relation to the 726 Agreement, and CWB supports the Monitor's request for approval of the 726 Agreement by the Court.

15. In respect of the Arizona Dorms, the Monitor has previously been advised that one or More of the Applicants agreed to construct six (6) dorms, bearing serial numbers 201423FXPR2028, 201423FXPR2031, 201423FXPR2037, 201423FXPR2038, 201423FXPR2039 and 201423FXPR2040 (collectively the "Arizona Dorms") in exchange for payment by 726 in the amount of $737,054.36 (U.S. Dollars). The Applicants, or one of them, allegedly issued invoice number 429859673 dated May 31, 2017 in the amount of $560,161.38 (U.S. Dollars) to 726 in respect of the Arizona Dorms, which 726 denied ever receiving.

16. Counsel for the Monitor issued a demand letter to 726 on or about June 11, 2018 demanding payment of the sum of $560,161.38 (U.S. Dollars) from 726 in respect of the Arizona Dorms. 726 denied for a number of being liable or responsible for any further sums alleged to be due and owing in favour of the Applicants in respect of the Arizona Dorms.

17. On or about September 19, 2018, 726 and the Monitor entered into a Liquidation Process and Standstill Agreement in respect of the Arizona Dorms. A copy of this Agreement is attached as **Schedule "B"** to this report.

18. The Arizona Dorms were sold by the Monitor for the modest amount of $3,100.00 USD (gross sale proceeds), due in part to their construction being incomplete and unfinished. After related sales costs were deducted and the remaining proceeds were converted to Canadian currency, the Monitor received $2,596.14 CAD on account of the sale of the Arizona Dorms.

19. Based on the information provided by 726 regarding the Arizona Dorms, and the other information gathered by the Monitor from the Applicants and its agents in Arizona, the Monitor's counsel has opined to the Monitor that the chances of successfully asserting a debt claim against 726 in respect of the alleged amounts outstanding for the Arizona Dorms is low and the cost to do so in the circumstances would likely eclipse any value to the estate.

20. Based on the information noted above, the Monitor recommends the Court approve the 726 Agreement.

OTHER MATTERS

21. There are no other matters to report at this time.

CONCLUSIONS

22. Based on the matters outlined in this report, the Monitor respectfully requests an Order from the Court approving the 726 Agreement as contemplated herein.

All of which is respectfully submitted.

Dated at Edmonton, this 30th day of September, 2019.

Ernst & Young Inc.
In its capacity as Monitor of
667402 Alberta Ltd.; 18512398 Alberta Ltd.; 816956 Alberta Ltd.; 1371047 Alberta Ltd.;
1919209 Alberta Ltd.; and Canada North Group LP Holdings Ltd.
and not in its personal or corporate capacity

Per:

Matt McCulloch, CA, CPA, CIRP, LIT
Senior Vice President

SCHEDULE A

SETTLEMENT AGREEMENT AND RELEASE

This Agreement is made effective this 29th day of September, 2019 by and between:

ERNST & YOUNG INC., IN ITS CAPACITY AS THE COURT-APPOINTED MONITOR OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.

("MONITOR")

-AND-

CANADIAN WESTERN BANK

("CWB")

-AND-

726 REMOTE ACCOMMODATIONS LTD., 726 MODULAR FINANCE LTD., AND RELIANT ASSET MANAGEMENT, LLC

(collectively "726")

WHEREAS on July 5, 2017, 667402 Alberta Ltd., 18512398 Alberta Ltd., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., and 1371047 Alberta Ltd. (collectively the "Applicants") made an application requesting certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, (the "CCAA"), and obtained an Initial Order and a stay of proceedings in Court of Queen's Bench Action Number 1703 12327 (the "Action"), and Ernst & Young Inc. was appointed as the monitor of the Applicants;

AND WHEREAS Since the Initial Order, 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. have been added as "Applicants" to these proceedings, while Campcorp Structures Ltd., D.J. Catering Ltd. have been removed from the CCAA proceedings, and the powers of the Monitor have been expanded to permit it to liquidate all of the assets of the remaining Applicants;

AND WHEREAS the Monitor and 726 entered into a Liquidation Process and Standstill Agreement dated effective September 19, 2018 (the "Standstill Agreement") in respect of six (6) dorms, bearing serial numbers 201423FXPR2028, 201423FXPR2031, 201423FXPR2037, 201423FXPR2038, 201423FXPR2039 and 201423FXPR2040, located in Arizona (collectively the "Arizona Dorms") that were the subject of invoice number 429859673 dated May 31, 2017 issued by one of the Applicants to 726 (the "Arizona Dorms Invoice"), which 726 has denied being liable to pay (the "Arizona Dorms Dispute");

AND WHEREAS 726 claimed ownership of the following in the Action:

(a) the "Bonnyville Equipment," including without limitation the "J+J Dorms," as described in Schedule "A" to this Agreement;

(b) certain specific assets at the Wandering River, Peace River and Kilometer 147 camps formerly operated by 18512398 Alberta Ltd., formerly known as Canada North Camps Inc. ("CNC"), 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, as described in Schedule "B" to this Agreement (collectively the "Leased Camp Assets");

(c) certain "Ancillary Equipment" at the Bonnyville, Peace River and Kilometer 147 camps formerly operated by 185, as described in Schedule "C" to this Agreement;

(d) the "Small Wares," as described in the Honourable Mr. Justice Hillier's Reasons for Judgment dated May 14, 2019 (the "Reasons"), located specifically within the dorms, kitchen units and recreation units that consist the Bonnyville Equipment and the Leased Camp Assets;

(e) the "Removed Unit," as defined in the Supplemental Affidavit of Barry Roman sworn November 27, 2018 (the "Supplemental Affidavit"); and

(f) the "Delivered Kitchen Units," as defined in the Supplemental Affidavit

(collectively the "Contested Camp Assets");

AND WHEREAS the Monitor, on behalf of CNC, and CWB claimed priority to the Bonnyville Equipment, and the Monitor, on behalf of CNC, claimed priority to the Leased Camp Assets, and ownership of or priority to the Ancillary Equipment, Small Wares, Removed Unit and Delivered Kitchen Units;

AND WHEREAS the Parties argued before the Honourable Mr. Justice Hillier in the Action on January 10, January 11, March 14 and March 15, 2019 in respect of the ownership of and priority to the Contested Camp Assets (the "Hearing"); and thereafter, the Honourable Mr. Justice Hillier released his Reasons and granted the Order (Priority of Contested Camp Assets) dated May 14, 2019 in favour of the Monitor and CWB;

AND WHEREAS the Parties have agreed to settle all matters between them arising from, or relating to, the Contested Camp Assets and the Hearing (the "Agreement"), except for any costs award that is or shall be payable by 726 to the Monitor and/or CWB as a result of the Hearing (the "Costs Dispute"), which dispute is scheduled to be heard before the Honourable Mr. Justice Hillier on November 6, 2019 (the "Costs Hearing"), and which is not and shall not be deemed to be part of this Agreement generally or included within the scope of the Releases contained within this Agreement;

NOW THEREFORE IN CONSIDERATION of the mutual covenants and provisions contained in this Agreement, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the Parties agree to the settlement of this matter on the following terms:

The Settlement Consideration

1. 726 shall pay the total sum of $3,250,000.00 (the "Settlement Amount") to the Monitor as follows:

   (a) $159,123.46, for and on behalf of Wandering River Lodge LP, as repayment of the indebtedness owing from Wandering River Lodge LP to CNC;

   (b) $1,116,897.75, for and on behalf of Peace River Lodge LP, as repayment of the indebtedness owing from Peace River Lodge LP to CNC;

   (c) $1,236,788.24 (including the sum of $367,290.00 representing proceeds of sale of certain rig mats), for and on behalf of Kilometer 147 LP, as repayment of the indebtedness owing from Kilometer 147 LP to CNC;

   (d) $737,187.55 in consideration of CWB releasing its priority security interest in the Bonnyville Equipment;

   (e) $1.00 in consideration of CNC releasing its priority security interest in the Ancillary Equipment;

   (f) $1.00 in consideration of CNC releasing its priority security interest in the Small Wares; and

   (g) $1.00 for the release of any potential debt claim that one or more of the Applicants may have in respect of the Arizona Dorms, Arizona Dorms Invoice and Arizona Dorms Dispute.

2. As further consideration for this Agreement, 726 hereby forfeits, releases, gives up and/or abandons any claim, interest, right or title that it had or may have had the "FX6 Dorms," as defined in the Supplemental Affidavit, and/or their sale proceeds. The Monitor is permitted to distribute the FX6 Dorms sale proceeds without regard to 726's former claim in such dorms.

3. For the sake of clarity, and notwithstanding anything else in this Agreement or other document or Affidavit, the Parties confirm that for the purposes of this Agreement:

   (a) the Bonnyville Equipment does not include the C-Cans bearing serial numbers 725762042G1 and 724676042G1;

   (b) the Leased Camp Assets do not include:

      i. the FX6 Dorms;

      ii. the potable water treatment plant bearing serial number DWG#10801 (or such other applicable and correct serial number as may exist) located at the Kilometer 147 camp;

iii. the 6000 gallon water storage unit bearing serial number 1132-08-00411 or such other applicable and correct serial number as may exist) located at the Kilometer 147 camp;

iv. the 6000 gallon water storage C-Can bearing serial number CYLU4162860 (or such other applicable and correct serial number as may exist) located at the Kilometer 147 camp;

v. the car plugs installed at the Kilometer 147 camp;

vi. the remaining lite towers located at the Kilometer 147 camp;

vii. all remaining walkways and sidewalks located at the Kilometer 147 camp, and

726 shall not have, acquired or have released to it any interest in the items described in this paragraph.

4. For the further sake of clarity, the Monitor and 726 confirm that nothing in this Agreement shall amend, alter or revise the terms of the Standstill Agreement except as strictly and expressly required by this Agreement. In particular, but without limitation, the Monitor and 726 confirm that paragraphs 1-3 of the Standstill Agreement remain unamended by this Agreement.

5. In exchange for the payment of Settlement Amount by the 726, the Monitor and CWB will agree to seek and support an Order of the Court approving this Settlement and confirming title in and to the Contested Camp Assets, including the Removed Unit and Delivered Kitchen Units, in 726 free and clear of any right, title and interest of the Applicants and any creditors and other persons claiming through the Applicants, including without limitation the Monitor and CWB (the "Approval Order"). For clarity, the Approval Order shall direct that the Monitor and CWB, amongst others, release and discharge their security interests in the Contested Camp Assets.

Court Approval

6. This Agreement, and the Parties' obligations hereunder, are conditional upon the Court granting the Approval Order, and the Approval Order not being permanently stayed, dismissed, or reversed on appeal as at the Closing Date (as defined below). If the Court does not grant the Approval Order, or vacates, sets aside or varies any Approval Order for any reason whatsoever, then the parties will not be liable to each other or any other person in any way whatsoever in connection with this Agreement.

Payment of the Settlement Amount and Closing

7. Upon the terms and subject to the conditions of this Agreement, the closing and completion of this Agreement shall take place on or before 20th day following the granting of the Approval Order, and shall be held at the offices of the Monitor's solicitors at 10:00 a.m. Edmonton time or at such other

place or at such other time or on such other date as the Monitor and 726 may mutually agree upon in writing (the "Closing Date").

8. The Settlement Amount shall be paid as follows:

   (a) the payment of $367,290.00 as an initial deposit (the "Initial Deposit"), which shall be paid to the Monitor upon the execution of this Agreement by 726; and

   (b) the balance, by payment on the Closing Date, by way of solicitor's trust cheque, wire transfer, money order, certified cheque or bank draft.

"As is, Where is"

9. 726 acknowledges that the Contested Camp Assets are being received by it on an "as is, where is" basis and without any representation or warranty of any kind or nature, and that it has inspected the Contested Camp Assets and will accept the same on the Closing Date in their state, condition and location existing as of the date of this Agreement. 726 shall be deemed to have relied entirely on its own inspection and investigation in proceeding with the transaction contemplated hereunder.

Removal of the Contested Camp Assets

10. Upon the provision of the Settlement Amount on or before the Closing Date, and 726 providing to the Monitor proof of insurance in respect of the Contested Camp Assets and proof of WCB coverage, 726 shall be permitted, in coordination with the Monitor, to demobilize, remove and transport the Contested Camp Assets at 726's sole cost and expense. 726 shall be responsible at its sole cost for all clean up and repair costs, including skirting and framework for skirting, required as a result of or associated with the demobilization, transportation and removal of the Contested Camp Assets.

11. 726 shall immediately and fully repair and remediate any damage or destruction caused to the lands upon which the Contested Camp Assets sit (the "Lands") or other property resulting from, connected with or otherwise arising as a result of the removal of the Contested Camp Assets. In the event that 726 fails to repair, replace and/or remediate any damage of destruction caused by their activities on the Lands, including without limitation the removal of the Contested Camp Assets, the Monitor may take all steps necessary to repair, replace and remediate the damage caused to the Lands or other property, and 726 shall fully reimburse the Monitor for such expenses and costs forthwith upon demand.

12. 726 hereby further indemnifies and saves harmless the Monitor from and against any costs, debts, expenses, fees, claims, damages, awards, judgments, decrees or liabilities of any nature which may at any time arise out of or from all of 726's activities on the Lands, or occasioned wholly or in part by any

act or omission of 726, its officers, employees, agents, contractors, invitees, licensees or by any person requested or permitted by 726 to be on the Lands. In the event that the Monitor is required to enforce this indemnity, or any terms thereof, 726 shall pay any and all legal costs incurred by the Monitor on a solicitor and own client full indemnity basis.

Cost Allocation

13. The Parties agree 726 shall be relieved of any liability for an allocation of costs in the Action. However, for clarity, 726 shall remain liable to the Monitor and/or CWB for any costs award issued against it at or after the Costs Hearing as a result of the Costs Dispute.

Releases

14. Upon the payment in full the Settlement Amount to the Monitor, inclusive of all claims, pre-judgment interest, costs, disbursements, G.S.T., the Applicants, Monitor and CWB do for themselves, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns (collectively in this paragraph the "Creditor Releasors"), remise, release and forever discharge 726, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns from all claims, actions, causes of action, injuries, suits, dues, expenses, sums of money, general damages, special damages, costs and demands of any kind at law, in equity, or under any statute whatsoever (including all types of subrogated claims and claims for indemnity or contribution), that the Creditor Releasors ever had, now has, or hereafter may have by reason of any security interest, claim, indebtedness, obligations and liabilities owing under or arising in respect of the Contested Camp Assets, the Arizona Dorms, the Arizona Dorms Invoice and the Arizona Dorm Dispute (the "Creditor Released Claims"). For the purposes of clarity, the Parties again confirm that the Creditor Released Claims do not include within their scope any costs award that is or shall be payable by 726 to the Monitor and/or CWB as a result of the Costs Dispute and Costs Hearing, nor do the Creditor Released Claims include a release of any liability or obligation of 726 in respect of the matters set out in paragraphs 10, 11 and 12 of this Agreement.

15. Upon the Closing of this Agreement and provision of the Approval Order, 726 do for themselves, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns (collectively in this paragraph the "726 Releasors"), remise, release and forever discharge the Applicants, the Monitor and CWB, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns (collectively the "Creditor Releasees") from all claims, actions, causes of action, injuries, suits, dues, expenses, sums of money, general damages, special damages, costs and demands of any kind at law, in equity, or under any statute whatsoever (including all types of subrogated claims and claims for indemnity or contribution), that the 726 Releasors ever had, now has, or hereafter may have by reason of any

security interest, claim, indebtedness, obligations and liabilities owing under or arising in respect of the Contested Camp Assets, the Arizona Dorms, the Arizona Dorms Invoice and the Arizona Dorm Dispute (the "726 Released Claims").

16. For clarity, the Parties confirm that the above Releases shall not become effective unless and until the requirements respectively set forth in each are completed in full (the "Release Conditions"), and in the event that one or more of the Release Conditions are not satisfied, these Releases are void and shall have no force or effect.

Miscellaneous

17. The Parties hereby collectively and individually agree that any acknowledgments, representations, conditions and warranties given in this Agreement, or in any document given pursuant hereto, shall survive the execution of this Agreement, and shall continue in full force and effect.

18. The Parties confirm that this Agreement constitutes the entire Agreement between them, and that there are no representations, warranties, promises, covenants or undertakings other than those expressly set forth herein, and no amendment or modification to this Agreement shall be binding or enforceable unless in writing and signed by all of the parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such wavier is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement.

19. The Parties further confirm that this Agreement may be executed in several counterparts, each of which shall be deemed to be an original and shall together be but one and the same instrument.

20. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta, and the Parties attorn to the jurisdiction of the Alberta Courts in the judicial centre of Edmonton in respect of any issues involving the interpretation, applicable or enforcement of this Agreement.

21. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns.

22. The preamble and recitals to this Agreement are repeated, incorporated by reference and form an integral part of this Agreement as if specifically reiterated in full herein.

23. Should any portion of this Agreement be held judicially to be invalid, unenforceable or void, such holding will not have the effect of invalidating or voiding the remainder of this Agreement not so declared invalid or void, and the Parties hereby agree that the portions so held to be invalid,

unenforceable or void, shall if possible be deemed amended or reduced in scope, or otherwise to be stricken therefrom only to the extent required for the purposes of validity and enforcement in the jurisdiction of such holding.

24. Time shall be of the essence of this Agreement and of every part hereof and thereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

25. An electronic or facsimile copy of this Agreement is acceptable as an original for any purpose including proof of this Settlement Agreement and Release.

IN WITNESS WHEREOF the Parties or their properly authorized officers, having fully read and understood this Agreement, have voluntarily executed this Agreement, which is made effective on the date first above written.

ERNST & YOUNG INC., IN ITS CAPACITY AS THE COURT-APPOINTED MONITOR OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.

Per: ________________________

Title: ________________________

CANADIAN WESTERN BANK

Per: ________________________

Title: ________________________

726 REMOTE ACCOMMODATIONS LTD., 726 MODULAR FINANCE LTD., AND RELIANT ASSET MANAGEMENT, LLC

Per: ________________________

Title: ________________________

SCHEDULE "A"

Bonnyville Equipment

Item Description	Serial #
3 WELLSITES:	
• Wellsite	116
• Wellsite	118
• Wellsite	201323001SSSL
22 UNIT KDR:	
• Kitchen Storage	CCSLKS076
• Kitchen	260072575
• Kitchen	260072576
• Kitchen	260072577
• Kitchen Diner	CCSLKD077
• Kitchen Diner	CCSLKD078
• Kitchen Diner	CCSLKD079
• Diner	FX11UD201318001
• Kitchen Diner	FX11UD201318002
• Kitchen Diner	FX11UD201318003
• Diner	FX11UD201318004
• Diner	FX11UD201318005
• Diner	FX11UD201318006
• Diner	FX11UD201318007
• Diner	FX11UD201318008
• Diner	FX11UD201318009
• KDR Diner	FX11UD201318010
• Diner	FX11UD201318011
• Kitchen	FX4UK201324001
• Kitchen	FX4UK201324002
• Kitchen	FX4UK201324003
• Kitchen	FX4UK201324004
1 DORM:	
• Dorm 30 Room	FX30201305001
• Dorm 30 Room	FX30201305002
• Dorm 30 Room	FX30201305003
• Dorm 30 Room	FX30201305004
• Dorm 30 Room	FX30201305005
• Dorm 30 Room	FX30201305006

• Dorm 30 Room	FX30201305007
• Dorm 30 Room	FX30201305008
6 J&J DORMS:	
• FH J&J DORM 1	270085789
• FH J&J DORM 1	265085790
• FH J&J DORM 1	265085791
• FH J&J DORM 1	270085792
• FH J&J DORM 1	270085793
• FH J&J DORM 1	265085794
• FH J&J DORM 1	265085795
• FH J&J DORM 1	270085796
• FH J&J DORM 2	270085798
• FH J&J DORM 2	260585799
• FH J&J DORM 2	265085800
• FH J&J DORM 2	270085801
• FH J&J DORM 2	270085802
• FH J&J DORM 2	265085803
• FH J&J DORM 2	265085804
• FH J&J DORM 2	270085805
• FH J&J DORM 3	270085807
• FH J&J DORM 3	265085808
• FH J&J DORM 3	265085809
• FH J&J DORM 3	270085810
• FH J&J DORM 3	270085811
• FH J&J DORM 3	265085812
• FH J&J DORM 3	265085813
• FH J&J DORM 3	270085814
• FH J&J DORM 4	270085816
• FH J&J DORM 4	265085817
• FH J&J DORM 4	265085818
• FH J&J DORM 4	270085819
• FH J&J DORM 4	270085820
• FH J&J DORM 4	265085821
• FH J&J DORM 4	265085822
• FH J&J DORM 4	270085823

• FH J&J DORM 5	270085825
• FH J&J DORM 5	265085826
• FH J&J DORM 5	265085827
• FH J&J DORM 5	270085828
• FH J&J DORM 5	270085829
• FH J&J DORM 5	265085830
• FH J&J DORM 5	265085831
• FH J&J DORM 5	270085832
• FH J&J DORM 6	270085834
• FH J&J DORM 6	265085835
• FH J&J DORM 6	265085836
• FH J&J DORM 6	270085837
• FH J&J DORM 6	270085838
• FH J&J DORM 6	265085839
• FH J&J DORM 6	265085840
• FH J&J DORM 6	270085841

SCHEDULE "B"

Schedule B to Equipment Schedule Number 0 for Wandering River Lodge Limited P

Manufacturer	Year of Manu	Length	Width	Serial #	Qty	
ATCO Structures	2013	56	12	ND0070-1 to ND0070-8	8	30 persc
ATCO Structures	2013	56	12	ND0071-1 to ND0071-8	8	30 persc
Alta-Fab Structures	2012	56	12	NHAF3961 to NHAF3968	8	30 persc
ATCO Structures	2012	56	12	KZ5115-1 to KZ5115-10	10	10 unit sl
ATCO Structures	2007	40	12	240074976	1	12 x 40 s
ATCO Structures	2011	60	12	260118594	1	12 x 6
ATCO Structures	2011	60	12	260118595	1	12 x 6
Northgate	2011	60	12	19281-1260-ST(A)-08N11	1	skic
Northgate	2011	60	12	19282-1260-P(B)-08N11	1	skic
Northgate	2011	60	12	19283-1260-K(C)-08N11	1	skic
Northgate	2011	60	12	19284-1260-S(D)-08N11	1	skid
Northgate	2011	60	12	19540-1260-D(E)-09N11	1	skid
Northgate	2011	60	12	19541-1260-D(F)-09N11	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0056	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0057	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0058	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0059	1	skid
Alta-Fab Structures	2014	56	12	NHAF4811-NHAF4818	8	38 persor
Alta-Fab Structures	2014	56	12	NHAF4821-NHAF4828	8	38 persor
Alta-Fab Structures	2014	56	12	NHAF5161-NHAF5168	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5171-NHAF5178	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5191-NHAF5198	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5201-NHAF5208	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5211-NHAF5218	8	38 person
					103	

Wandering River Lodge Equipment

** In some cases, items registered in the PPR have been mislabeled. We have indicated in the "Concordance" column the correct description and serial numbers for these items, where applicable.*

Item Description	Serial #	Concordance*
2013 – 30 person skidded VIP dorm	*2581320608 to 2581320615*	*Identified in invoices as serial #s: ND0070-1 to ND0070-8*
2013 – 30 person skidded VIP dorm	*2581320616 to 2581320623*	*Identified in invoices as serial #s: ND0071-1 to ND0071-8*
2012 – 30 person skidded VIP dorm	NHAF3961 to NHAF3968	
2012 – 10 unit skidded kitchen/diner	260129320 to 260129329	*Mislabeled in PPR as "12 UNIT" (s/b 10 unit). Identified in invoices as serial #s: KZ5115-1 to KZ5115-10*
2007 – 12x40 skidded laundry unit	240074976	
2011 – skidded 12'x60'	260118594	*Mislabeled in PPR as 12 Unit (s/b 2 unit office)*
2011 – skidded 12'x60'	260118595	*Mislabeled in PPR as 12 Unit (s/b 2 unit office)*
10-Unit Kitchen/Diner Unit	19281-1260-ST(A)-08N11 19282-1260-P(B)-08N11 19283-1260-K(C)-08N11 19284-1260-S(D)-08N11 19540-1260-D(E)-09N11 19541-1260-D(F)-09N11 AMI-1260-D-06-0056 AMI-1260-D-06-0058 AMI-1260-D-06-0057 AMI-1260-D-06-0059	*Mislabeled in PPR as serial #s: 5385A to 5385F, and 5228 to 5231*
NEW ALTA-FAB 8 UNIT, 12'X56' (SKID) 38-BED DORMS	NHAF4811-NHAF4818 NHAF4821-NHAF4828 NHAF5161-NHAF5168 NHAF5171-NHAF5178	

	NHAF5191-NHAF5198 NHAF5201-NHAF5208 NHAF5211-NHAF5218	

Schedule A - Equipment - Peace River, AB

#	Invoice #	Serial Number	Manufacturer	Length	Width
1	59641073	201402 FX PR 046	CampCorp Canada	56'	12'
2	59641073	201402 FX PR 047	CampCorp Canada	56'	12'
3	59641073	201402 FX PR 048	CampCorp Canada	56'	12'
4	59641073	201402 FX PR 049	CampCorp Canada	56'	12'
5	59641073	201402 FX PR 050	CampCorp Canada	56'	12'
6	59641073	201402 FX PR 051	CampCorp Canada	56'	12'
7	59641073	201402 FX PR 053	CampCorp Canada	56'	12'
8	59641073	201402 FX PR 054	CampCorp Canada	56'	12'
9	59641073	201402 006 SL	CampCorp Canada	56'	12'
10	59641073	201402 007 SL	CampCorp Canada	56'	12'
11	59641073	201402 008 SL	CampCorp Canada	56'	12'
12	59641073	201402 009 SL	CampCorp Canada	56'	12'
13	59641073	201402 011 SL	CampCorp Canada	56'	12'
14	59641073	201402 012 SL	CampCorp Canada	56'	12'
15	59641081	201402 FX PR 052	CampCorp Canada	56'	12'
16	59641081	201402 FX PR 057	CampCorp Canada	56'	12'
17	59641081	201402 FX PR 058	CampCorp Canada	56'	12'
18	59641081	201402 FX PR 059	CampCorp Canada	56'	12'
19	59641081	201402 FX PR 060	CampCorp Canada	56'	12'
20	59641081	201402 FX PR 061	CampCorp Canada	56'	12'
21	59641081	201402 FX PR 062	CampCorp Canada	56'	12'
22	59641081	201402 FX PR 063	CampCorp Canada	56'	12'
23	59641081	201402 FX PR 064	CampCorp Canada	56'	12'
24	59641088	201402 FX PR 027	CampCorp Canada	56'	12'
25	59641088	201402 FX PR 028	CampCorp Canada	56'	12'
26	59641088	201402 FX PR 029	CampCorp Canada	56'	12'
27	59641088	201402 FX PR 030	CampCorp Canada	56'	12'
28	59641088	201402 FX PR 031	CampCorp Canada	56'	12'
29	59641088	201402 FX PR 033	CampCorp Canada	56'	12'
30	59641088	201402 WB PR 003	CampCorp Canada	56'	12'
31	59641088	201402 WB PR 004	CampCorp Canada	56'	12'
32	59641088	201402 WB PR 005	CampCorp Canada	56'	12'
33	59641088	201402 WB PR 010	CampCorp Canada	56'	12'
34	59641088	201402 WB PR 013	CampCorp Canada	56'	12'
35	59641088	201402 WB PR 014	CampCorp Canada	56'	12'
36	59641088	201402 WB PR 017	CampCorp Canada	56'	12'
37	59641088	201402 WB PR 018	CampCorp Canada	56'	12'
38	59641093	201302 FX PR 001	CampCorp Canada	56'	12'
39	59641093	201302 FX PR 002	CampCorp Canada	56'	12'
40	59641093	201302 FX PR 015	CampCorp Canada	56'	12'
41	59641093	201302 FX PR 022	CampCorp Canada	56'	12'
42	59641093	201302 FX PR 023	CampCorp Canada	56'	12'
43	59641093	201302 FX PR 024	CampCorp Canada	56'	12'
44	59641093	201302 FX PR 026	CampCorp Canada	56'	12'
45	59641093	201302 FX PR 038	CampCorp Canada	56'	12'
46	59641093	201302 FX PR 039	CampCorp Canada	56'	12'

Schedule A - Equipment - Peace River, AB

#	Invoice #	Serial Number	Manufacturer	Length	Width
47	59641093	201302 FX PR 045	CampCorp Canada	56'	12'
48	59641093	201302 FX PR 055	CampCorp Canada	56'	12'
49	59641093	201302 FX PR 056	CampCorp Canada	56'	12'
50	59641094	201402 FX PR 034	CampCorp Canada	56'	12'
51	59641094	201402 FX PR 036	CampCorp Canada	56'	12'
52	59641094	201402 FX PR 037	CampCorp Canada	56'	12'
53	59641096	201302 FX PR 019	CampCorp Canada	56'	12'
54	59641096	201302 FX PR 020	CampCorp Canada	56'	12'
55	59641096	201302 FX PR 021	CampCorp Canada	56'	12'
56	59641096	201302 FX PR 040	CampCorp Canada	56'	12'
57	59641096	201302 FX PR 041	CampCorp Canada	56'	12'
58	59641096	201302 FX PR 043	CampCorp Canada	56'	12'
59	59641096	201302 FX PR 044	CampCorp Canada	56'	12'
60	59641101	201402 FX PR 016	CampCorp Canada	56'	12'
61	59641101	201402 FX PR 025	CampCorp Canada	56'	12'
62	59641101	201402 FX PR 032	CampCorp Canada	56'	12'
63	59641101	201402 FX PR 035	CampCorp Canada	56'	12'
64	59641101	201402 FX PR 042	CampCorp Canada	56'	12'

Equipment Schedule A for 726 Remote at Monias Lodge

Serial Number	Description	Manufacturer	Year Manufactured
201417FXRAM-001	38' man dorm	CampCorp Canada	2014
201417FXRAM-002	38' man dorm	CampCorp Canada	2014
201417FXRAM-003	38' man dorm	CampCorp Canada	2014
201417FXRAM-004	38' man dorm	CampCorp Canada	2014
201417FXRAM-005	38' man dorm	CampCorp Canada	2014
201417FXRAM-006	38' man dorm	CampCorp Canada	2014
201417FXRAM-007	38' man dorm	CampCorp Canada	2014
201417FXRAM-008	38' man dorm	CampCorp Canada	2014
FX4UREC20133-001	4 unit recreation		
FX4UREC20133-002	4 unit recreation		
FX4UREC20133-003	4 unit recreation		
FX4UREC20133-004	4 unit recreation		
[redacted]	[redacted]		
NHAF4861	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4862	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4863	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4864	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4865	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4866	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4867	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4868	38' man skidded dorm	Alta-Fab Structures	2014
NHAF0861	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0862	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0863	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0864	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0865	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0866	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0867	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0868	30' man VIP dorm	Alta-Fab Structures	2008
n/a	2500 Fir Access Mats	Breakaway Matting	

2014010055L -
2014010056L

6 Unit recreation

Equipment Schedule A for 726 Remote at Monias Lodge

Serial Number	Description	Manufacturer	Year Manufactured
[redacted]	12 unit KDR	2014O8SL001	
	12 unit KDR	2014O8SL002	
WB5UK201338-003	12 unit KDR		
WB5UK201338-004	12 unit KDR		
WB5UK201338-005	12 unit KDR		
WB5UK201338-006	12 unit KDR		
EXCEGNT6U201326-001	12 unit KDR		
FXCEGNT6U201326-002	12 unit KDR		
FXCEGNT6U201326-003	12 unit KDR		
FXCEGNT6U201326-004	12 unit KDR		
FXCEGNT6U201326-005	12 unit KDR		
EXCEGNT6U201326-006	12 unit KDR		
FX30D201342-001	30' man skidded dorm		
FX30D201342-002	30' man skidded dorm		
FX30D201342-003	30' man skidded dorm		
FX30D201342-004	30' man skidded dorm		
FX30D201342-005	30' man skidded dorm		2014
FX30D201342-006	30' man skidded dorm		2014
FX30D201342-007	30' man skidded dorm		[illegible]
FX30D201342-008	30' man skidded dorm		2014
FX30D201341-001	30' man skidded dorm		2014
FX30D201341-002	30' man skidded dorm		2014
FX30D201341-003	30' man skidded dorm		2014
FX30D201341-004	30' man skidded dorm		2014
FX30D201341-005	30' man skidded dorm		
FX30D201341-006	30' man skidded dorm		
FX30D201341-007	30' man skidded dorm		
FX30D201341-008	30' man skidded dorm		
201416FX-001	38' man dorm	CampCorp Canada	2014
201416FX-002	38' man dorm	CampCorp Canada	2014
201416FX-003	38' man dorm	CampCorp Canada	2014
201416FX-004	38' man dorm	CampCorp Canada	2014
201416FX-005	38' man dorm	CampCorp Canada	2014
201416FX-006	38' man dorm	CampCorp Canada	2014
201416FX-007	38' man dorm	CampCorp Canada	2014
201416FX-008	38' man dorm	CampCorp Canada	2014

Kilometer 147 Equipment

** In some cases, items registered in the PPR have been mislabeled. We have indicated in the "Concordance" column the correct description and serial numbers for these items, where applicable.*

Item Description	Serial #	*Concordance
• 12 Unit KDR	[redacted]	201408 SL 001
• 12 Unit KDR	[redacted]	201408 SL 002
• 12 Unit KDR	WB5UK201338-003	
• 12 Unit KDR	WB5UK201338-004	
• 12 Unit KDR	WB5UK201338-005	
• 12 Unit KDR	WB5UK201338-006	
• 12 Unit KDR	FXCEGNT6U201326001	
• 12 Unit KDR	FXCEGNT6U201326002	
• 12 Unit KDR	FXCEGNT6U201326003	
• 12 Unit KDR	FXCEGNT6U201326004	
• 12 Unit KDR	FXCEGNT6U201326005	
• 12 Unit KDR	FXCEGNT6U201326006	
• 30' man skidded dorm	FX30D201342-001	
• 30' man skidded dorm	FX30D201342-002	
• 30' man skidded dorm	FX30D201342-003	
• 30' man skidded dorm	FX30D201342-004	
• 30' man skidded dorm	FX30D201342-005	
• 30' man skidded dorm	FX30D201342-006	
• 30' man skidded dorm	FX30D201342-007	
• 30' man skidded dorm	FX30D201342-008	
• 30' man skidded dorm	FX30D201341-001	
• 30' man skidded dorm	FX30D201341-002	
• 30' man skidded dorm	FX30D201341-003	
• 30' man skidded dorm	FX30D201341-004	
• 30' man skidded dorm	FX30D201341-005	
• 30' man skidded dorm	FX30D201341-006	
• 30' man skidded dorm	FX30D201341-007	
• 30' man skidded dorm	FX30D201341-008	
• 38' man dorm	201416FX-001	*Mislabeled in PPR as serial # 201416FXRAM001*
• 38' man dorm	201416FX-002	*Mislabeled in PPR as serial # 201416FXRAM002*
• 38' man dorm	201416FX-003	*Mislabeled in PPR as serial #*

		201416FXRAM003
• 38' man dorm	201416FX-004	*Mislabeled in PPR as serial # 201416FXRAM004*
• 38' man dorm	201416FX-005	*Mislabeled in PPR as serial # 201416FXRAM005*
• 38' man dorm	201416FX-006	*Mislabeled in PPR as serial # 201416FXRAM006*
• 38' man dorm	201416FX-007	*Mislabeled in PPR as serial # 201416FXRAM007*
• 38' man dorm	201416FX-008	*Mislabeled in PPR as serial # 201416FXRAM008*
• 38' man dorm	201417FXRAM-001	
• 38' man dorm	201417FXRAM-002	
• 38' man dorm	201417FXRAM-003	
• 38' man dorm	201417FXRAM-004	
• 38' man dorm	201417FXRAM-005	
• 38' man dorm	201417FXRAM-006	
• 38' man dorm	201417FXRAM-007	
• 38' man dorm	201417FXRAM-008	
• 4 unit recreation	FX4UREC20133-001	
• 4 unit recreation	FX4UREC20133-002	
• 4 unit recreation	FX4UREC20133-003	
• 4 unit recreation	FX4UREC20133-004	
• [redacted]	[redacted]	
• 38' man skidded dorm	NHAF4861	
• 38' man skidded dorm	NHAF4862	
• 38' man skidded dorm	NHAF4863	
• 38' man skidded dorm	NHAF4864	
• 38' man skidded dorm	NHAF4865	
• 38' man skidded dorm	NHAF4866	
• 38' man skidded dorm	NHAF4867	
• 38' man skidded dorm	NHAF4868	
• 30' man VIP dorm	NHAF0861	
• 30' man VIP dorm	NHAF0862	

6 Unit recreation

20140105SL - 20140100SL

• 30' man VIP dorm	NHAF0863	
• 30' man VIP dorm	NHAF0864	
• 30' man VIP dorm	NHAF0865	
• 30' man VIP dorm	NHAF0866	
• 30' man VIP dorm	NHAF0867	
• 30' man VIP dorm	NHAF0868	
• 2500 Fir Access Mats (Breakaway Matting)	n/a	

SCHEDULE "C"

SCHEDULE B

Liquidation Process and Standstill Agreement

THIS AGREEMENT made effective this 19th day of September, 2018 (the "Effective Date").

BETWEEN:

Ernst & Young Inc., in its capacity as the Court appointed Monitor of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd.
(the "Monitor")

\- and -

726 Remote Accommodations Ltd., 726 Modular Finance Canada Ltd. and Reliant Asset Management LLC
(jointly and severally "726")

(the Monitor and 726 are collectively referred to as the "Parties")

WHEREAS:

A. 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") are the subject of proceedings pursuant to the *Companies' Creditors Arrangement Act* in Court of Queen's Bench of Alberta Court File No. 1703-12327 (the "Court") in the Judicial District of Edmonton (the "Action");

B. The Monitor has been granted expanded powers by the Court in respect of the Applicants, including without limitation to collect all monies and accounts now owed or hereafter owing to the Applicants and to initiate and prosecute all proceedings on behalf of the Applicants, and to settle or compromise any such proceedings or claims;

C. The Monitor has been advised that one or More of the Applicants agreed to constructed six (6) dorms, bearing serial numbers 201423FXPR2028, 201423FXPR2031, 201423FXPR2037, 201423FXPR2038, 201423FXPR2039 and 201423FXPR2040 (collectively the "Dorms") in exchange for payment by 726 in the amount of $737,054.36 (U.S. Dollars);

D. The Applicants, or one of them, allegedly issued invoice number 429859673 dated May 31, 2017 in the amount of $560,161.38 (U.S. Dollars) to 726 in respect of the Dorms;

E. Counsel for the Monitor issued a demand letter to 726 on or about June 11, 2018 demanding payment of the sum of $560,161.38 (U.S. Dollars) (the "Indebtedness") from 726 in respect of the Dorms;

F. 726 has denied being liable or responsible for any further sums alleged to be due and owing in favour of the Applicants in respect of the Dorms;

G. The Parties have agreed to enter into this Liquidation Process and Standstill Agreement (the "Agreement") respecting the Indebtedness and Dorms, and the suspension of the limitations provisions respecting the Indebtedness and the Dorms;

H. In consideration of:

1. the mutual agreements contained herein; and

2. other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged;

IT IS HEREBY AGREED AS FOLLOWS:

1. The Monitor shall, and is hereby authorized to, sell or otherwise liquidate the Dorms in any manner or process it sees fit and for any amounts acceptable to it, all in its sole and absolute discretion.

2. Prior to the sale or liquidation of the Dorms, the Monitor shall provide to 726 the opportunity to have access to the Dorms, which shall be supervised by a representative of the Monitor, for the purposes of observing and recording their state and condition prior to any sale or liquidation.

3. The entirety of the sale or liquidation proceeds of the Dorms shall belong to, and be the sole and exclusively property of, the Monitor, regardless of the amount of the sale or liquidation proceeds obtained from the sale or liquidation of the Dorms, and 726 shall have no, right, title, interest or claim to or in such sale or liquidation proceeds of the Dorms.

4. If the sale or liquidation proceeds are not sufficient to satisfy the Indebtedness, the Monitor is permitted, but not obligated to, commence legal action against 726 in respect of such deficiency amount, and nothing in this Agreement shall prejudice, alter or restrict the Monitor's right and ability to pursue the remaining Indebtedness after the net sale or liquidation proceeds from the Dorms being applied to the Indebtedness.

5. The Monitor shall not commence any action, claims or proceedings against 726 with respect to the Indebtedness and Dorms (collectively the "Proceedings") until the sale or liquidation of the Dorms, and the determination of whether such sale or liquidation proceeds are sufficient to satisfy the Indebtedness, is complete.

6. The Parties agree to suspend the running or continuation of the applicable limitation period (the "Suspension") under and in respect of the *Limitations Act*, R.S.A. 2000, c. L-12 (the "*Act*"), and any equivalent legislation in other jurisdictions that may have application, for the commencement of Proceedings (including without limitation to seek a Remedial Order as defined in the *Act*) from the Effective Date for a period of one (1) year (the "Suspended Date"). For the sake of clarity, the parties confirm that:

    a. any time limits or limitation periods for commencement of the Proceedings, regardless of the cause of action plead, whether for breach of contract, tort (including negligence), misrepresentation, breach of common law or statutory duties, recklessness, or otherwise, that would have expired between the Effective Date and the Suspended Date are hereby extended as set out herein;

    b. 726 shall not argue, assert or plead as an immunity or defence in the Proceedings the application of any limitation period (contractual, statutory or otherwise), any equitable doctrines including laches, or any other defence based upon the passage of time that would have applied between the Effective Date and the Suspended Date, or such later date as the Parties mutually agree to in writing; and

    c. 726 shall not argue, assert or plead as an immunity or defence in the Proceedings that the Monitor is precluded or prohibited from obtaining Judgment in respect of the outstanding Indebtedness by reason or cause of the Monitor having taken possession of and sold or liquidated the Dorms, or any reason or cause related or arising thereto.

7. The Suspension will automatically expire on the Suspended Date, at which point any applicable limitation period will no longer be held in abeyance.

8. Prior to the Suspended Date, the Parties may, by written agreement, agree to extend this Suspension for an additional one (1) year.

9. The Suspension of the limitation period may be terminated prior to the Suspended Date by either of the Parties on ninety (90) days' written, clear notice to the other Party (the "Termination Notice"), and upon the expiry of ninety (90) days following receipt of the Termination Notice by the other party, the Suspension of the limitation period shall cease and the running of the applicable limitation period shall recommence.

10. The Termination Notice shall be in writing and delivered by registered mail, facsimile or electronic communication as follows:

If to the Monitor:

c/o Duncan & Craig LLP
2800, 10060 Jasper Avenue
Edmonton, AB T5J 3V9
Attention: Ryan F.T. Quinlan
Fax: (780) 428-9683
Email: rquinlan@dcllp.com

If to 726:

c/o McAllister LLP
2500, 10155-102 Street
Edmonton, AB T5J 4G8
Attention: Darcy McAllister
Fax: (780) 425-1222
Email: dmcallister@mcallisterllp.com

11. Except as expressly set out herein, the terms of this Agreement are completely without prejudice to 726's ability to assert any and all defences to any action commenced by the Monitor in respect of the Indebtedness and Dorms, including without limitation any set-off claims, any failure to mitigate on the part of the Monitor and any defence that the applicable limitation period expired prior the Effective Date, and nothing in this Agreement shall prejudice, alter or restrict 726's rights and abilities to assert any defences to such action as it see fit.

12. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta, and is made pursuant to and in accordance with section 7 of the *Act*, and any equivalent provisions in similar legislation in other jurisdictions that may have application. The Parties hereby attorn to the Court of Queen's Bench of Alberta with respect to the Proceedings and any disputes with respect to this Agreement, and the Courts of the Province of Alberta shall have exclusive jurisdiction with respect to such matters.

13. The execution of this Agreement by the Parties hereto shall not constitute an admission of liability on behalf of any party to this Agreement.

14. This Agreement may only be amended in writing, signed by all of the Parties.

15. This Agreement, and any amendment thereto, may be signed by facsimile or electronic communication, and in counterpart, each of such counterparts so executed deemed to be an original, with such counterparts together constituting one and the same instrument.

16. 726 has exclusively authorized its legal counsel, McAllister LLP, to execute this Agreement on its behalf, and 726 expressly acknowledges that the terms of this Agreement are binding upon it.

17. The Monitor has exclusively authorized its legal counsel, Duncan Craig LLP, to execute this Agreement on its behalf, and the Monitor acknowledges that the terms of this Agreement are binding upon it.

18. This Agreement shall enure to the benefit of and be binding upon the respective heirs, successors and assigns of the Parties hereto.

19. Time shall be of the essence in respect of this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement effective as at the Effective Date.

Ernst & Young Inc., in its capacity as the Court appointed Monitor of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd.

Per: Ryan F.T. Quinlan of Duncan Craig LLP

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

Per: Darcy McAllister of McAllister LLP

TAB 7

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

JUDICIAL CENTRE OF EDMONTON
Clerk's Stamp
FILED
OCT 03 2019
Clerk of the Court

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

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

DOCUMENT **ORDER APPROVING 726 SETTLEMENT AND VESTING TITLE (CONTESTED CAMP ASSETS)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Darren R. Bieganek, QC/Ryan F.T. Quinlan Barrister & Solicitor Phone: 780.441.4386/780.441.4336 Fax: 780.428.9683 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: **October 1, 2019**

LOCATION OF HEARING: **Edmonton, Alberta**

NAME OF JUSTICE WHO MADE THIS ORDER: **The Honourable Mr. Associate Chief Justice Nielsen**

UPON THE APPLICATION of Ernst & Young Inc. (the "Monitor"), in its capacity as the Court-appointed Monitor 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") for an Order approving the Settlement Agreement and Release, as described in the Monitor's 25th Report, between the Monitor, Canadian Western Bank ("CWB") and 726 Remote Accommodations Ltd., 726 Modular Finance Ltd. and Reliant Asset Management, LLC (jointly "726"), dated effective as at September 29, 2019 (the "726 Agreement"), and vesting in 726 the Applicants' and any creditors or other persons claiming through the Applicants' right, title and interest in and to the assets described in the 726 Agreement (the "Contested Camp Assets"), amongst other relief; AND UPON HAVING READ the Initial Order dated July 5, 2017, the Amended Order Increasing the Administration Charge, etc. dated April 30, 2018 (the "Powers Expansion Order"), the Reasons for Judgment and Order (Priority of Contested Camp Assets) both dated May 14, 2019 (collectively the "Hillier Decision"), the Twenty-Fifth Report of the

Monitor (the "Report"), and the Affidavit of Service; UPON HEARING the submissions of counsel for the Monitor and any other affected parties that may be present; **IT IS HEREBY ORDERED THAT:**

DEFINED TERMS

1. Capitalized terms not defined herein shall have the meanings ascribed to them in the Initial Order of this Court in these proceedings dated July 5, 2017 (the "Initial Order").

SERVICE

2. Service of the notice of application for this Order is hereby abridged and deemed good and sufficient and this application is properly returnable as of the date of this Order.

APPROVAL OF 726 AGREEMENT

3. The 726 Agreement is commercially reasonable and in the best interests of the Applicants and its stakeholders. The 726 Agreement is hereby approved, and the execution of the 726 Agreement is hereby authorized and approved, with such further and other minor amendments as the Monitor may deem necessary and appropriate. The Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the 726 Agreement, or for the release of interest in, or where required the transfer of interest of, the Contested Camp Assets to 726.

VESTING OF PROPERTY

4. Upon the Monitor receiving the full settlement amount and any related documentation for the Contested Camp Assets from 726, as set out in the 726 Agreement, the Monitor shall deliver to 726 a filed Monitor's Certificate substantially in the form set out in Schedule "A" hereto (the "Monitor's Certificate") along with a filed copy of the final executed copy of the 726 Agreement.

5. Upon the delivery of the Monitor's Certificate, all of the Applicants' right, title and interest in and to the Contested Camp Assets described in the 726 Agreement shall vest absolutely in the name of 726, free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:

   a) any encumbrances or charges created by the Initial Order and any other Orders granted in these proceedings;

   b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and

   for greater certainty, this Court orders that all of the registrations and encumbrances in respect of the Claims affecting or relating to the Contested Camp Assets are hereby expunged and discharged as against the Contested Camp Assets.

6. The settlement amount paid for and allocated to each of the Contested Camp Assets shall be as is set out in the 726 Agreement.

7. From and after the closing of the 726 Agreement , any and all persons with financing statements registered at the Personal Property Registry for the Province of Alberta in respect of the Applicants shall, within ten (10) days of receipt of a notice from the Monitor or the Monitor's solicitors, discharge their Claims registered at the Personal Property Registry against the serial numbered goods included as part of the Contested Camp Assets, pursuant to the 726 Agreement, and shall provide evidence of such discharge to the solicitors for the Monitor. If such party shall fail to affect such discharge within the time stipulated herein, then the solicitors for the Monitor are authorized to discharge from the Personal Property Registry any Claims registered against any of the Contested Camp Assets being released to 726.

8. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Contested Camps Assets is required for the due execution, delivery and performance by the Monitor of the 726 Agreement and this Order.

9. For the purposes of determining the nature and priority of the Claims, the settlement amount funds applicable to each of the Contested Camp Assets (to be held by the Monitor) shall stand in the place and stead of such Contested Camp Assets, and from and after the delivery of the Monitor's Certificate, all Claims and encumbrances shall attach to the applicable settlement amount for each of the Contested Camp Assets with the same priority as they had with respect to each of the Contested Camp Assets immediately prior to the closing of the 726 Agreement, as if interests in the Contested Camp Assets had not been released.

10. 726 shall, by virtue of the completion of the 726 Agreement, have no liability of any kind whatsoever in respect of any Claims against the Applicants.

11. From and after the delivery of the Monitor's Certificate, the Applicants and all persons who claim by, through or under the Applicants in respect of the Contested Camp Assets shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Contested Camp Assets and, to the extent that any such persons remain in possession or control of any of the Contested Camp Assets, they shall forthwith deliver possession thereof to 726.

12. 726 shall be entitled to hold and enjoy the Contested Camp Assets for its own use and benefit without any interference of or by the Applicants, or any person claiming by or through or against the Applicants.

13. The Monitor is to file with the Court a copy of the Monitor's Certificate after completion of the 726 Agreement.

14. Notwithstanding:

    (a) The pendency of these proceedings;

    (b) Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications;

    (c) Any assignment in bankruptcy made in respect of the Applicants, and

    (d) The provisions of any federal or provincial statute,

    the vesting of the Contested Camp Assets in 726 pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable 726 Agreement under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

15. The Monitor, CWB, 726 and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the 726 Agreement.

MISCELLANEOUS MATTERS

16. Upon closing of the 726 Agreement, the Monitor shall, from the settlement amount paid by 726 under the 726 Agreement, remit to the County of Athabasca the sum of $79,561.73 in compliance with paragraph 5(c) of the Order of the Honourable Mr. Justice Hillier dated August 22, 2019 approving the Bonnyville, Wabasca and Wandering River tax settlements.

17. Nothing in this Order or the 726 Agreement shall, or shall be deemed to, release or discharge 726 from claims for, or awards of, costs against 726 arising out of or related to the Hiller Decision. Nothing in this Order or the 726 Agreement shall, or shall be deemed to, prejudice, restrict or affect the positions or arguments of the Monitor, 726 or CWB in relation to the costs issues scheduled to be heard on November 6, 2019 before the Honourable Mr. Justice Hillier.

18. The Twenty-Fifth Report of the Monitor, and the activities of the Monitor outlined therein are hereby approved; provided, however, that only the Monitor in its personal capacity and only with respect to its own personal liability shall be entitled to rely upon or utilize in any such approval.

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

"K. Nielsen"

Associate Chief Justice of the Court of Queen's Bench of Alberta

Schedule "A"

Form of Monitor's Certificate

COURT FILE NUMBER	1703-12327	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED	
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.	
DOCUMENT	**MONITOR'S CERTIFICATE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	DUNCAN CRAIG LLP LAWYERS MEDIATORS 2800 Scotia Place, 10060 Jasper Avenue Edmonton, Alberta, T5J 3V9 Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan Phone: 780.441.4386/780.441.4336 Fax: 780.428.9683 Email: dbieganek@dcllp.com / rquinlan@dcllp.com File No.: 204-196164	

RECITALS

A. Pursuant to an Order of the Honourable Justice K.G. Nielsen of the Court of Queen's Bench of Alberta, Judicial District of Edmonton (the "Court") dated July 5, 2017, and subsequent Orders granted by the Court thereafter, Ernst & Young Inc. was appointed as the Monitor 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").

B. Pursuant to an Order of the Court dated October 1, 2019, the Court approved an agreement (the "726 Agreement") between the Monitor, Canadian Western Bank ("CWB") and 726 Remote

Accommodations Ltd., 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively "726") dated effective September 29, 2019, and provided for the vesting in 726 of the Applicants' right, title and interest in and to the Contested Camp Assets, which vesting is to be effective with respect to the Contested Camp Assets upon the delivery by the Monitor to 726 of a certificate confirming (i) the payment by 726 of the total settlement amount for the Contested Camp Assets; (ii) that the conditions to closing of the 726 Agreement have been satisfied or waived by the Monitor, CWB and 726; and (iii) the 726 Agreement has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings as set out in the 726 Agreement.

THE MONITOR CERTIFIES the following:

1. 726 (or its nominee) has paid and the Monitor has received settlement amount for the Contested Camp Assets payable on the Closing Date pursuant to the 726 Agreement;

2. The conditions to closing as set out in the 726 Agreement have been satisfied or waived by the Monitor and 726;

3. The 726 Agreement has been completed to the satisfaction of the Monitor; and

4. This Certificate was delivered by the Monitor at ____________ on ____________________.

Ernst & Young Inc., in its capacity as Monitor of the Applicants, and not in its personal capacity.

Per:____________________

Name: Matt McCulloch

Title:

TAB 8

COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

Clerk's Stamp
JUDICIAL CENTRE OF EDMONTON
FILED
AUG 2 1 2019
Clerk of the Court of Queen's Bench

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 #8 OF JESSIE TAHA**

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

AFFIDAVIT OF JESSIE TAHA SWORN ON THE 21 DAY OF AUGUST, 2019

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, collectively called "**CNC**") and also have personal knowledge of the matters described herein. I am authorized by CWB to make this Affidavit.

2. In connection with the claims by municipalities for payment of property taxes on the CNC Camps at the Town of Bonnyville ("**Bonnyville**"), the municipality of Opportunity No. 17 ("**Opportunity**") in connection with the Wabasca camp and the County of Athabasca ("**Athabasca**") with respect to the Wandering River camp, settlements have been achieved with (i) each of the municipalities and the equipment lenders whose assets may be categorized as "improvements" for tax purposes, (ii) in the case of Bonnyville and Opportunity, the real property lender Northland Mortgage & Investment Corp. ("**Northland**"), and (iii) in the case of Athabasca, Jeff and Jackie Hadfield (the "**Hadfields**").

3. Attached hereto and marked as **Exhibit "A"** is a true copy of a settlement agreement entered into with respect to the Bonnyville camp (the "**Bonnyville Settlement**").

4. Attached hereto and marked as **Exhibit "B"** is a true copy of a settlement agreement entered into with Opportunity in connection with the Wabasca camps (the "**Opportunity Settlement**").

5. Attached hereto and marked as **Exhibit "C"** is a true copy of a settlement agreement entered into with Athabasca on the Wandering River camp (the "**Wandering River Settlement**).

6. In each case, the settlement contemplates a significant discount on the tax liability claimed by each municipality.

7. I make this Affidavit in support of an application for an order substantively in the form of the Order attached to the application filed coincidental herewith.

SWORN BEFORE ME at the City of Edmonton, in the Province of Alberta the 21 of August 2019	)	
A Commissioner for Oaths in and for the Province of Alberta	)	**JESSIE TAHA**

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

This is **Exhibit "A"** referred to in the Affidavit of Jessie Taha sworn before me on the 21 of August, 2019.

)
)
)
)

A Commissioner for Oaths in and for the Province of Alberta

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

THIS AGREEMENT DATED EFFECTIVE THE __ DAY OF AUGUST, 2019

BETWEEN:

THE TOWN OF BONNYVILLE
("Bonnyville")

OF THE FIRST PART

– and –

CANADIAN WESTERN BANK
("CWB")

OF THE SECOND PART

– and –

GREAT WHITE SAND TIGER LODGING LTD.
("Sand Tiger")

OF THE THIRD PART

– and –

AURORA LODGING INC.
("Aurora")

OF THE FOURTH PART

– and –

NORTHLAND MORTGAGE & INVESTMENT CORP.
("Northland")

OF THE FIFTH PART

SETTLEMENT AGREEMENT

WHEREAS Canada North Camps Inc. (now known as 1851239 Alberta Ltd.) and some of its affiliates, including 1371047 Alberta Ltd., (collectively, "**CNC**") have operated camps for accommodation of workers on six parcels of land owned by 1371047 Alberta Ltd. within the municipal limits of Bonnyville legally described as Plan 1324161, Block 4, Lots 1 through 6 (the "**Bonnyville Camp**");

AND WHEREAS tax levies and penalties have accrued and remain unpaid in the amount of $678,327.83 (the "**Tax Liability**") arising in connection with the Bonnyville Camp;

AND WHEREAS the parties have agreed to a compromise of payment of the Tax Liability on the terms hereinafter set out, which settlement shall be subject to Court approval;

NOW THEREFORE WITNESS THAT in consideration of the mutual covenants set out below, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The terms of the preamble hereof form part of this Agreement and are incorporated herein.

2. The Tax Liability attributable to levies and penalties now outstanding with regard to improvements on the subject lands, shall be compromised by payment of the sum of $205,000 in full and final satisfaction thereof, as follows:

   (a) by CWB, $110,000;

   (b) by Aurora, $55,000;

   (c) by Sand Tiger, $40,000;

   (the "**Improvement Payments**").

3. The Tax Liability associated with levies and penalties attributable to the subject lands (but excluding levies and penalties associated with the improvements) shall be compromised and reduced to $282,454.96 (the "**Land Tax Liability**"). Payment of the Land Tax Liability shall be deferred until the lands, or any of the parcels comprising the

lands, giving rise to such liabilities are sold through the CCAA Action, through a subsequent foreclosure action or other sale of the lands, or until Bonnyville proceeds with an auction of the lands in accordance with the provisions of the *Municipal Government Act*, whichever should come first, and shall be payable, together with any future penalties which Bonnyville is entitled to charge under its bylaws, from the proceeds of sale of the lands in priority to any claim of any of these parties.

4. Ernst & Young Inc. as monitor ("the "**Monitor**") appointed in the *Companies' Creditors Arrangement Act* ("**CCAA**") proceedings in Court of Queen's Bench of Alberta Action No. 1703 12327 (the "**CCAA Action**") is currently holding in trust certain monies derived from the sale of Aurora collateral located at the Bonnyville Camp (the "**Aurora Funds**"). The parties agree that they will apply for an Order on or about August 22, 2019 seeking approval in the CCAA Action of disbursal of the Aurora Funds by the Monitor, the first $55,000 to Bonnyville in satisfaction of Aurora's obligation for its Improvement Payment, and the balance to Aurora. The parties agree to seek the consent of the Monitor to such an Order.

5. On or about August 22, 2019, the parties will seek a Court Order approving of this settlement in the CCAA Action, including an Order directing payment of the $110,000 Improvement Payment due from CWB, from funds otherwise held by the Monitor, with a direction to the Monitor to account for such payment as being an interim distribution to CWB of its ultimate entitlement to proceeds derived in the CCAA Action.

6. Sand Tiger shall fund its $40,000 Improvement Payment by making payment directly to Bonnyville, forthwith upon court approval of this settlement.

7. The parties agree that they will also seek an order in the CCAA Action, relieving Bonnyville of any liability for an allocation of costs incurred in the CCAA Action, on the basis that Bonnyville has compromised the Tax Liability to the extent required to relieve it of any further obligation by way of a cost allocation in the CCAA Action.

8. The parties agree that they will execute such further documents and undertake such further acts as may be necessary or required to give full force and effect to this settlement.

9. This Settlement Agreement may be executed in counterparts, and each executed counterpart shall have the same force and effect as the original instrument as if both of the parties had signed the same instrument. The exchange of copies of this Settlement Agreement and of the signature pages by facsimile transmission, by electronic mail in portable document format (.PDF), or by any other means shall constitute effective execution and delivery of this Settlement Agreement to the parties and may be used in lieu of the original document for all purposes.

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

THE TOWN OF BONNYVILLE

Per: ______________________________

CANADIAN WESTERN BANK

Per: ______________________________

GREAT WHITE SAND TIGER LODGING LTD.

Per: ______________________________

AURORA LODGING INC.

Per: ______________________________

NORTHLAND MORTGAGE & INVESTMENT CORP.

Per: ______________________________

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

THE TOWN OF BONNYVILLE

Per: ____________________________

CANADIAN WESTERN BANK

Per: ____________________________

GREAT WHITE SAND TIGER LODGING LTD.

Per: ____________________________

AURORA LODGING INC.

Per: ____________________________

NORTHLAND MORTGAGE & INVESTMENT CORP.

Per: ____________________________

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

THE TOWN OF BONNYVILLE

Per: ______________________________

CANADIAN WESTERN BANK

Per: ______________________________

GREAT WHITE SAND TIGER LODGING LTD.

Per: ______________________________

AURORA LODGING INC.

Per: ______________________________

NORTHLAND MORTGAGE & INVESTMENT CORP.

Per: ______________________________

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

THE TOWN OF BONNYVILLE

Per: ______________________________

CANADIAN WESTERN BANK

JESSIE TAHA
Senior Assistant Vice President
Credit Risk Management

Per: ______________________________

Wayne Horachek
Assistant Vice President
Credit Risk Management

GREAT WHITE SAND TIGER LODGING LTD.

Per: ______________________________

AURORA LODGING INC.

Per: ______________________________

NORTHLAND MORTGAGE & INVESTMENT CORP.

Per: ______________________________

This is **Exhibit "B"** referred to in the Affidavit of Jessie Taha sworn before me on the 21 of August, 2019.

______________________________)
A Commissioner for Oaths in and)
for the Province of Alberta)

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

THIS AGREEMENT DATED EFFECTIVE THE 19 TH DAY OF AUGUST, 2019

BETWEEN:

THE MUNICIPAL DISTRICT OF OPPORTUNITY NO. 17
("Opportunity")

OF THE FIRST PART

– and –

CANADIAN WESTERN BANK
("CWB")

OF THE SECOND PART

– and –

VERSABANK
("VersaBank")

OF THE THIRD PART

– and –

NORTHLAND MORTGAGE & INVESTMENT CORP.
("Northland")

OF THE FOURTH PART

SETTLEMENT AGREEMENT

WHEREAS Canada North Camps Inc. (now known as 1851239 Alberta Ltd.) and some of its affiliates (collectively, "**CNC**") have owned and operated a camp for accommodation of workers within the municipal limits of Opportunity on lands legally described as Plan 9920455, Lot 2 (the "**Wabasca Camp Lands**") and CNC is the owner of other unimproved lands legally described as Plan 0325037, Block 2, Lot 1 (the "**Unimproved Lands**");

AND WHEREAS tax levies and penalties have accrued and remain unpaid in the amount of \$80,193.11 in respect to the Wabasca Camp Lands (the "**Wabasca Camp Taxes**") and \$12,431.33 in respect to the Unimproved Parcel (the "**Unimproved Land Taxes**") (referred to collectively with the Wabasca Camp Taxes as the "**Tax Liability**");

AND WHEREAS the parties have agreed to a compromise of payment of the Tax Liability on the terms hereinafter set out, which settlement shall be subject to Court approval;

NOW THEREFORE WITNESS THAT in consideration of the mutual covenants set out below, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The terms of the preamble hereof form part of this Agreement and are incorporated herein.

2. Opportunity shall compromise the Wabasca Camp Taxes and shall accept as payment in full and final satisfaction of the Wabasca Camp Taxes the total amount of \$76,788.95, with such amount being apportioned as follows:

    (a) The Wabasca Camp Taxes attributable to levies and penalties now outstanding with regard to improvements on the Wabasca Camp Lands, shall be compromised by payment of the cumulative sum of \$38,394.48 in full and final satisfaction thereof, as follows:

        (i) by CWB, \$19,197.24;

(ii) by VersaBank, $19,197.24 to be paid upon receipt by the Monitor from the anticipated insurance settlement proceeds to be received in respect to the improvements owned by VersaBank;

(the "**Improvement Payments**").

(b) The Wabasca Camp Taxes associated with levies and penalties attributable to the Wabasca Camp Lands (but excluding levies and penalties associated with the improvements) shall be compromised and reduced to $38,394.47 (the "**Wabasca Camp Land Tax Liability**"). Payment of the Wabasca Camp Land Tax Liability shall be deferred until the lands giving rise to such liabilities are sold through the CCAA Action, through a subsequent foreclosure action or other sale of the lands, or until Opportunity proceeds with an auction of the lands in accordance with the provisions of the *Municipal Government Act*, whichever should come first, and shall be payable, together with any future penalties which Opportunity is entitled to charge under its bylaws, from the proceeds of sale of the lands in priority to any claim of any of these parties.

3. Opportunity shall compromise the Unimproved Land Taxes and shall accept as payment in full and final satisfaction of the Unimproved Land Taxes the total amount of $11,878.94. Payment of the Unimproved Land Taxes shall be deferred until the lands giving rise to such liabilities are sold through the CCAA Action, through a subsequent foreclosure action or other sale of the lands, or until Opportunity proceeds with an auction of the lands in accordance with the provisions of the *Municipal Government Act*, whichever should come first, and shall be payable, together with any future penalties which Opportunity is entitled to charge under its bylaws, from the proceeds of sale of the lands in priority to any claim of any of these parties.

4. On or about August 22, 2019, the parties will seek a Court Order approving of this settlement in the CCAA Action, including an Order directing payment of the $38,394.48 Improvement Payments due from CWB and VersaBank, from funds otherwise held by the Monitor, with a direction to the Monitor to account for such payment as being an

interim distribution to CWB and VersaBank of each party's respective ultimate entitlement to proceeds derived in the CCAA Action.

5. The parties agree that they will also seek an order in the CCAA Action, relieving Opportunity of any liability for an allocation of costs incurred in the CCAA Action, on the basis that Opportunity has compromised the Tax Liability to the extent required to relieve it of any further obligation by way of a cost allocation in the CCAA Action and on the basis that all of the Tax Liability is comprised of taxes that have accrued during the course of the CCAA Action.

6. The parties agree that they will execute such further documents and undertake such further acts as may be necessary or required to give full force and effect to this settlement.

7. This Settlement Agreement may be executed in counterparts, and each executed counterpart shall have the same force and effect as the original instrument as if both of the parties had signed the same instrument. The exchange of copies of this Settlement Agreement and of the signature pages by facsimile transmission, by electronic mail in portable document format (.PDF), or by any other means shall constitute effective execution and delivery of this Settlement Agreement to the parties and may be used in lieu of the original document for all purposes.

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

THE MUNICIPAL DISTRICT OF OPPORTUNITY NO. 17

Per: William Kostiw

CANADIAN WESTERN BANK

Per: ______________________________

VERSABANK

Per: ______________________________

NORTHLAND MORTGAGE & INVESTMENT CORP.

Per: ______________________________

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

THE MUNICIPAL DISTRICT OF OPPORTUNITY NO. 17

Per: ______________________________

CANADIAN WESTERN BANK

Per: ______________________________

JESSIE TAHA
Senior Assistant Vice President
Credit Risk Management

Wayne Horachek
Assistant Vice President
Credit Risk Management

VERSABANK

Per: ______________________________

NORTHLAND MORTGAGE & INVESTMENT CORP.

Per: ______________________________

This is **Exhibit "C"** referred to in the Affidavit of Jessie Taha sworn before me on the 21 of August, 2019.

)
)
A Commissioner for Oaths in and)
for the Province of Alberta)

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

THIS AGREEMENT DATED EFFECTIVE THE 29 DAY OF AUGUST, 2019

BETWEEN:

ATHABASCA COUNTY
("**Athabasca**")

OF THE FIRST PART

– and –

CANADIAN WESTERN BANK
("**CWB**")

OF THE SECOND PART

– and –

ECN FINANCIAL INC.
("**ECN**")

OF THE THIRD PART

– and –

726 REMOTE ACCOMODATIONS LTD.; 726 MODULAR FINANCE CANADA LTD.
And **RELIANT ASSET MANGEMENT LLC**
("**726**")

OF THE FOURTH PART

– and –

JEFF HADFIELD and **JACKIE HADFIELD**
(the "**Hadfields**")

OF THE FIFTH PART

SETTLEMENT AGREEMENT

WHEREAS Canada North Camps Inc. (now known as 1851239 Alberta Ltd.) and some of its affiliates, including 1371047 Alberta Ltd., (collectively, "**CNC**") have operated a camp for accommodation of workers (the "**Wandering River Camp**") on a parcel of land owned by 1371047 Alberta Ltd. and Wandering River Properties Ltd. within the municipal limits of Athabasca legally described as 4; 17; 71; 35; NE (the "**Lands**");

AND WHEREAS Ernst & Young Inc. has been appointed as monitor ("the "**Monitor**") in proceedings under the *Companies' Creditors Arrangement Act* in Court of Queen's Bench Action No. 1703-12327 (the "**CCAA Action**");

AND WHEREAS tax levies and penalties have accrued and remain unpaid in the amount of $751,237.74 (the "**Tax Liability**") arising in connection with the Athabasca Camp;

AND WHEREAS the parties have agreed to a compromise of payment of the Tax Liability on the terms hereinafter set out, which settlement shall be subject to Court approval;

NOW THEREFORE WITNESS THAT in consideration of the mutual covenants set out below, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The terms of the preamble hereof form part of this Agreement and are incorporated herein.

2. The Tax Liability attributable to levies and penalties now outstanding with regard to the subject lands, shall be compromised by payment of the sum of $650,000 in full and final satisfaction thereof, as follows:

    (a) From the sale of the improvements owned by CNC and ECN:

        (i) $144,951.00, being 30% of the already realized sale proceeds, which currently total $483,170.00; and

        (ii) 50% of the sale proceeds from any future sale up to a maximum future payment to Athabasca of $208,000.00;

(b) From 726 and in respect to the improvements owned by 726 that remain at the Wandering River Camp;

(i) \$79,561.73, being 50% of the payment of \$159,123.46 to be paid by 726 to CNC; and

(ii) \$40,000.00, which shall be paid by 726 directly to Athabasca, forthwith upon court approval of this settlement

(the payments set out under (a) and (b) above are referred to collectively as the "**Improvement Payments**").

(c) All remaining amounts of the compromised Tax Liability not recovered by Athabasca through the Improvement Payments, up to a maximum amount of \$385,487.27, shall be recoverable as against the Lands (the "**Land Tax Liability**").

3. Payments pursuant to Section 2(a)(ii) and 2(b)(i) shall paid to Athabasca by the Monitor as improvements are sold and payments need only be paid by the Monitor periodically once accumulated proceeds from the sale of improvements justify the administrative costs of doing so, at the discretion of the Monitor.

4. Effective immediately upon payment of the Improvement Payments in accordance with Section 2 of this Settlement Agreement, Athabasca hereby forever fully, finally and unconditionally remises, releases, acquits, waives and forever discharges CWB, ECN and 726 and their respective subsidiaries, affiliated and associated corporations and entities and each of their respective officers, directors, shareholders, employees, servants, agents, advisors, successors and assigns, both present and former of any and all causes of action, suits, debts, duties, accounts, bonds, dues, covenants, contracts, rights, costs and expenses, judgments, claims, proceedings, obligations and demands howsoever arising of every nature and kind whatsoever which Athabasca ever had in respect to the Tax Liability. For clarity, this section shall apply: in the case of CWB, upon satisfaction of Sections 2(a) and 2(b)(i); in the case of ECN, upon satisfaction of Section 2(a)(i); and in the case of 726, upon satisfaction of Section 2(b).

5. Payment of the Land Tax Liability shall be deferred until the Lands are sold through the CCAA Action, through a subsequent foreclosure action or other sale of the Lands, or until Athabasca proceeds with an auction of the Lands in accordance with the provisions of the *Municipal Government Act*, whichever should come first, and shall be payable, together with any future levies and penalties which Athabasca is entitled to charge under its bylaws, from the proceeds of sale of the Lands in priority to any claim of any of these parties.

6. Effective immediately upon payment of the Land Tax Liability in accordance with Sections 2(c) and 4 of this Settlement Agreement, Athabasca hereby forever fully, finally and unconditionally remises, releases, acquits, waives and forever discharges the Hadfields and their heirs and successors of any and all causes of action, suits, debts, duties, accounts, bonds, dues, covenants, contracts, rights, costs and expenses, judgments, claims, proceedings, obligations and demands howsoever arising of every nature and kind whatsoever which Athabasca ever had in respect to the Tax Liability.

7. On or about August 22, 2019, the parties will seek a Court Order approving of this settlement in the CCAA Action, including an Order directing payment of the $144,951.00 portion of the Improvement Payment that is immediately due and payable from proceeds currently held by the Monitor from the sale of improvements from the Wandering River Camp charged to ECN and CWB by CNC by the Monitor, with a direction to the Monitor to account for such payment as being an interim distribution to CWB and ECN of their ultimate entitlement to proceeds derived in the CCAA Action.

8. The parties agree that they will also seek an order in the CCAA Action, relieving Athabasca of any liability for an allocation of costs incurred in the CCAA Action, on the basis that Athabasca has compromised the Tax Liability to the extent required to relieve it of any further obligation by way of a cost allocation in the CCAA Action.

9. The parties agree that they will execute such further documents and undertake such further acts as may be necessary or required to give full force and effect to this settlement.

10. This Settlement Agreement may be executed in counterparts, and each executed counterpart shall have the same force and effect as the original instrument as if both of the parties had signed the same instrument. The exchange of copies of this Settlement Agreement and of the signature pages by facsimile transmission, by electronic mail in portable document format (.PDF), or by any other means shall constitute effective execution and delivery of this Settlement Agreement to the parties and may be used in lieu of the original document for all purposes.

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

ATHABASCA COUNTY

Per: ______________________

CANADIAN WESTERN BANK

Per: ______________________

ECN FINANCIAL INC.

Per: ______________________

726 REMOTE ACCOMODATION LTD.

Per: ______________________

726 MODULAR FINANCE CANADA LTD.

Per: ______________________

RELIANT ASSET MANAGEMENT LLC

Per: ______________________

JEFF HADFIELD and **JACKIE HADFIELD**

Per: ______________________

Per: ______________________

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

ATHABASCA COUNTY

Per: ______________________________

CANADIAN WESTERN BANK

Per: ______________________________

ECN FINANCIAL INC.

Per: ______________________________
Adam Fleming, VP - Special Accounts

726 REMOTE ACCOMODATION LTD.

Per: ______________________________

726 MODULAR FINANCE CANADA LTD.

Per: ______________________________

RELIANT ASSET MANAGEMENT LLC

Per: ______________________________

JEFF HADFIELD and **JACKIE HADFIELD**

Per: ______________________________

Per: ______________________________

TAB 9

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	**THE MONITOR'S TWENTIETH REPORT** **November 26, 2018**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com **COUNSEL** Duncan Craig LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan Phone: 780-441-4386 / 780-441-4336 Fax: 780-428-9683 Email: dbieganek@dcllp.com rquinlan@dcllp.com

Schedule "A"

Statement of Receipts and Disbursements - EY Trust Account - CNC

Opening Cash Balance:

EY Trust Account	$	-

Cash Receipts:

Sale of Assets (Net of GST)	$	9,145,500.00
Collection of A/R (Net of GST)	$	663,703.90
Refunds - Misc (Net of GST)	$	190,607.09
GST Collected	$	78,472.10
Hotel Tax Collection	$	11,946.61
Funds Transferred from BMO Op Acct	$	472,300.05
Interest Received	$	25,617.51
Unallocated (EY)	$	-
Cash in Bank	$	123,153.99
Total Cash Receipts:	$	**10,711,301.25**

Cash Disbursements:

Wages Paid	$	541.93
Source Deductions	$	27,412.96
Utilities (Net of GST)	$	68,414.56
Insurance	$	44,452.11
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	715,464.44
Waste Disposal (Net of GST)	$	16,852.20
Property Taxes	$	1,783.46
GST Paid	$	142,259.77
Other (EY)	$	4,330.00
Monitor Fees	$	1,514,162.00
Monitor Disbursements	$	24,170.39
Operating Costs/Misc (Net of GST)	$	260,236.95
Deemed Trust Claim (crown-Federal)	$	652,916.43
PST Paid	$	14.46
DIP Lenders - Payment	$	3,606,582.29
Trust Funds Allocated to CCS Disbursements	$	111,983.47
Rent	$	28,571.43
Total Cash Disbursements:	$	**7,220,148.85**

Remaining Cash on Hand:	$	**3,491,152.40**

Nov 23/18

DP.

Statement of Receipts and Disbursements - EY Trust Account - 816

Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	540.00
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	-
GST Collected	$	-
Other(EY)	$	0.40
Total Cash Receipts:	$	540.40
Cash Disbursements:		
Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	2,210.56
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	564.20
Waste Disposal (Net of GST)	$	-
Property Taxes	$	-
GST Paid	$	138.74
PST Paid	$	15.75
Spare 1 EY	$	-
Spare 2 EY	$	-
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	2,929.25
Remaining Cash on Hand:	-$	2,388.85

Statement of Receipts and Disbursements - EY Trust Account - 1919

Opening Cash Balance:

EY Trust Account	$	-

Cash Receipts:

Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	-
GST Collected	$	-
Transferred from Operating Account	$	47.21
Total Cash Receipts:	**$**	**47.21**

Cash Disbursements:

Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	-
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	-
Waste Disposal (Net of GST)	$	-
Property Taxes	$	-
GST Paid	$	-
Other (EY)	$	-
Spare 1 EY	$	-
Spare 2 EY	$	-
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	-
Remaining Cash on Hand:	$	47.21

Statement of Receipts and Disbursements - EY Trust Account - CCS

Opening Cash Balance:

EY Trust Account	$	-

Cash Receipts:

Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	39.80
GST Collected	$	-
CNC Trust Funds Used for Disbursements	$	111,983.47
Other(EY)	$	67,197.21
Total Cash Receipts:	$	**179,220.48**

Cash Disbursements:

Wages Paid	$	-
Source Deductions	$	10,530.57
Utilities (Net of GST)	$	6,326.70
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	-
Waste Disposal (Net of GST)	$	146.25
Property Taxes	$	-
GST Paid	$	5,152.12
FV Daycare Expenses (net of GST)	$	98,972.12
General Operating Expenses	$	8,269.01
Deemed Trust Claim	$	32,626.50
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	162,023.27

Remaining Cash on Hand:	$	17,197.21

Nov 23/18
DP.

Statement of Receipts and Disbursements - EY Trust Account - DJ

Opening Cash Balance:

EY Trust Account	$	-

Cash Receipts:

Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	118,326.13
Refunds - Misc(net of GST)	$	-
GST Collected	$	5,951.20
Hotel Tax Collected	$	2,706.24
Funds Transferred from Op Acct	$	207,046.59
Unallocated (EY)	$	-
Interest(EY)	$	737.31
Total Cash Receipts:	$	**334,767.47**

Cash Disbursements:

Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	52,820.34
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	340.95
Post CCAA Payables(Net of GST)	$	894.09
Property Taxes	$	41.00
GST Paid	$	2,729.97
Other (EY)	$	-
GST Remitted	$	2,925.85
Lease/Rent Paid	$	543.50
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	60,295.70
Remaining Cash on Hand:	$	274,471.77

Nov 23/18
DP.

Statement of Receipts and Disbursements - EY Trust Account - 137

Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	5,196,288.57
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	-
GST Collected	$	259,814.43
Interest(EY)	$	20,337.74
Transfer from BMO Operating Account(EY)	$	835.42
Total Cash Receipts:	**$**	**5,477,276.16**
Cash Disbursements:		
Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	-
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	1,994.14
Post CCAA Payables(Net of GST)	$	2,320.00
Property Taxes	$	-
GST Paid	$	315.71
Payment to Secured Creditor	$	4,157,132.75
Spare 1 EY	$	-
Spare 2 EY	$	-
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	4,161,762.60
Remaining Cash on Hand:	$	1,315,513.56

Nov 23/18

OP.

Clerk's Stamp
JUDICIAL CENTRE OF EDMONTON
FILED
JAN 28 2019
Clerk of the Court

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.
DOCUMENT	**THE MONITOR'S TWENTY-SECOND REPORT**
	January 28, 2019
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MONITOR

ERNST & YOUNG INC.
EPCOR Tower
10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7
Attention: Matt McCulloch / Dan McCulloch
Telephone: 780-638-6642 / 780-441-4695
Fax: 780-428-8977
Email: matt.mcculloch@ca.ey.com
dan.mcculloch@ca.ey.com

COUNSEL

Duncan Craig LLP
Suite 2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan
Phone: 780-441-4386 / 780-441-4336
Fax: 780-428-9683
Email: dbieganek@dcllp.com
rquinlan@dcllp.com

Schedule A

Schedule A
CNC (185) - Consolidated Statement of Receipts and Disbursements
(CNC, EY & Servus Accounts)
as at January 12, 2019

Opening Cash Balances:

Operating Account BMO (@April 21):	$	573,357.30	
Operating Account (1919) - Deposited to CNC due to imateriality	$	47.21	
EY Trust Account:	$	-	
Operating Account Servus (@April 1):	$	828.48	
Total Opening Cash:	**$**	**574,232.99**	

Cash Receipts:

Sale of Assets (Net of GST)	$	9,167,080.00	
Collection of A/R (Net of GST)	$	1,457,669.51	
Transfer in from DJ Servus Account #2089134	$	37,791.90	Note 1
Transfer in from CNC Operating Account	$	45.00	Note 1
Refunds - Misc (Net of GST)	$	211,806.53	Note 2
GST Collected	$	118,432.34	
Hotel Tax Collected	$	27,647.45	
Funds Transferred from BMO Op Acct	$	472,300.05	Note 3
Interest Received	$	29,115.06	
Unallocated (EY)	$	-	
Cash in Bank	$	1,671.73	Note 4
Transfer in from DJ	$	75,011.94	Note 1
Transfer in From Spall - Reimburse exps - for Spall from RBC/BMO Accounts	$	6,000.00	Note 1
Berland Gas re-sale to occupants	$	2,484.58	Note 5
Transfer in from CNC Servus to CNC BMO	$	19,050.77	Note 1
Due to Lodgistx	$	66,577.45	Note 5
Intercompany	$	8,000.77	Note 1
Simmonette Merchant Sales (Owed to Lodgistx)	$	44,570.90	Note 5
Total Cash Receipts:	**$**	**11,745,255.98**	

Cash Disbursements:

Wages Paid	$	252,965.46	
Source Deductions	$	191,756.28	
Utilities (Net of GST)	$	110,290.97	
Insurance	$	134,746.93	
Legal Fees (Net of GST)	$	793,331.14	Note 6
Waste Disposal (Net of GST)	$	141,528.83	
Property Taxes	$	6,040.46	Note 7
GST Paid	$	199,151.87	
Other (EY)	$	4,330.00	
Other (OP)	$	359,763.30	Note 8
Monitor Fees	$	1,571,553.62	
Monitor Disbursements	$	24,741.87	
Operating Costs/Misc (Net of GST)	$	303,217.48	
Deemed Trust Claim (crown-Federal)	$	652,916.43	
PST Paid	$	14.46	
DIP Lenders - Payment	$	3,606,582.29	
Trust Funds Allocated to CCS Disbursements	$	111,983.47	Note 9
Rent	$	28,571.43	
Disbursements Made - DJ Bills	$	31,887.93	Note 1
Disbursements - HML Lodge GP (Net of GST if Applicable)	$	12,126.82	Note 1
Disbursements Made - CCS Bills	$	1,243.80	Note 1
Berland Gas - Transaction Fees	$	146.70	
Bank Service Charges	$	98.33	
Transfer out to RBC CNC OP Accnt	$	3,000.77	Note 1
Transfer out to Servus DJ OP Accnt	$	110.73	Note 1
Transfer out to Servus CNC OP Accnt	$	45.00	Note 1
Transfer out to BMO CNC Accnt	$	58,051.54	Note 1
Due from Lodgistx	$	74,671.68	Note 5
Moneris Fees Simonnette - to be recoverd	$	2,089.30	Note 5
Moneris Fees - AR collections	$	2,162.17	Note 5
Other Moneris Fees	$	315.42	Note 5
Transfer to Cimmaron Account	$	1,000.00	Note 1
Daycare Expenses (Net of GST)	$	33,405.00	Note 10
Net Disbursements for 816 (no funds received at date of this accounting)	$	2,388.85	Note 11
BDC DIP Interest	$	32,613.02	
Total Cash Disbursements:	**$**	**8,748,843.35**	
Remaining Cash on Hand:	**$**	**3,570,645.62**	

Schedule A - Notes

Note 1 Prior to the expansion of the Monitor's powers, Management primarily used the CNC (185) bank account to facilitate most operational expenses for all of the Applicants. As such, funds from other Applicant's accounts were typically transferred into the BMO operating account, and then related disbursements were made. This amount relates to pre-expansion of powers transactions of this nature made by Management of the Applicants.

Note 2 This total is comprised primarily of the following amounts: a.) a refund of Credit Card deposits totalling $25,000 from RBC; b.) A refund from William Scottsman of $163,666.23 (a deposit on work that was cancelled and as such never completed (Per Management); and c.) 21,132.58 received by CNC prior to the expansion of the Monitor's powers noted by Management as a WCB refund. The Monitor continues to review the last two refunds noted above with Management to confirm the nature of the transactions giving rise to the figures reported.

Note 3 This amount relates to funds paid by CNC into EY's Trust account prior to the expansion of the Monitor's powers to cover Monitor's fees - upon consolidation of the accounts - this amount needs to be disclosed for the accounting to balance as the Trust account was in place since the onset of the CCAA proceedings.

Note 4 Amount relates to two small amounts on deposit at RBC and HSBC recovered by Monitor. This amount will be reduced by $181.34 on account of a bank error detected by the Monitor and corrected by HSBC after the completion of this report.

Note 5 After the transaction with the Restructuring Investor closed, but before the expansion of the Monitor's powers, Lodgistx (the new operating entity of the Restructuring Investor) borrowed funds from CNC to fund operations until an operating facility was established. As a result, significant funds were borrowed by Lodgistx from CNC and were required to be repaid. Further, the Monitor continued to collect a number of receivables and other revenues otherwise due to Lodgistx post expansion of the Monitor's powers and post sale. The Monitor and Lodgistx are in the final stages of reconciling the due to/due from accounts at the present time. In the end, the Monitor estimates that Lodgistx currently owes CNC/the Monitor approximately $10,000. Several amounts noted on this schedule may be reallocated on the final accounting for this matter.

Note 6 The total legal fees noted in this report can be broken down between the various law firms as follows:

a.) Duncan Craig LLP:	$451,996.09
b.) Oviatt Law:	$144,256.73
c.) Miller Thomson:	$78,138.00
d.) DLA Piper:	$106.43
e.) Dentons:	$118,833.89
Total:	$793,331.14

Note 7 According to information on hand with the Monitor, and information provided by Management, this amount pertains to the Wabasca properties only.

Note 8 Pertains to a number of operating expenses paid by the Applicants, primarily prior to the expansion of the Monitor's powers. The Monitor may reallocate this figure (at least in part) to other disbursement categories at a later date. As at the date of this report, the Monitor is still awaiting information from Management in relation to the exact nature of certain transactions that make up the total of this disbursement. There is one significant transsaction noted as being an operating expense that requires additional explanations from Management and the Monitor is currently awaiting a response as at the date of this report.

Note 9 This amount relates to disbursements made by CNC on behalf of CCS as noted and further detailed in the CCS statement.

Note 10 This amount relates to a deposit for moving the Daycare boxes from the Winterburn site to Fairview, the day prior to the expansion of the Monitor's powers. This deposit was made directly by Management to the contractor.

Note 11 As at the date this accounting was completed, the Monitor had not yet received the net sale proceeds from the sale of the Farm to cover certain small 816 related expenses. As such, most of these expenses were covered using CNC funds (to be reimbursed once 816 funds received from the sale of the Farm). The Monitor has requested the cash proceeds to be received from counsel for First Island and is currently awaiting receipt of the funds. See detailed 816 SRD for more information in regard to the expenses incurred to date as reflected in this report.

Schedule B

Schedule B
DJ Catering - Consolidated Statement of Receipts and Disbursements
(DJ Operating, EY & Servus Accounts)
as at January 12, 2019

Opening Cash Balances:			
Operating Account BMO (@April 21):	$	9,510.58	
EY Trust Account:	$	-	
Servus Operating Account (@April 1):	$	1,911.04	
Total Opening Cash:	**$**	**11,421.62**	
Cash Receipts:			
Sale of Assets (Net of GST)	$	-	
Collection of A/R (Net of GST)	$	391,625.53	
Refunds - Misc(net of GST)	$	17,158.24	Note 1
GST Collected	$	19,615.45	
Hotel Tax Collected	$	8,785.64	
Transfer in from CNC BMO Operating Account	$	110.73	Note 2
AR for CNC Collected by DJ - Due to CNC	$	15,736.20	Note 3
Interest(EY)	$	1,111.23	
Total Cash Receipts:	**$**	**454,143.02**	
Cash Disbursements:			
Utilities (Net of GST)	$	52,820.34	
Legal Fees (Net of GST)	$	340.95	
Post CCAA Payables(Net of GST)	$	894.09	
Property Taxes	$	41.00	
GST Paid	$	2,729.97	
POS Fees	$	360.17	
Bank Charges	$	101.00	
Transfer out to CNC Servus Account #13901574	$	37,791.90	Note 4
GST Remitted	$	2,925.85	
Lease/Rent Paid	$	543.50	
Funds Transferred to CNC Op Account by CNC	$	75,011.94	Note 4
Total Cash Disbursements:	**$**	**173,560.71**	
Remaining Cash on Hand:	**$**	**292,003.93**	

Schedule B - Notes

Note 1	This amount represents a refund of overpayment of utilities from Direct Energy.
Note 2	The total of this amount was transferred in just prior to/just after the expansion of the Monitor's powers by the Applicants (May 1 - $105.73, and May 4 - $5.00)
Note 3	The invoice to the customer was issued by CNC (185); however, the customer paid DJ the amount owed pursuant to previously established banking arrangements/direct deposit instructions.
Note 4	Prior to the expansion of the Monitor's powers, Management primarily used the CNC (185) bank account to facilitate most operational expenses for all of the Applicants. As such, funds from other Applicant's accounts were typically transferred into the BMO operating account, and then related disbursements were made. This amount relates to pre-expansion of powers transactions of this nature made by Management of the Applicants.

Schedule C

Schedule C
CCS - Consolidated Statement of Receipts and Disbursements
(CCS & EY Accounts)
as at January 12, 2019

Opening Cash Balances:			
Operating Account BMO (@April 21):	$	148,609.84	
EY Trust Account:	$	-	
Total Opening Cash:	**$**	**148,609.84**	
Cash Receipts:			
Sale of Assets (Net of GST)	$	-	
Collection of A/R (Net of GST)	$	-	
Refunds - Misc(net of GST)	$	39.80	
GST Collected	$	-	
Other(EY)	$	1,541.89	
Transfer in from US Acct	$	675.80	
CNC Trust Funds Used for Disbursements	$	111,983.47	Note 1
WCB Refund	$	4,483.30	
Total Cash Receipts:	**$**	**118,724.26**	
Cash Disbursements:			
Wages Paid	$	44,516.97	
Source Deductions	$	37,081.78	Note 2
Utilities (Net of GST)	$	6,326.70	Note 2
Insurance	$	-	
Hotel Taxes	$	-	
Legal Fees (Net of GST)	$	-	
Waste Disposal (Net of GST)	$	146.25	Note 2
Property Taxes	$	-	
GST Paid	$	5,803.13	Note 2
FV Daycare Expenses (net of GST)	$	98,972.12	Note 2
Other (OP)	$	13,676.11	
General Operating Expenses	$	8,269.01	Note 2
Deemed Trust Claim	$	32,626.50	Note 2
Bank Charges	$	1,991.84	
Total Cash Disbursements:	**$**	**249,410.41**	
Remaining Cash on Hand:	**$**	**17,923.69**	

Schedule C - Notes

Note 1 This amount was not actually transferred to the EY Trust account or the other operating accounts of CCS. This amount represents the funds used from the CNC (185) trust account to cover the following CCS expenses that are included as disbursements in this analysis:

1.) Source Deductions for Staff $10,530.57 (not CRA's Deemed Trust claim)
2.) Utilities (Net of GST) of $6,326.70
3.) Waste Disposal (Net of GST) $146.25
4.) GST Paid $2,771,17
5.) FV Daycare Expenses (Net of GST) $51,353.07
6.) General Operating Expenses $8,269.01
7.) CRA's Deemed Trust Claim $32,626.50

The total of these expenses is $112,023.27, which was partially offset by a small refund of $39.80 which meant $111,983.47 of CNC funds were required. This amount corresponds to the CNC (185) SRD.

Note 2 As per Note 1, a portion or all of this disbursment is an accounting entry related to the allocation of CNC funds noted in Note 1. The portion of this disbursement noted in Note 1 was paid from CNC(185) accoutns, not CCS.

Schedule D

Schedule D
1371047 Alberta Ltd. - Consolidated Statement of Receipts and Disbursements
(137 & EY Accounts)
As at January 12, 2019

Opening Cash Balances:			
Operating Account BMO (@April 21):	$	835.42	
EY Trust Account:	$	-	
Total Opening Cash:	**$**	**835.42**	
Cash Receipts:			
Sale of Assets (Net of GST)	$	5,456,103.00	Note 1
GST Collected	$	-	Note 1
Interest(EY)	$	26,366.21	
Total Cash Receipts:	**$**	**5,482,469.21**	
Cash Disbursements:			
Legal Fees (Net of GST)	$	1,994.14	
Post CCAA Payables(Net of GST)	$	2,320.00	
GST Paid	$	315.71	
Payment to Secured Creditor	$	4,157,132.75	Note 2
Total Cash Disbursements:	**$**	**4,161,762.60**	
Remaining Cash on Hand:	**$**	**1,321,542.03**	

Schedule D - Notes

Note 1 This amount represents the net sale proceeds received from the sale of the Winterburn Yard after commissions, property taxes and other direct expenses. This sale was done on a GST exempt basis, and as such, no GST was collected.

Note 2 This amount was paid to Staheli Construction Co. Ltd. in accordance with a previous Order of the Court

Schedule E

Schedule E
816956 Alberta Ltd.Consolidated Statement of Receipts and Disbursements
(816 & EY Accounts)
as at January 12, 2019

Opening Cash Balances:			
Operating Account BMO (@April 21):	$	121.45	Note 1
EY Trust Account:	$	-	
Total Opening Cash:	**$**	**121.45**	
Cash Receipts:			
Sale of Hay Bales (no GST charged - local farmer)	$	540.00	Note 1
Transfer from CNC Op Acct	$	48.00	Note 1
Total Cash Receipts:	**$**	**588.00**	
Cash Disbursements:			
Utilities (Net of GST)	$	2,210.56	Note 1
Legal Fees (Net of GST)	$	564.20	Note 1
Property Taxes	$	119.61	Note 1
GST Paid	$	138.74	Note 1
PST Paid	$	15.75	Note 1
Bank Charges	$	49.44	Note 1
Total Cash Disbursements:	**$**	**3,098.30**	Note 1
Remaining Cash on Hand:	**-$**	**2,388.85**	Note 1

Schedule E - Notes

Note 1 The Monitor has not set up a separate trust account for 816 at this time due to the limited activity and funds at present. This SRD has been created by the Monitor to track 816 specific receipts and disbursments. The net cash remaining (deficit) is reflected on the SRD for CNC (185).

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.
DOCUMENT	**THE MONITOR'S TWENTY-SEVENTH REPORT** **November 25, 2019**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com **<u>COUNSEL</u>** Duncan Craig LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan Phone: 780-441-4386 / 780-441-4336 Fax: 780-428-9683 Email: dbieganek@dcllp.com rquinlan@dcllp.com

Schedule A

Schedule A

185/CNC - Consolidated Statement of Receipts and Disbursements
(CNC, EY & Servus Accounts)

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	573,357.30
EY Trust Account:	$	-
Operating Account Servus (@April 1):	$	828.48
Total Opening Cash:	$	574,185.78
Cash Receipts:		
Sale of Assets (Net of GST)	$	10,443,460.62
Collection of A/R (Net of GST)	$	1,459,665.18
Transfer in from DJ Servus Account #2089134	$	37,791.90
Transfer in from CNC Operating Account	$	45.00
Refunds - Misc (Net of GST)	$	325,590.52
GST Collected	$	135,659.29
Hotel Tax Collected	$	27,647.45
Funds Transferred from BMO Op Acct	$	472,300.05
Interest Received	$	91,552.78
Cash In Bank	$	1,490.39
Transfer In from DJ	$	75,011.94
Transfer In From Spall - Reimburse exps - for Spall from RBC/BMO Accounts	$	6,000.00
Transfer In from CNC Servus to CNC BMO	$	19,050.77
Intercompany	$	8,000.77
Reimbursement of Lodgistx Operating Costs Paid by CNC	$	59,928.69
Servus Letter of Credit	$	45,478.00
Total Cash Receipts:	$	13,208,673.35
Cash Disbursements:		
Wages Paid	$	268,574.85
Source Deductions	$	197,355.14
Utilities (Net of GST)	$	181,447.37
Insurance	$	144,607.79
Legal Fees (Net of GST)	$	966,940.39
Waste Disposal (Net of GST)	$	153,589.66
Property Taxes	$	27,270.32
GST Paid	$	217,909.33
Other (EY)	$	223,578.24
Other (OP)	$	359,763.30
Monitor Fees	$	1,672,554.54
Monitor Disbursements	$	24,741.87
Operating Costs/Misc (Net of GST)	$	533,854.73
Deemed Trust Claim (crown-Federal)	$	652,916.43
PST Paid	$	14.46
DIP Lenders - Payment	$	3,606,582.29
Trust Funds Allocated to CCS Disbursements	$	111,983.47
Rent	$	28,571.43
Disbursements Made - DJ Bills	$	31,887.93
Disbursements - HML Lodge GP (Net of GST if Applicable)	$	29,750.65
Disbursements Made - CCS Bills	$	1,243.80
Bank Service Charges	$	98.33
Transfer out to RBC CNC OP Accnt	$	3,000.77
Transfer out to Servus DJ OP Accnt	$	110.73
Transfer out to Servus CNC OP Accnt	$	45.00
Transfer out to BMO CNC Accnt	$	58,051.54
Moneris Fees - AR collections	$	2,162.17
Other Moneris Fees	$	678.99
Transfer to Cimmaron Account	$	1,000.00
Daycare Expenses (Net of GST)	$	52,228.58
Unallocated (Op)	$	-
BDC DIP Interest	$	32,613.02
Redemption of GIC (DJ Catering)	$	9,579.06
Total Cash Disbursements:	$	9,594,706.18
Remaining Cash on Hand @ October 31, 2019:	$	4,183,152.95

Schedule B

Schedule B

CCS - Consolidated Statement of Receipts and Disbursements
(CCS & EY Accounts)

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	148,609.84
EY Trust Account:	$	-
Total Opening Cash:	$	148,609.84
Cash Receipts:		
Refunds - Misc(net of GST)	$	39.80
Other(EY)	$	1,170.23
Transfer in from US Acct	$	675.80
CNC Trust Funds Used for Disbursements	$	111,983.47
WCB Refund	$	4,483.30
Total Cash Receipts:	$	118,352.60
Cash Disbursements:		
Wages Paid	$	44,516.97
Source Deductions	$	37,081.78
Utilities (Net of GST)	$	6,326.70
Legal Fees (Net of GST)	$	427.51
Waste Disposal (Net of GST)	$	146.25
GST Paid	$	5,803.13
FV Daycare Expenses (net of GST)	$	98,972.12
Other (OP)	$	13,676.11
General Operating Expenses	$	8,269.01
Deemed Trust Claim	$	32,626.50
Bank Charges	$	1,991.84
Total Cash Disbursements:	$	249,837.92
Remaining Cash on Hand @ October 31, 2019:	$	17,124.52

Schedule C

Schedule C

DJ Catering - Consolidated Statement of Receipts and Disbursements
(CNC, EY & Servus Accounts)

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	9,510.58
EY Trust Account:	$	-
Servus Operating Account (@April 1):	$	1,911.04
Total Opening Cash:	$	11,421.62
Cash Receipts:		
Collection of A/R (Net of GST)	$	396,225.53
Recovery on GICs	$	9,579.06
Refunds - Misc(net of GST)	$	17,158.24
GST Collected	$	19,845.45
Hotel Tax Collected	$	8,785.64
Transfer in from CNC BMO Operating Account	$	110.73
AR for CNC Collected by DJ - Due to CNC	$	15,736.20
Interest(EY)	$	6,514.58
Total Cash Receipts:	$	473,955.43
Cash Disbursements:		
Utilities (Net of GST)	$	52,820.34
Legal Fees (Net of GST)	$	340.95
Post CCAA Payables(Net of GST)	$	894.09
Property Taxes	$	41.00
GST Paid	$	2,729.97
POS Fees	$	360.17
Bank Charges	$	101.00
Transfer out to CNC Servus Account #13901574	$	37,791.90
GST Remitted	$	2,925.85
Lease/Rent Paid	$	543.50
Funds Transferred to CNC Op Account by CNC	$	75,011.94
Total Cash Disbursements:	$	173,560.71
Remaining Cash on Hand @ October 31, 2019:	**$**	**311,816.34**

Schedule D

Schedule D

137... AB Ltd. - Consolidated Statement of Receipts and Disbursements
(137 & EY Accounts)

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	835.42
EY Trust Account:	$	-
Total Opening Cash:	$	835.42
Cash Receipts:		
Sale of Assets (Net of GST)	$	5,456,103.00
Interest(EY)	$	50,138.82
Total Cash Receipts:	$	5,506,241.82
Cash Disbursements:		
Legal Fees (Net of GST)	$	1,994.14
Post CCAA Payables(Net of GST)	$	2,320.00
GST Paid	$	315.71
Payment to Secured Creditor	$	4,157,132.75
Total Cash Disbursements:	$	4,161,762.60
Remaining Cash on Hand @ October 31, 2019:	$	1,345,314.64

Schedule E

Schedule E

816 - Consolidated Statement of Receipts and Disbursements
(CNC & EY Accounts)

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	121.45
EY Trust Account:	$	-
Total Opening Cash:	**$**	**121.45**
Cash Receipts:		
Sale of Assets (Net of GST)	$	540.00
Transfer from CNC Op Acct	$	48.00
Total Cash Receipts:	$	588.00
Cash Disbursements:		
Utilities (Net of GST)	$	2,210.56
Legal Fees (Net of GST)	$	564.20
Property Taxes	$	119.61
GST Paid	$	138.74
PST Paid	$	15.75
Bank Charges	$	49.44
Total Cash Disbursements:	$	3,098.30
Remaining Cash on Hand @ October 31, 2019:	-$	2,388.85

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.
DOCUMENT	**THE MONITOR'S TWENTY-NINTH REPORT**
	October 23, 2020

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

MONITOR

ERNST & YOUNG INC.
EPCOR Tower
10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7
Attention: Matt McCulloch / Dan McCulloch
Telephone: 780-638-6642 / 780-441-4695
Fax: 780-428-8977
Email: matt.mcculloch@ca.ey.com
dan.mcculloch@ca.ey.com

COUNSEL

Duncan Craig LLP
Suite 2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan
Phone: 780-441-4386 / 780-441-4336
Fax: 780-428-9683
Email: dbieganek@dcllp.com
rquinlan@dcllp.com

SCHEDULE A

Schedule A

CNC (185) - Consolidated Statement of Receipts and Disbursements
(CNC, EY & Servus Accounts)
At As July 31, 2020

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	573,357.30
EY Trust Account:	$	-
Operating Account Servus (@April 1):	$	828.48
Total Opening Cash:	**$**	**574,185.78**
Cash Receipts:		
Sale of Assets (Net of GST)	$	12,145,933.78
Collection of A/R (Net of GST)	$	1,542,352.88
Transfer in from DJ Servus Account #2089134	$	37,791.90
Refunds - Misc (Net of GST)	$	325,590.52
GST Collected	$	180,171.04
Hotel Tax Collected	$	27,990.65
Funds Transferred from BMO Op Acct	$	472,300.05
Interest Received	$	131,531.41
Costs Award re 726 settlement	$	94,937.73
Cash in Bank	$	1,490.39
Transfer in from DJ	$	75,011.94
Transfer in From Spall - Reimburse exps - for Spall from RBC/BMO Accounts	$	6,000.00
Transfer in from CNC Servus to CNC BMO	$	19,050.77
Intercompany	$	8,000.77
Reimbursement of Lodgistx Operating Costs Paid by CNC	$	59,928.69
Total Cash Receipts:	**$**	**15,128,082.52**
Cash Disbursements:		
Wages Paid	$	268,574.85
Source Deductions	$	207,861.72
Utilities (Net of GST)	$	202,768.19
Insurance	$	166,516.79
Legal Fees (Net of GST)	$	1,078,603.22
Waste Disposal (Net of GST)	$	129,246.33
Interim Distributions to secured creditors	$	674,806.61
Property Taxes	$	25,486.86
GST Paid	$	238,476.39
Other (EY)	$	4,398.00
Other (OP)	$	359,763.30
Monitor Fees	$	1,950,004.80
Monitor Disbursements	$	28,466.72
Operating Costs/Misc (Net of GST)	$	599,375.35
Deemed Trust Claim (Crown-Federal)	$	652,916.43
PST Paid	$	14.46
DIP Lenders - Payment	$	3,606,582.29
Trust Funds Allocated to CCS Disbursements	$	111,983.47
Rent	$	28,571.43
Disbursements Made - DJ Bills	$	31,887.93
Disbursements - HML Lodge GP (Net of GST if Applicable)	$	29,750.65
Disbursements Made - CCS Bills	$	1,243.80
Bank Service Charges	$	98.33
Transfer out to RBC CNC OP Accnt	$	3,000.77
Transfer out to BMO CNC Accnt	$	58,051.54
Moneris Fees - AR collections	$	2,162.17
Other Moneris Fees	$	678.99
Transfer to Cimmaron Account	$	1,000.00
Daycare Expenses (Net of GST)	$	52,228.58
BDC DIP Interest	$	32,613.02
Total Cash Disbursements:	**$**	**10,547,132.99**
Remaining Cash on Hand:	**$**	**5,155,135.31**

SCHEDULE B

Schedule B

CCS - Consolidated Statement of Receipts and Disbursements
(CCS and EY Accounts)
As At July 31, 2020

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	148,609.84
EY Trust Account:	$	-
Total Opening Cash:	**$**	**148,609.84**
Cash Receipts:		
Refunds - Misc(net of GST)	$	39.80
Interest Collected	$	1,347.31
Transfer in from US Acct	$	675.80
CNC Trust Funds Used for Disbursements	$	111,983.47
WCB Refund	$	4,483.30
Total Cash Receipts:	**$**	**118,529.68**
Cash Disbursements:		
Wages Paid	$	44,516.97
Source Deductions	$	37,081.78
Utilities (Net of GST)	$	6,326.70
Legal Fees (Net of GST)	$	427.51
Waste Disposal (Net of GST)	$	146.25
GST Paid	$	5,803.13
FV Daycare Expenses (net of GST)	$	98,972.12
Other (OP)	$	13,676.11
General Operating Expenses	$	8,269.01
Deemed Trust Claim	$	32,626.50
Bank Charges	$	1,991.84
Total Cash Disbursements:	**$**	**249,837.92**
Remaining Cash on Hand:	**$**	**17,301.60**

SCHEDULE C

Schedule C

DJ Catering - Consolidated Statement of Receipts and Disbursements
(DJ Catering, EY & Servus Accounts)
As At July 31, 2020

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	9,510.58
EY Trust Account:	$	-
Servus Operating Account (@April 1):	$	1,911.04
Total Opening Cash:	**$**	**11,421.62**
Cash Receipts:		
Collection of A/R (Net of GST)	$	396,225.53
Recovery on GICs	$	45,478.00
Refunds - Misc(net of GST)	$	17,158.24
GST Collected	$	19,845.45
Hotel Tax Collected	$	8,785.64
Interest(EY)	$	9,756.21
Total Cash Receipts:	**$**	**497,249.07**
Cash Disbursements:		
Utilities (Net of GST)	$	53,714.43
Legal Fees (Net of GST)	$	340.95
Property Taxes	$	41.00
GST Paid	$	2,729.97
POS Fees	$	360.17
Bank Charges	$	101.00
Transfer out to CNC Servus Account #13901574	$	37,791.90
GST Remitted	$	2,925.85
Lease/Rent Paid	$	543.50
Funds Transferred to CNC Op Account by CNC	$	75,011.94
Total Cash Disbursements:	**$**	**173,560.71**
Remaining Cash on Hand:	**$**	**335,109.98**

SCHEDULE D

Schedule D

137 - Consolidated Statement of Receipts and Disbursements
(137 and EY Accounts)
At As July 31, 2020

Opening Cash Balance:		
Operating Account BMO (@April 21):	$	835.42
EY Trust Account	$	-
Total Opening Cash:	**$**	**835.42**
Cash Receipts:		
Sale of Assets (Net of GST)	$	5,662,023.29
Interest(EY)	$	64,251.61
Total Cash Receipts:	**$**	**5,726,274.90**
Cash Disbursements:		
Legal Fees (Net of GST)	$	1,994.14
Post CCAA Payables(Net of GST)	$	2,320.00
Property Taxes	$	26,029.55
GST Paid	$	8,865.71
Payment to Secured Creditor	$	4,157,132.75
Real Estate Commissions	$	171,000.00
Total Cash Disbursements:	**$**	**4,367,342.15**
Remaining Cash on Hand:	**$**	**1,359,768.17**

SCHEDULE E

Schedule E

816 - Consolidated Statement of Receipts and Disbursements

(816 & EY Accounts)

As At July 31, 2020

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	121.45
EY Trust Account:	$	-
Total Opening Cash:	**$**	**121.45**
Cash Receipts:		
Sale of Assets (Net of GST)	$	900,540.00
Interest earned on account	$	7,522.51
Transfer from CNC Op Acct	$	48.00
Total Cash Receipts:	**$**	**908,110.51**
Cash Disbursements:		
Utilities (Net of GST)	$	2,210.56
Legal Fees (Net of GST)	$	5,326.10
Property Taxes	$	1,581.82
GST Paid	$	6,451.84
PST Paid	$	15.75
Bank Charges	$	49.44
Real Estate Commissions	$	121,500.00
Total Cash Disbursements:	**$**	**137,135.51**
Remaining Cash on Hand:	**$**	**771,096.45**

SCHEDULE F

Schedule F

667 AB Ltd. - Consolidated Statement of Receipts and Disbursements
(667 & EY Accounts)
As At July 31, 2020

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	-
EY Trust Account:	$	-
Total Opening Cash:	**$**	**-**
Cash Receipts:		
Sale of Assets (Net of GST)	$	450,000.00
Total Cash Receipts:	$	450,000.00
Cash Disbursements:		
Total Cash Disbursements:	$	-
Remaining Cash on Hand:	$	450,000.00

SCHEDULE G

Schedule G

1919 - Consolidated Statement of Receipts and Disbursements
(1919 & EY Accounts)
As At July 31, 2020

Opening Cash Balances:		
Operating Account BMO (@April 21):	$	47.21
EY Trust Account:	$	-
Total Opening Cash:	**$**	**47.21**
Cash Receipts:		
Sale of Assets (Net of GST)	$	1,084,100.00
Total Cash Receipts:	**$**	**1,084,100.00**
Cash Disbursements:		
Total Cash Disbursements:	$	-
Remaining Cash on Hand:	**$**	**1,084,147.21**

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.
DOCUMENT	**THE MONITOR'S THIRTY-FIRST REPORT** **February 5, 2021**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MONITOR

MONITOR

ERNST & YOUNG INC.
EPCOR Tower
10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7
Attention: Matt McCulloch / Dan McCulloch
Telephone: 780-638-6642 / 780-441-4695
Fax: 780-428-8977
Email: matt.mcculloch@ca.ey.com
dan.mcculloch@ca.ey.com

COUNSEL

Duncan Craig LLP
Suite 2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan
Phone: 780-441-4386 / 780-441-4336
Fax: 780-428-9683
Email: dbieganek@dcllp.com
rquinlan@dcllp.com

SCHEDULE B

Schedule B

CNC (185) - Consolidated Statement of Receipts and Disbursements
(CNC and EY Accounts)
as at December 31, 2020

Opening Cash Balances:

Operating Account BMO (@April 21):	$	573,357.30
EY Trust Account:	$	-
Operating Account Servus (@April 1):	$	828.48
Total Opening Cash:	$	574,185.78

Cash Receipts:

Sale of Assets (Net of GST)	$	12,210,062.53
Collection of A/R (Net of GST)	$	1,542,352.88
Transfer in from DJ Servus Account #2089134	$	37,791.90
Refunds - Misc (Net of GST)	$	325,590.52
GST Collected	$	180,616.04
Hotel Tax Collected	$	27,990.65
Funds Transferred from BMO Op Acct	$	472,300.05
Interest Received	$	140,732.89
Unallocated (EY)	$	94,937.73
Cash in Bank	$	1,490.39
Transfer in from DJ	$	75,011.94
Transfer in From Spall - Reimburse exps - for Spall from RBC/BMO Account	$	6,000.00
Transfer in from CNC Servus to CNC BMO	$	19,050.77
Intercompany	$	8,000.77
Reimbursement of Lodgistx Operating Costs Paid by CNC	$	59,928.69
Total Cash Receipts:	$	15,201,857.75

Cash Disbursements:

Wages Paid	$	268,574.85
Source Deductions	$	207,861.72
Utilities (Net of GST)	$	216,580.42
Insurance	$	170,184.79
Legal Fees (Net of GST)	$	1,111,756.88
Waste Disposal (Net of GST)	$	129,246.33
Interim Distributions to secured creditors	$	674,806.61
Property Taxes	$	25,486.86
GST Paid	$	248,042.24
Other (EY)	$	4,398.00
Other (OP)	$	359,763.30
Monitor Fees	$	2,094,638.78
Monitor Disbursements	$	28,476.39
Operating Costs/Misc (Net of GST)	$	663,949.10
Deemed Trust Claim (Crown-Federal)	$	652,916.43
PST Paid	$	14.46
DIP Lenders - Payment	$	3,606,582.29
Trust Funds Allocated to CCS Disbursements	$	111,983.47
Rent	$	28,571.43
Disbursements Made - DJ Bills	$	31,887.93
Disbursements - HML Lodge GP (Net of GST if Applicable)	$	29,750.65
Disbursements Made - CCS Bills	$	1,243.80
Bank Service Charges	$	98.33
Transfer out to RBC CNC OP Accnt	$	3,000.77
Transfer out to BMO CNC Accnt	$	58,051.54
Moneris Fees - AR collections	$	2,162.17
Other Moneris Fees	$	678.99
Transfer to Cimmaron Account	$	1,000.00
Daycare Expenses (Net of GST)	$	52,228.58
BDC DIP Interest	$	32,613.02
Total Cash Disbursements:	$	10,816,550.13
Remaining Cash on Hand:	$	4,959,493.40

SCHEDULE C

Schedule C

CCS - Consolidated Statement of Receipts and Disbursements
(CCS and EY Accounts)
as at December 31, 2020

Opening Cash Balances:

Operating Account BMO (@April 21):	$	148,609.84
EY Trust Account:	$	-
Total Opening Cash:	**$**	**148,609.84**

Cash Receipts:

Refunds - Misc(net of GST)	$	39.80
Interest Collected	$	1,379.96
Transfer in from US Acct	$	675.80
CNC Trust Funds Used for Disbursemer	$	111,983.47
WCB Refund	$	4,483.30
Total Cash Receipts:	**$**	**118,562.33**

Cash Disbursements:

Wages Paid	$	44,516.97
Source Deductions	$	37,081.78
Utilities (Net of GST)	$	6,326.70
Legal Fees (Net of GST)	$	427.51
Waste Disposal (Net of GST)	$	146.25
GST Paid	$	5,803.13
FV Daycare Expenses (net of GST)	$	98,972.12
Other (OP)	$	13,676.11
General Operating Expenses	$	8,269.01
Deemed Trust Claim	$	32,626.50
Bank Charges	$	1,991.84
Total Cash Disbursements:	**$**	**249,837.92**

Remaining Cash on Hand:	**$**	**17,334.25**

SCHEDULE D

Schedule D

DJ Catering - Consolidated Statement of Receipts and Disbursements
(DJ and EY Accounts)
as at December 31, 2020

Opening Cash Balances:

Operating Account BMO (@April 21):	$	9,510.58
EY Trust Account:	$	-
Servus Operating Account (@April 1):	$	1,911.04
Total Opening Cash:	**$**	**11,421.62**

Cash Receipts:

Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	396,225.53
Recovery on GICs	$	45,478.00
Refunds - Misc(net of GST)	$	17,158.24
GST Collected	$	19,845.45
Hotel Tax Collected	$	8,785.64
Interest(EY)	$	10,388.79
Total Cash Receipts:	$	497,881.65

Cash Disbursements:

Utilities (Net of GST)	$	53,714.43
Legal Fees (Net of GST)	$	340.95
Property Taxes	$	41.00
GST Paid	$	2,729.97
POS Fees	$	360.17
Bank Charges	$	101.00
Transfer out to CNC Servus Account #13901!	$	37,791.90
GST Remitted	$	2,925.85
Lease/Rent Paid	$	543.50
Funds Transferred to CNC Op Account by CN(	$	75,011.94
Total Cash Disbursements:	**$**	**173,560.71**

Remaining Cash on Hand:	**$**	**335,742.56**

SCHEDULE E

Schedule E

137 - Consolidated Statement of Receipts and Disbursements
(137 and EY Accounts)
as at December 31, 2020

Opening Cash Balances:

Operating Account BMO (@April 21):	$	835.42
EY Trust Account:	$	-
Total Opening Cash:	$	835.42

Cash Receipts:

Sale of Assets (Net of GST)	$	5,662,023.29
GST Collected	$	238.10
Rental Income (Other)	$	4,761.90
Interest(EY)	$	66,821.80
Total Cash Receipts:	$	5,733,845.09

Cash Disbursements:

Legal Fees (Net of GST)	$	1,994.14
Post CCAA Payables(Net of GST)	$	2,320.00
Property Taxes	$	26,029.55
GST Paid	$	8,865.71
Payment to Secured Creditor	$	4,157,132.75
Real Estate Commissions	$	171,000.00
Total Cash Disbursements:	$	4,367,342.15

Remaining Cash on Hand:	$	1,367,338.36

SCHEDULE F

Schedule F

816 - Consolidated Statement of Receipts and Disbursements
(816 and EY Accounts)
as at December 31, 2020

Opening Cash Balances:

Operating Account BMO (@April 21):	$	121.45
EY Trust Account:	$	-
Total Opening Cash:	**$**	**121.45**

Cash Receipts:

Sale of Assets (Net of GST)	$	900,540.00
Interest earned on account	$	8,978.51
GST Collected	$	-
Transfer from CNC Op Acct	$	48.00
Total Cash Receipts:	**$**	**909,566.51**

Cash Disbursements:

Utilities (Net of GST)	$	2,210.56
Legal Fees (Net of GST)	$	5,326.10
Property Taxes	$	1,581.82
GST Paid	$	6,451.84
PST Paid	$	15.75
Bank Charges	$	49.44
Real Estate Commissions	$	121,500.00
Total Cash Disbursements:	**$**	**137,135.51**
Remaining Cash on Hand:	**$**	**772,552.45**

SCHEDULE G

Schedule G

667 AB Ltd. - Statement of Receipts and Disbursements
as at December 31, 2020

Opening Cash Balance:		
EY Trust Account:	$	-
Total Opening Cash:	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	450,000.00
Interest Earned	$	760.56
Total Cash Receipts:	$	450,760.56
Cash Disbursements:		
Total Cash Disbursements:	$	-
Remaining Cash on Hand:	$	450,760.56

SCHEDULE H

Schedule H

1919 - Consolidated Statement of Receipts and Disbursements
(1919 & EY Accounts)
as at December 31, 2020

Opening Cash Balances:

Operating Account BMO (@April 21):	$	47.21
EY Trust Account:	$	-
Total Opening Cash:	**$**	**47.21**

Cash Receipts:

Sale of Assets (Net of GST)	$	1,084,100.00
Interest Earned	$	1,859.10
Total Cash Receipts:	**$**	**1,085,959.10**

Cash Disbursements:

Total Cash Disbursements:	**$**	**-**
Remaining Cash on Hand:	**$**	**1,086,006.31**

TAB 10

COURT OF APPEAL FOR ONTARIO

CITATION: Nortel Networks Corporation (Re), 2015 ONCA 681
DATE: 20151013
DOCKET: C59703

Simmons, Gillese and Rouleau JJ.A.

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 Compromise or Arrangement of Nortel Networks Corporation, Nortel Networks Limited, Nortel Networks Global Corporation, Nortel Networks International Corporation and Nortel Networks Technology Corporation

Richard B. Swan, S. Richard Orzy and Gavin H. Finlayson, for the appellant *Ad Hoc* Group of Bondholders

Andrew Kent and Brett Harrison, for the respondent The Bank of New York Mellon

Edmond Lamek, for the respondent Law Debenture Trust Company of New York

Benjamin Zarnett and Graham D. Smith, for the Monitor and the respondent Canadian Debtors

Kenneth D. Kraft and John J. Salmas, for the respondent Wilmington Trust, National Association

Kenneth T. Rosenberg and Ari N. Kaplan, for the respondent Canadian Creditors' Committee

Tracy Wynne, for the Joint Administrators (EMEA)

Scott A. Bomhof and Adam M. Slavens, for Nortel Networks Inc./U.S. Debtors

Heard: April 29, 2015

On appeal from the order of Justice Frank J.C. Newbould of the Superior Court of Justice, dated August 19, 2014, with reasons reported at 2014 ONSC 4777, 121 O.R. (3d) 228.

Rouleau J.A.:

A. OVERVIEW

[1] This appeal represents another chapter in the Nortel proceeding under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("*CCAA*"), which has been on-going since January 2009. A parallel proceeding under Chapter 11 of the United States *Bankruptcy Code* has also been on-going in Delaware since that time.

[2] The *Ad Hoc* Group of Bondholders (the "appellant") brings this appeal with leave. The group represents substantial holders of "crossover bonds", which are unsecured bonds either issued or guaranteed by certain of the Canadian Nortel entities. The relevant indentures provide for the continuing accrual of interest until payment, at contractually specified interest rates, as well as other post-filing payment obligations, such a make-whole provisions and trustee fees.

[3] In contrast, the claims of other claimants, such as Nortel pensioners and former employees, do not have a provision for interest on amounts owing to them.

[4] Holders of the crossover bonds have filed claims for principal and pre-filing interest in the amount of US$4.092 billion against each of the Canadian and U.S. Nortel estates. They also claim they are entitled to post-filing interest and related claims under the terms of the crossover bonds. As of December 31, 2013, the amount of this claim was approximately US$1.6 billion. The total of these two

amounts represents a significant portion of the proceeds generated from the worldwide sale of Nortel's business lines and other Nortel assets, totalling approximately $7.3 billion. This latter amount is apparently not growing at any appreciable rate because of the conservative nature of the investments made with it pending the outcome of the insolvency proceedings.

[5] In the context of a joint allocation trial, the *CCAA* judge directed that two issues be argued:

> 1. whether the holders of the crossover bond claims are legally entitled … to claim or receive any amounts under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest (namely, above and beyond US$4.092 billion); and
>
> 2. if it is determined that the crossover bondholders are so entitled, what additional amounts are such holders entitled to so claim and receive.

[6] The *CCAA* judge answered the first question in the negative and so he did not need to answer the second question. In reaching that conclusion, he accepted that the common law "interest stops rule", which has been held to be a fundamental tenet of insolvency law, applies in the *CCAA* context. He disagreed with the appellant's submission that the Supreme Court of Canada's decision in *Canada 3000 (Re)*; *Inter-Canadian (1991) Inc. (Trustee of)*, 2006 SCC 24, [2006] 1 S.C.R. 865, and this court's subsequent decision in *Stelco (Re)*, 2007 ONCA 483, 35 C.B.R. (5th) 174, are binding authority that the interest stops rule does not apply in the *CCAA* context.

[7] On appeal, the appellant raises two related issues – whether the *CCAA* judge erred in concluding that an interest stops rule applies in *CCAA* proceedings and, if not, whether he erred in concluding that the holders of Crossover Bond Claims are not legally entitled to claim or receive any amounts under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest.

[8] I would dismiss the appeal. As I will explain, there are sound legal and policy reasons for applying the interest stops rule in the *CCAA* context, and as I read *Stelco* and *Canada 3000,* they do not preclude such a result. Nor do I see a basis for varying the order that he made.

B. BACKGROUND

[9] In the *CCAA* court's initial order of January 14, 2009, the Canadian Debtors[1] were directed, subject to certain exceptions, to make no payments of principal or interest on account of amounts owing by the Canadian Debtors to any of their creditors as of the filing date, unless approved by the Monitor. Further, all proceedings and enforcement processes, and all rights and remedies of any person against the Canadian Debtors were stayed absent consent of the Canadian Debtors and the Monitor, or leave of the court.

[1] There are five Canadian Debtors: Nortel Networks Corporation, Nortel Networks Limited, Nortel Networks Technology Corporation, Nortel Networks International Corporation and Nortel Networks Global Corporation.

[10] In accordance with a claims procedure order dated July 30, 2009, claims against the Canadian Debtors were required to be filed by a claims bar date. Under a subsequent claims resolution order dated September 16, 2010, a disputed claim could be brought before the *CCAA* court for final determination.

[11] As previously noted, holders of the crossover bonds filed proofs of claim that included not only the principal amount of the debt and interest accrued to the date of insolvency but also contractual claims for interest and other amounts post-filing.

[12] In May 2014, a joint allocation trial, conducted by way of video-link by the *CCAA* judge in Ontario and Judge Gross in Delaware, commenced on the issue of the allocation of the sale proceeds among the debtor estates, including the Canadian and U.S. estates. In his 2015 decision, the *CCAA* judge, citing the "fundamental tenet of insolvency law that all debts shall be paid *pari passu*" and that "all unsecured creditors receive equal treatment" held that the $7.3 billion in funds generated from the Nortel liquidation should be allocated on a *pro rata* basis as among the estates: 2015 ONSC 2987, 23 C.B.R. (6th) 249, at para. 209. He ordered, at para. 258, that the funds be allocated among the debtor estates in accordance with a number of principles, including the principle that each debtor estate "is to be allocated that percentage of the [liquidation proceeds] that the total allowed claims against that Estate bear to the total allowed claims against

all Debtor Estates." A number of parties have sought leave to appeal that decision.

[13] It was on June 24, 2014, while the joint allocation trial was proceeding, that the *CCAA* judge directed that the two issues set out above be decided.

C. DECISION BELOW

[14] The *CCAA* judge began his analysis with a review of cases applying the interest stops rule in the bankruptcy and winding-up context. He noted the relationship between the interest stops rule and the *pari passu* principle, which he described as "a fundamental tenet of insolvency law" that requires equal treatment of unsecured creditors. He found there was "no reason to not apply the [common law] interest stops rule to a CCAA proceeding because the CCAA does not expressly provide for its application." The issue was "whether the rule should apply to this CCAA proceeding."

[15] He went on to conclude that "[t]here is no controlling authority in Canada in a case such as this in which there is a contested claim being made by bondholders for post-filing interest against an insolvent estate under the CCAA, let alone under a liquidating CCAA process, or in which the other creditors are mainly pensioners with no contractual right to post-filing interest." In reaching this conclusion, he distinguished *Stelco* and *Canada 3000* and found that the application of the interest stops rule was supported by the more recent decisions in *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60, [2010] 3

S.C.R. 379, and *Sun Indalex Finance, LLC v. United Steelworkers*, 2013 SCC 6, [2013] 1 S.C.R. 271.

[16] The *CCAA* judge thus ordered that "holders of Crossover Bond Claims are not legally entitled to claim or receive any amounts under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest (namely, above and beyond US$4.092 billion)."

D. ISSUES ON APPEAL

[17] The appellant raises two related issues:

1. Did the *CCAA* judge err in concluding that an interest stops rule applies in *CCAA* proceedings?
2. If the *CCAA* judge did not err in concluding that an interest stops rule applies in *CCAA* proceedings, did he err in holding that holders of Crossover Bonds Claims are not legally entitled to claim or receive any amounts under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest?

E. ANALYSIS

(1) Did the *CCAA* judge err in concluding that an interest stops rule applies in *CCAA* proceedings?

[18] The appellant, supported by the Bank of New York Mellon and the Law Debenture Trust Company of New York as indenture trustees, submits that the *CCAA* judge erred in concluding that the interest stops rule applies.

[19] First, the appellant submits he applied inapplicable case law and misinterpreted case law in concluding that the rule did and should apply. Among other things, the appellant criticizes the *CCAA* judge's application of the Supreme Court of Canada's decisions in *Century Services* and *Indalex*, which deal with the inter-play between the *CCAA* and the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "*BIA*").

[20] The appellant also submits that the application of the interest stops rule in the *CCAA* context is inconsistent with the *CCAA* and would have negative practical consequences.

[21] Finally, the appellant submits that *Canada 3000* and *Stelco* are binding authority that preclude the application of the interest stops rule in the *CCAA* context and that the *CCAA* judge violated the principle of *stare decisis* in refusing to follow them.

[22] I will deal with these submissions in turn, beginning with a discussion of the interest stops rule and the related *pari passu* principle.

(a) Should the interest stops rule apply in *CCAA* proceedings?

(i) Origin and scope of the interest stops rule

[23] It is well settled that the *pari passu* principle applies in insolvency proceedings. This principle, to the effect that "the assets of the insolvent debtor are to be distributed amongst classes of creditors rateably and equally, as those

assets are found at the date of insolvency" is said to be one of the "governing principles of insolvency law" in Canada: *Canada (Attorney General) v. Confederation Life Insurance Co.*, [2001] O.T.C. 486, at para. 20 (S.C.), *per* Blair J.[2] In fact, the *pari passu* principle has been said to be the foremost principle in the law of insolvency not just in Canada but around the world: Rizwaan J. Mokal "Priority as Pathology: The *Pari Passu* Myth" (2001) 60:3 Cambridge L.J. 581, at p. 581. According to an article in the Cambridge Law Journal, "[c]ommentators claim to have found [the *pari passu*] principle entrenched in jurisdictions far removed … in geography and time": Mokal, at pp. 581-582.

[24] The *pari passu* principle is rooted in the need to treat all creditors fairly and to ensure an orderly distribution of assets.

[25] As explained in *In re Humber Ironworks and Shipbuilding Co.* (1869), L.R. 4 Ch. App. 643, nearly 150 years ago, a necessary corollary of the *pari passu* principle is the interest stops rule. Absent the interest stops rule, the fairness and orderly distribution sought by the *pari passu* principle could not be achieved. Selwyn L.J. explained the rationale for the interest stops rule, at pp. 645-646:

> In the present case we have to consider what are the positions of the creditors of the company, when, as here, there are some creditors who have a right to receive interest, and others having debts not bearing interest.

---

[2] As explained in Roderick J. Wood's text on bankruptcy and insolvency law, "insolvency law is the wider concept, encompassing bankruptcy law but also including non-bankruptcy insolvency systems.": Roderick J. Wood, *Bankruptcy & Insolvency Law* (Toronto: Irwin Law Inc., 2009), at p. 1.

….

> It is very difficult to conceive a case in which the assets of a company could be … immediately realized and divided; but suppose they had a simple account at a bank, which could be paid the next day, that would be the course of proceeding. Justice, I think, requires that that course of proceeding should be followed, and that no person should be prejudiced by the accidental delay which, in consequence of the necessary forms and proceedings of the Court, actually takes place in realizing the assets; but that, in the case of an insolvent estate, all the money being realized as speedily as possible, should be applied equally and rateably in payment of the debts as they existed at the date of the winding-up. I, therefore, think that nothing should be allowed for interest after that date.

[26] Giffard L.J. similarly stated, at p. 647-648:

> That rule … works with equality and fairness between the parties; and if we are to consider convenience, it is quite clear that, where an estate is insolvent, convenience is in favour of stopping all the computations at the date of the winding-up.
>
> …
>
> I may add another reason, that I do not see with what justice interest can be computed in favour of creditors whose debts carry interest, while creditors whose debts do not carry interest are stayed from recovering judgment, and so obtaining a right to interest.

[27] Thus, the primary purpose behind the common law interest stops rule is fairness to creditors. Another purpose is to achieve the orderly administration of an insolvent debtor's estate.

[28] The common law interest stops rule has been consistently applied in proceedings under bankruptcy and winding-up legislation. In fact, as explained by Blair J. in *Confederation Life Insurance Co.* at paras. 22-23, the rule has been applied even when the legislation might be read to the contrary:

> This common law principle has been applied consistently in Canadian bankruptcy and winding-up proceedings. This is so notwithstanding the language of subsection 71(1) of the *Winding-Up Act* and section 121 of the *BIA*, which might be read to the contrary, in my view.
>
> …
>
> Yet, the "interest stops" principle has always applied to the payment of post-insolvency interest, and the provisions of subsection 71(1) have never been interpreted to trump the common law insolvency "interest stops rule".

[29] I will now turn to the question of whether the interest stops rule should be applied in the *CCAA* context.

(ii) Should the interest stops rule apply in *CCAA* proceedings?

[30] The respondents[3] maintain that one would expect the interest stops rule to apply in *CCAA* proceedings given that *CCAA* proceedings are insolvency proceedings to which the common law *pari passu* principle applies. Consistent with the *pari passu* principle and the related interest stops rule, creditors in *CCAA*

[3] The respondents are the Monitor, the Canadian Debtors, the Canadian Creditors' Committee and the Wilmington Trust, National Association. While technically The Bank of New York Mellon and the Law Debenture Trust Company of New York are also respondents, they support the appellant's position and so my use of the term "respondents" excludes them.

proceedings must surely expect to be treated fairly and not see creditors with interest entitlements have their claims grow, post-insolvency, disproportionately to those with no, or lesser, interest entitlements. In the respondents' submission, the same reasoning used by courts to conclude that the interest stops rule applies in winding-up and bankruptcy proceedings leads to the conclusion that the interest stops rule applies in *CCAA* proceedings.

[31] The appellant, on the other hand, submits that *CCAA* proceedings are different from other insolvency proceedings in that they do not immediately or permanently alter the rights of creditors. The filing is intended to give the debtor breathing space so that a plan of compromise or arrangement can be negotiated with creditors and the business can continue. The objective of a *CCAA* proceeding is a consensual, statutory compromise in the form of a *CCAA* plan. Such a *CCAA* plan can provide for any kind of distribution, provided it is approved by the requisite majority of creditors and the court.

[32] In the appellant's submission, until a plan is negotiated or the proceeding is converted to bankruptcy or winding-up, the rights of creditors are not altered; rather, their rights to execute on them are simply stayed. In the appellant's view, therefore, unless and until this sought-after compromise of rights is negotiated, only the exercise of the rights is stayed. The *CCAA* filing does not affect the right to accrue interest; it only stays the collection of that interest.

[33] The appellant further argues that the *CCAA* judge's decision is contrary to the established *CCAA* practice and the reasonable expectations of the parties in this proceeding. In particular, the appellant notes that a *CCAA* plan may, and often does, provide for the recovery of post-filing interest. The appellant also submits that the application of the interest stops rule would allow debtors to obtain a permanent interest holiday simply by filing for *CCAA* protection, even if the filing were later withdrawn, causing a permanent prejudice to the creditors not contemplated by the *CCAA*. And, the appellant submits that an interest stops rule would create a disincentive for creditors to participate in *CCAA* proceedings since they would not be compensated for delays under the *CCAA* even if there were ultimately assets available to do so

[34] I do not accept the appellant's submissions on this point. Admittedly, there are differences between the *CCAA* and other insolvency schemes, including that the *CCAA* does not provide for a fixed scheme of distribution. Further, assuming a plan of compromise or arrangement under the *CCAA* is negotiated it may or may not result in a distribution to creditors. Nevertheless, in my view, the same principles that underpin the conclusion that the interest stops rule is necessary in bankruptcy and winding-up proceedings – namely, the fair treatment of creditors and the orderly administration of an insolvent debtor's estate - apply with equal force to *CCAA* proceedings. I say so for several reasons.

[35] First, the *CCAA* is part of an integrated insolvency regime, which also includes the *BIA*. The Supreme Court of Canada in *Century Services* considered the *CCAA* regime and opined, at para. 24, that "[w]ith parallel *CCAA* and *BIA* restructuring schemes now an accepted feature of the insolvency landscape, the contemporary thrust of legislative reform has been towards harmonizing aspects of insolvency law common to the two statutory schemes to the extent possible and encouraging reorganization over liquidation". The court went on to explain, at para. 78, that the *CCAA* and *BIA* are related and "no 'gap' exists between the two statutes which would allow the enforcement of property interests at the conclusion of *CCAA* proceedings that would be lost in bankruptcy".

[36] Consistent with the notion of harmonization, because the common law interest stops rule applies upon bankruptcy under the *BIA*, it should follow that the common law rule also applies in a *CCAA* proceeding unless, of course, the rule is ousted by the *CCAA*. The *CCAA* does not address entitlement to claim post-filing interest let alone oust the common law rule with clear wording.

[37] Second, if the interest stops rule were not to apply in *CCAA* proceedings, the creditors who do not have a contractual right to post-filing interest would, as the Supreme Court explained in *Century Services* at para. 47, have "skewed incentives against reorganizing under the *CCAA*" and this would "only undermine that statute's remedial objectives and risk inviting the very social ills that it was enacted to avert." This concern over skewed incentives was confirmed in *Indalex*

where the Supreme Court held, at para. 51, that "[i]n order to avoid a race to liquidation under the *BIA*, courts will favour an interpretation of the *CCAA* that affords creditors analogous entitlements" to those they would receive under the *BIA*.

[38] Without an interest stops rule under the *CCAA*, the creditors with no claim to post-filing interest would have an incentive to proceed under the *BIA* or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, where the interest stops rule operates to prevent creditors, such as the appellant, who have a contractual right to interest from improving their proportionate claim against the debtor at the expense of other creditors.

[39] Third, as recognized by the Supreme Court in *Century Services* at para. 77, the "*CCAA* creates conditions for preserving the *status quo* while attempts are made to find common ground amongst stakeholders for a reorganization that is fair to all". This is achieved through grouping all claims within a single proceeding and staying all actions against the debtor, thus putting creditors on an equal footing: *Century Services*, para. 22.

[40] As submitted by the Canadian Creditors' Committee, if post-filing interest is available to one set of creditors while the other creditors are prevented from asserting their rights to sue the debtor and obtaining a judgment that bears interest, the *status quo* has not been preserved.

[41] Fourth, if the interest stops rule were not to apply in *CCAA* proceedings, the key objective of that statute – to facilitate the restructuring of corporations through flexibility and creativity – may be undermined. This is because of the asymmetrical entitlement to interest that would be created. Creditors with an entitlement to post-filing interest may be less motivated to compromise than those creditors without such an entitlement. Using the case under appeal as an example, if post-filing interest is allowed to accrue, the delay and failure to reach a compromise will see the appellant's proportionate claim against the assets of the debtors rise very significantly at the expense of other creditors. One could well understand that if the urgency for reaching a compromise and the incentive to compromise are significantly lower for one group of unsecured creditors than for the balance of the unsecured creditors, restructuring will be more difficult to achieve and the ability to reach creative solutions will be lessened.

[42] Furthermore, if the amount of an unsecured creditor's legal entitlement is constantly shifting as post-filing interest accrues, the ability to find a compromise that is acceptable to all creditors at any one point in time will pose a greater challenge than if the entitlements are fixed as of the date of filing.

[43] Fifth, the principle of fairness supports the application of the interest stops rule. Insolvency proceedings are intended to be fair processes for liquidating or restructuring insolvent corporations. How, one may ask, is it fair if the appellant, an unsecured creditor, sees its claim against the assets of the debtor balloon

from $4.092 billion to $5.692 billion (as of December 31, 2013) because of contractual provisions when the claims of unsecured creditors, who have no such contractual provisions and who have been prevented for almost seven years by the *CCAA* stay from converting their claims into court judgments that would bear interest, have seen no increase at all? Delays in liquidating the Nortel assets have helped the Monitor achieve the very significant recoveries made ($7.3 billion) and, in fairness, this achievement should be for the benefit of all creditors.

[44] Finally, I wish to respond to the appellant's concerns.

[45] As to past practice and the reasonable expectations of the parties, I do not view the existence of an interest stops rule as being contrary to established *CCAA* practice or as preventing a *CCAA* plan from providing for post-filing interest. Parties may negotiate for a plan that provides for payments of more or less than a creditor's legal entitlement in lieu of the foregone interest. Thus, I do not accept the appellant's submission that there would be a disincentive to participate in *CCAA* proceedings, which is based on the premise that post-filing interest may not be recovered under a *CCAA* plan.

[46] The appellant also raised the concern that a debtor company could obtain a permanent interest holiday, resulting in unfairness. The appellant says that if there are proceeds over and above the amounts needed to satisfy the pre-filing claims of creditors, those proceeds would be for the benefit of the shareholders of the debtor. This follows from the fact that the *CCAA* contains no provision for

the payment of a “surplus” to creditors and the interest stops rule would prevent the unsecured creditors from recovering any post-filing interest. The debtor could therefore resort to the *CCAA* to stop interest from accruing and operate his business interest free.

[47] This hypothetical raises the same concern about the loss of post-filing interest but in a somewhat different way. The concern is that a debtor may seek *CCAA* protection to avoid the obligation to pay interest.

[48] There may well be exceptional situations where, at some point in a *CCAA* proceeding, the common law interest stops rule risks working an unfairness of some sort. I leave for another day what orders, if any, might be made by a *CCAA* judge in cases such as the hypothetical presented by the appellant where a debtor might be considered to benefit unfairly as a result of the common law interest stops rule. I note, however, that in order to achieve the remedial purpose of the *CCAA*, *CCAA* courts have been innovative in their interpretation of their stay power and in the exercise of their authority in the administration of *CCAA* proceedings. This approach has been specifically endorsed by the Supreme Court of Canada in *Century Services* and would no doubt guide the court should the need arise: see, for example, paras. 61 and 70.

[49] In conclusion, there are sound reasons for adopting an interest stops rule in the *CCAA* context. I now turn to the argument that *Canada 3000* and *Stelco* preclude the application of the rule.

(b) Are *Canada 3000* and *Stelco* binding authorities to the effect that the interest stops rule does not apply in *CCAA* proceedings?

[50] The appellant vigorously maintains that the *CCAA* judge was bound by *Canada 3000* and *Stelco*, which both confirm that the interest stops rule does not apply in *CCAA* proceedings.

[51] I would not give effect to this submission. As I will explain, both of these decisions should be read narrowly and do not constitute a precedent with respect to the issue raised in this appeal – whether the common law interest stops rule applies in *CCAA* proceedings.

(i) *Canada 3000*

Background and lower court decisions

[52] The decision in *Canada 3000* arose out of the collapse of three airlines – Canada 3000 Airlines Ltd. and Royal Aviation Inc. (collectively "Canada 3000"), and Inter-Canadian (1991) Inc. ("Inter-Canadian"). Canada 3000 filed for protection under the *CCAA* and, three days later, filed for bankruptcy. Inter-Canadian filed a *BIA* proposal but the proposal ultimately failed and so it too was placed into bankruptcy effective as of the date it filed its notice of intention to make a proposal.

[53] At the time the airlines collapsed, they owed significant amounts in unpaid airport and navigation charges. As a result, various airport authorities and NAV

Canada sought remedies under the *Airport Transfer (Miscellaneous Matters) Act*, S.C. 1992, c. 5 ("*Airports Act*") and the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 ("*CANSCA*"). In particular, they sought orders seizing and detaining aircraft leased by the bankrupt airlines. While the lessors of the planes retained legal title to the aircraft, the bankrupt airlines were the registered owner for the purposes of the *Aeronautics Act*, R.S.C. 1985, c. A-2.

[54] The airport authorities and NAV Canada brought proceedings in Ontario and Quebec.

[55] In Ontario, Ground J. dismissed motions for orders permitting the airport authorities and NAV Canada to seize and detain the aircraft leased by Canada 3000: *Canada 3000 (Re)* (2002), 33 C.B.R. (4th) 184 (S.C.). On the question of interest, he concluded, at para. 73, that the airport authorities and NAV Canada were entitled to charge interest on the unpaid charges up to the date of payment or the posting of security for payment.

[56] On appeal from Ground J.'s decision, this court held that the interest question need not be determined since the airport authorities and NAV Canada did not have the right to detain the aircraft: *Canada 3000 (Re)* (2004), 69 O.R. (3d) 1, at para. 197.

Supreme Court's decision

[57] On appeal to the Supreme Court of Canada, the court determined that the airport authorities and NAV Canada had the right to detain the aircraft leased and operated by the bankrupt airlines. The issue of post-filing interest was, therefore, an issue the court had to decide.

[58] In deciding that issue, Binnie J. made the following comment at para. 96:

> While a CCAA filing does not stop the accrual of interest, the unpaid charges remain an unsecured claim provable against the bankrupt airline. The claim does not accrue interest after the bankruptcy: ss. 121 and 122 of the [*BIA*]. [Emphasis added.]

[59] The appellant submits that the underlined words are binding *ratio* and must be followed in this case.

[60] While I agree that Binnie J.'s comment about the *CCAA* is not *obiter*, I am not convinced that it should be read as broadly as the appellant contends. In *R. v. Henry*, 2005 SCC 76, [2005] 3 S.C.R. 609, Binnie J. warned, at para. 57, against reading "each phrase in a judgment … as if enacted in a statute". Rather, the question to be asked is "what did the case decide?".

[61] To answer what *Canada 3000* decided about post-filing interest under the *CCAA*, it is important to consider the context in which Binnie J. made his comment, including the facts of the case, the issues before the court, the structure of his reasons, the wording he used, and what he said as well as what he did not say.

[62] At para. 40., Binnie J. defined the "two major questions raised by the appeals" as follows: (1) "are the *legal titleholders* liable for the debt incurred by the registered owners and operators of the failed airlines to the service providers?" and (2) "even if they are not so liable, are *the aircraft* to which they hold title subject on the facts of this case to judicially issued seizure and detention orders to answer for the unpaid user charges incurred by Canada 3000 and Inter-Canadian?" (emphasis in original). The answer to those two questions turned on the interpretation of the *Airports Act* and *CANSCA*. As Binnie J. noted at para. 36, the case was "from first to last an exercise in statutory interpretation".

[63] After engaging in a lengthy exercise of statutory interpretation, he concluded that: (1) under s. 55 of *CANSCA*, the legal titleholders were not jointly and severally liable for the charges due to NAV Canada; and (2) under s. 56 of *CANSCA* and s. 9 of the *Airports Act*, the airport authorities and NAV Canada were entitled to apply for an order detaining the aircraft operated by the failed airlines.

[64] Binnie J. then addressed eight additional arguments made by the parties and just before his last paragraph on disposition, he included a section simply entitled "Interest", starting at para. 93.

[65] He began his analysis of the interest issue by outlining the statutory authority for charging interest: s. 9(1) of the *Airports Act* expressly provided for

the payment of interest, and while *CANSCA* did not explicitly provide for interest, a regulation under *CANSCA* imposed interest: para. 93.

[66] "The question then", said Binnie J. at para. 95, was "how long the interest can run". He addressed that question as follows, at paras. 95-96:

> The airport authorities and NAV Canada have possession of the aircraft until the charge or amount in respect of which the seizure was made is paid. It seems to me that this debt must be understood in real terms and must include the time value of money.
>
> Given the authority to charge interest, my view is that interest continues to run to the first of the date of payment, the posting of security or bankruptcy. If interest were to stop accruing before payment has been made, then the airport authorities and NAV Canada would not recover the full amount owed to them in real terms. Once the owner, operator or titleholder has provided security, the interest stops accruing. The legal titleholder is then incurring the cost of the security and losing the time value of money. It should not have to pay twice. <u>While a CCAA filing does not stop the accrual of interest</u>, the unpaid charges remain an unsecured claim provable against the bankrupt airline. The claim does not accrue interest after the bankruptcy: ss. 121 and 122 of the [*BIA*]. [Emphasis added.]

[67] Significantly, Binnie J. made no mention in his reasons of the common law interest stops rule or the related *pari passu* principle. Nor did he cite any case law dealing with those issues. In fact, even though it is well established that the interest stops rules applies under the *BIA*, he did not rely on the common law rule in support of his finding that interest stopped on bankruptcy. Instead, he relied on

ss. 121 and 122 of the *BIA* in concluding that the interest payable under the *Airports Act* and the regulation under *CANSCA* did not accrue post-bankruptcy.

[68] Binnie J.'s analysis of the issue is rooted in the factual and statutory context of the case. In discussing the accrual of interest under the *CCAA*, he specified that the interest was on "unpaid charges", namely charges under *CANSCA* and the *Airports Act*. Binnie J. was not answering an abstract legal question but rather deciding how long interest ran in the particular factual and statutory context.

[69] In effect, I read Binnie J. as saying that a *CCAA* filing does not stop the accrual of interest under *CANSCA* or the *Airports Act* but the statutory provisions of the *BIA* ss. 121 and 122 do. He was not deciding whether, in the absence of the right to interest under *CANSCA* and the *Airports Act*, interest would have accrued or been stopped by the common law interest stops rule.

[70] Let me add that I agree with the *CCAA* judge's comment that Binnie J.'s statement in *Canada 3000* should "now be construed in light of *Century Services* and *Indalex*". In fact, one can well imagine that the court's interpretation of *CANSCA* and the *Airports Act* as allowing the accrual of interest in a *CCAA* proceeding but not in a *BIA* proceeding might have been different had it reached the Supreme Court after these two more recent cases. That question, however, is for another day. For now, I turn to this court's decision in *Stelco*.

(ii) *Stelco*

Background and motion judge's decision

[71] The post-filing interest issue in *Stelco* arose in "the final chapter of the financial restructuring of Stelco" under the *CCAA*: *Stelco (Re)* (2006), 24 C.B.R. (5th) 59, at para. 1 (S.C.). The final chapter involved competing claims to a portion of the amount payable to the holders of subordinated notes (the "Junior Noteholders") pursuant to Stelco's plan of arrangement (the "Plan"). The claim to these funds ("Turnover Proceeds") was made by the "Senior Debentureholders".

[72] The dispute over the Turnover Proceeds arose after Stelco's Plan had been sanctioned and Stelco had emerged from restructuring with its debt reorganized. The Senior Debentureholders claimed the Turnover Proceeds on the basis of subordination provisions contained in the Note Indenture under which Stelco had issued convertible unsecured subordinated debentures to the Junior Noteholders.

[73] Under the terms of the Note Indenture, the Junior Noteholders expressly agreed that, in the event that the debtor became insolvent, they would subordinate their right of repayment until after repayment in full of "Senior Debt".

[74] The plan of arrangement that had been approved was a "no interest" plan, meaning that distribution from Stelco to the creditors did not include or account for post-filing interest. The Plan, however, provided that the rights as between the Senior Debentureholders and the Junior Noteholders were preserved. The

Senior Debentureholders, who had not received payment of post-filing interest from Stelco under the Plan, demanded payment of it from the Junior Noteholders pursuant to the terms of the Note Indenture. The Junior Noteholders argued, among other things, that the subordination provisions did not survive the Plan's implementation and that the Senior Debentureholders were not entitled to claim post-filing interest from them.

[75] The motion judge, and on appeal, this court ruled in favour of the Senior Debentureholders. The courts found that the Plan was expressly drafted to preserve the subordination provisions and that the *CCAA* does not purport to affect rights as between creditors to the extent that they do not directly involve the debtor.

How to read *Stelco*?

[76] The appellant and the respondents offer different readings of *Stelco*.

[77] The appellant argues that this court's decision is binding authority for the proposition that the interest stops rule does not apply in the *CCAA* context. The passages relied on by the appellant include para. 67:

> [T]here is no persuasive authority that supports an Interest Stops Rule in a *CCAA* proceeding. Indeed, the suggested rule is inconsistent with the comment of Justice Binnie in [*Canada 3000*] at para. 96, where he said:
>
> > While a *CCAA* filing does not stop the accrual of interest, the unpaid charges remain an unsecured claim provable

> against the bankrupt airline. The claim does not accrue interest after the bankruptcy: ss. 121 and 122 of the [*BIA*].

[78] The respondents, for their part, read the case more narrowly as a resolution of an inter-creditor dispute. They submit that the *ratio* of the case is that there was no rule that prohibited giving effect to the agreed upon inter-creditor postponement. To the extent that this court discussed the interest stops rule in the abstract, its comments are *obiter*.

[79] I agree with the respondents. In my view, the court in *Stelco* did not need to decide whether the interest stops rule applies in *CCAA* proceedings for it to decide the inter-creditor dispute before the court and so its statements about the rule's application are not binding.

[80] This court expressly noted, at para. 44, that it was dealing with an inter-creditor dispute. The Junior Noteholders had accepted the subordination terms in the Note Indenture. They had agreed not to be paid anything, in the event of insolvency, until those who held Senior Debt were paid principal and interest in full. The court affirmed, at para. 44, that the *CCAA* does not change the relationship among creditors where it does not directly involve the debtor.

[81] As noted, this was a "no interest" plan, meaning that the Senior Debentureholders received no post-filing interest from Stelco. Rather, they sought and eventually received payment of post-filing interest from the Junior Noteholders' share of the proceeds. The court found that the Stelco Plan

contemplated the continued accrual of interest to Senior Debentureholders for the purpose of their rights as against the Junior Noteholders after the *CCAA* filing date: paras. 59 and 70. It noted that *CCAA* plans can and sometimes do provide for payments in excess of claims filed in *CCAA* proceedings. There was no rule precluding the payment of post-filing interest to the Senior Debentureholders in accordance with the Stelco Plan: para. 70.

[82] The court's conclusion that the Junior Noteholders could not rely on the interest stops rule is consistent with the traditional interest stops rule. The interest stops rule relates to claims by creditors against the debtor. It does not deal with arrangements as between creditors. In other words, whether or not the interest stops rule applies in *CCAA* proceedings did not need to be decided because the agreement between creditors fell outside the scope of that rule.

[83] The appellant makes two further submissions based on its interpretation of s. 6.2(1) of the Note Indenture. That paragraph reads as follows:

> 6.2 Distribution on Insolvency or Winding-up.
>
> …
>
> (1) the holders of all Senior Debt will first be entitled to receive payment in full of the principal thereof, premium (or any other amount payable under such Senior Debt), if any, and interest <u>due thereon</u>, before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, <u>which may be payable or</u>

> deliverable in any such event in respect of any of the Debentures; [Emphasis added.]

[84] The first argument is that the Senior Debentureholders were only entitled to receive principal, premium and interest "which may be payable or deliverable in any such event", the event being insolvency or bankruptcy proceedings. Therefore, the court must have concluded, at least implicitly, that the Senior Debentureholders would have been entitled to maintain their claim for post-filing interest against Stelco.

[85] The second argument is that, by the terms of s. 6.2(1), the Senior Debentureholders were only entitled to interest "due thereon" and so they could not claim post-filing interest from the Junior Noteholders unless they could claim post-filing interest from Stelco.

[86] I would not give effect to either submission.

[87] In *Stelco*, the court did not address either argument and we do not have a copy of the entire agreement nor do we have the other agreements that form part of the factual matrix. Without that context, this court is not in the position to interpret s. 6.2(1).

[88] In my view, the key question for this court is not how to properly interpret s. 6.2(1) but, rather, how we should read the reasons in *Stelco*. What did the *Stelco* court decide, and specifically, should we read the panel as implicitly deciding that the Senior Debentureholders could not recover post-filing interest

from the Junior Noteholders unless they could claim post-filing interest against Stelco?

[89] In discussing post-filing interest, the court's only mention of the Senior Debentureholders' claim as against Stelco is found at paras. 57-59, where the panel expressly rejected the argument that "any claim the Senior [Debentureholders] have for interest must be based on a "claim" [as defined in the Plan] they have against Stelco for such interest" and that "[i]f the Senior Debt does not include post-filing interest, there can be no claim against the [Junior] Noteholders for such amounts": see paras. 58-59.

[90] Admittedly, the panel made this comment in discussing the effect of the Stelco Plan as opposed to the effect of the interest stops rule. However, as I read the section on post-filing interest as a whole, the court is saying that the Junior Noteholders agreed to be bound by the deal they made. They had agreed to the subordination provisions that guaranteed full payment to the Senior Debentureholders in the event of insolvency, and the Plan affirmed that the Senior Noteholders could claim the full amount that would have been owing had there been no *CCAA* filing. In this court's words at para. 70, there is no interest stops rule "that precludes such a result." In my view, therefore, this court did not make an implicit finding that the Senior Debentureholders had to be able to claim post-filing interest from Stelco in order to claim post-filing interest from the Junior Noteholders.

[91] In conclusion, I consider the comment that there is no persuasive authority that supports an interest stops rule in *CCAA* proceedings to be *obiter*. *Stelco* dealt with the effect of an agreement as between creditors as to how, between them, they would share distributions. Whether or not interest stops upon a *CCAA* filing was of no import in answering that question.

(2) If the *CCAA* judge did not err in concluding that an interest stops rule applies in *CCAA* proceedings, did he err in holding that holders of Crossover Bonds Claims are not legally entitled to claim or receive any amounts under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest?

[92] The appellant objects to the wording of the *CCAA* judge's order. It provides that "holders of Crossover Bond Claims are not legally entitled to claim *or receive* any amounts under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest" (emphasis added). While the appellant asked the *CCAA* judge to amend his order to delete "or receive", he refused. The appellant submits that, to the extent this precludes the bondholders from receiving post-filing interest under a *CCAA* plan, the *CCAA* judge erred. The appellant notes that all the parties in this proceeding agree that a *CCAA* plan may provide for post-filing interest.

[93] As I explained above, the interest stops rule does not preclude the payment of post-filing interest under a plan of compromise or arrangement.

[94] As I read the *CCAA* judge's reasons and order, he did not decide otherwise. His decision confirms that the common law interest stops rule applies

in *CCAA* proceedings. If a plan of compromise or arrangement is concluded, it should not, for example, be read as limiting any right to recover post-filing interest creditors may have as amongst themselves, as existed in *Stelco,* or from non-parties. Nor does it dictate what any creditor may seek in bargaining for a fair plan of compromise or arrangement. In that regard, I do not interpret the *CCAA* judge's use of the words "or receive" as preventing the appellant from seeking and obtaining such a result in a negotiated plan. In particular, I note the *CCAA* judge's comment at para. 35 of his reasons that "the parties would of course be free to include post-filing interest payments in a plan of arrangement, as is sometimes done."

[95] The appellant also seeks clarification as to the effect of the words "*any amounts* under the relevant indentures above and beyond the outstanding principal debt and pre-petition interest" (emphasis added). The appellant notes that, without clarification, the wording of the order could potentially preclude the recovery of other contractual entitlements under the relevant indentures, such as costs and make-whole provisions, even though no arguments were advanced before the *CCAA* judge with respect to any amounts other than post-filing interest.

[96] The issue the *CCAA* judge was directed to answer was "whether the holders of the crossover bond claims … [were] legally entitled … to claim or receive any amounts under the relevant indentures above and beyond the

outstanding principal debt and pre-petition interest". As indicated in the appellant's factum, the only arguments advanced before the *CCAA* judge related to post-filing interest and not any other amounts under the indentures. The appellant does not appear to have made submissions to the *CCAA* judge with respect to the costs and make-whole fees it now raises in its factum. This court is in no position to deal with the new argument raised by the appellant. Further, beyond making the broad submission noted above, the appellant did not expand on that submission and direct the court to the specific claims or indenture provisions it relies on in support of its argument or explain why the claims should not be caught by the order.

[97] As I have already indicated, the *CCAA* judge's order confirms that the interest stops rule, and the limits imposed by the rule, apply in *CCAA* proceedings. To the extent that the appellant maintains that there are other contractual entitlements under the relevant indentures not covered by the interest stops rule, it is up to the *CCAA* court to decide if those can now be raised and ruled upon.

F. FINAL COMMENTS

[98] I acknowledge that the Nortel *CCAA* proceedings are exceptional, particularly with respect to the length of the delay. The amount the appellant claims for post-filing interest and related claims under the indentures, and the resulting impact on other unsecured creditors is so great because of the length of

that process. The principle, however, is the same whether the *CCAA* process is short or long. After the imposition of a stay in *CCAA* proceedings, allowing one group of unsecured creditors to accumulate post-filing interest, even for a relatively short period of time, would constitute unfair treatment vis-à-vis other unsecured creditors whose right to convert their claim into an interest-bearing judgment is stayed.

[99] This decision does not purport to change or limit the powers of *CCAA* judges. Although the decision clearly settles at the outset of a *CCAA* proceeding whether there is a legal entitlement to post-filing interest, it does not dictate how the proceeding will progress thereafter until a plan of compromise or arrangement is approved, or the *CCAA* proceeding is otherwise brought to an end.

[100] The determination of legal entitlement is important as it clearly establishes the starting point in a *CCAA* proceeding. It tells creditors, debtors and the court what legal claim a particular creditor has. Its significance is not only for purposes of setting the voting rights of creditors on any proposed plan of compromise or arrangement, it also ensures that, in assessing any such proposed plan, the parties will know what they are or are not compromising and the court will be equipped to consider the fairness of such a plan.

G. DISPOSITION

[101] For these reasons, I would dismiss the appeal. Pursuant to the agreement of the parties, I would award the respondent Monitor, as successful party, costs as against the appellant fixed in the amount of $40,000, inclusive of disbursements and applicable taxes. I would make no other order as to costs.

Released: October 13, 2015
(EEG)

"Paul Rouleau J.A."
"I agree Janet Simmons J.A."
"I agree E.E. Gillese J.A."

TAB 11

R.S.C. 1985, c. B-3, s. 70

s 70.

Currency

70.

70(1)Precedence of bankruptcy orders and assignments

Every bankruptcy order and every assignment made under this Act takes precedence over all judicial or other attachments, garnishments, certificates having the effect of judgments, judgments, certificates of judgment, legal hypothecs of judgment creditors, executions or other process against the property of a bankrupt, except those that have been completely executed by payment to the creditor or the creditor's representative, and except the rights of a secured creditor.

70(2)Costs

Despite subsection (1), one bill of costs of a barrister or solicitor or, in the Province of Quebec, an advocate, including the executing officer's fees and land registration fees, shall be payable to the creditor who has first attached by way of garnishment or filed with the executing officer an attachment, execution or other process against the property of the bankrupt.

70(3) [Repealed 1992, c. 27, s. 37.]

Amendment History

1992, c. 27, s. 37; 2004, c. 25, s. 44; 2005, c. 47, s. 63

Currency

Federal English Statutes reflect amendments current to February 17, 2021

Federal English Regulations are current to Gazette Extra Vol. 155:3 (February 15, 2021)

R.S.C. 1985, c. B-3, s. 136

s 136.

Currency

136.
136(1)Priority of claims
Subject to the rights of secured creditors, the proceeds realized from the property of a bankrupt shall be applied in priority of payment as follows:

(a) in the case of a deceased bankrupt, the reasonable funeral and testamentary expenses incurred by the legal representative or, in the Province of Quebec, the successors or heirs of the deceased bankrupt;

(b) the costs of administration, in the following order,

(i) the expenses and fees of any person acting under a direction made under paragraph 14.03(1)(a),

(ii) the expenses and fees of the trustee, and

(iii) legal costs;

(c) the levy payable under section 147;

(d) the amount of any wages, salaries, commissions, compensation or disbursements referred to in sections 81.3 and 81.4 that was not paid;

(d.01) the amount equal to the difference a secured creditor would have received but for the operation of sections 81.3 and 81.4 and the amount actually received by the secured creditor;

(d.02) the amount equal to the difference a secured creditor would have received but for the operation of sections 81.5 and 81.6 and the amount actually received by the secured creditor;

(d.1) claims in respect of debts or liabilities referred to in paragraph 178(1)(b) or (c), if provable by virtue of subsection 121(4), for periodic amounts accrued in the year before the date of the bankruptcy that are payable, plus any lump sum amount that is payable;

(e) municipal taxes assessed or levied against the bankrupt, within the two years immediately preceding the bankruptcy, that do not constitute a secured claim against the real property or immovables of the bankrupt, but not exceeding the value of the interest or, in the Province of Quebec, the value of the right of the bankrupt in the property in respect of which the taxes were imposed as declared by the trustee;

Editor's Note: S.C. 2001, c. 4, s. 31 replaced paragraph 136(1)(e). S.C. 2001, c. 4, s. 177(2) provides that:

(2) Paragraph 136(1)(e) of the Bankruptcy and Insolvency Act, *as enacted by section 31 of this Act [i.e. 2001, c. 4], applies only to bankruptcies or proposals in respect of which proceedings are commenced after the coming into*

force of that section, but nothing in this subsection shall be construed as changing the status of any person who was a secured creditor in respect of a bankruptcy or a proposal in respect of which proceedings were commenced before the coming into force of that section.

Immediately before the replacement, the wording in the section dealing with priority of claims of municipal taxes read as follows:

(e) municipal taxes assessed or levied against the bankrupt, within the two years immediately preceding his bankruptcy, and that do not constitute a preferential lien or charge against the real property of the bankrupt, but not exceeding the value of the interest of the bankrupt in the property in respect of which the taxes were imposed as declared by the trustee;

(f) the lessor for arrears of rent for a period of three months immediately preceding the bankruptcy and accelerated rent for a period not exceeding three months following the bankruptcy if entitled to accelerated rent under the lease, but the total amount so payable shall not exceed the realization from the property on the premises under lease, and any payment made on account of accelerated rent shall be credited against the amount payable by the trustee for occupation rent;

(g) the fees and costs referred to in subsection 70(2) but only to the extent of the realization from the property exigible thereunder;

(h) in the case of a bankrupt who became bankrupt before the prescribed date, all indebtedness of the bankrupt under any Act respecting workers' compensation, under any Act respecting unemployment insurance or under any provision of the *Income Tax Act* creating an obligation to pay to Her Majesty amounts that have been deducted or withheld, rateably;

(i) claims resulting from injuries to employees of the bankrupt in respect of which the provisions of any Act respecting workers' compensation do not apply, but only to the extent of moneys received from persons guaranteeing the bankrupt against damages resulting from those injuries; and

(j) in the case of a bankrupt who became bankrupt before the prescribed date, claims of the Crown not mentioned in paragraphs (a) to (i), in right of Canada or any province, rateably notwithstanding any statutory preference to the contrary.

136(2)Payment as funds available
Subject to the retention of such sums as may be necessary for the costs of administration or otherwise, payment in accordance with subsection (1) shall be made as soon as funds are available for the purpose.

136(3)Balance of claim
A creditor whose rights are restricted by this section is entitled to rank as an unsecured creditor for any balance of claim due him.

Amendment History
1992, c. 1, s. 143; 1992, c. 27, s. 54; 1997, c. 12, s. 90(1), (2); 2001, c. 4, s. 31; 2004, c. 25, s. 70; 2005, c. 47, s. 88

Currency
Federal English Statutes reflect amendments current to February 17, 2021
Federal English Regulations are current to Gazette Extra Vol. 155:3 (February 15, 2021)

End of Document

 Copyright © Thomson Reuters Canada Limited or its licensors (excluding individual court documents). All rights reserved.

TAB 12

Clerk's Stamp
JUDICIAL CENTRE OF EDMONTON
FILED
JAN 28 2019
Clerk of the Court

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.
DOCUMENT	**THE MONITOR'S TWENTY-SECOND REPORT**
	January 28, 2019
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MONITOR

MONITOR

ERNST & YOUNG INC.
EPCOR Tower
10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7
Attention: Matt McCulloch / Dan McCulloch
Telephone: 780-638-6642 / 780-441-4695
Fax: 780-428-8977
Email: matt.mcculloch@ca.ey.com
dan.mcculloch@ca.ey.com

COUNSEL

Duncan Craig LLP
Suite 2800, 10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan
Phone: 780-441-4386 / 780-441-4336
Fax: 780-428-9683
Email: dbieganek@dcllp.com
rquinlan@dcllp.com

<u>Schedule A</u>

Schedule A
CNC (185) - Consolidated Statement of Receipts and Disbursements
(CNC, EY & Servus Accounts)
as at January 12, 2019

Opening Cash Balances:

Operating Account BMO (@April 21):	$	573,357.30	
Operating Account (1919) - Deposited to CNC due to imateriality	$	47.21	
EY Trust Account:	$	-	
Operating Account Servus (@April 1):	$	828.48	
Total Opening Cash:	**$**	**574,232.99**	

Cash Receipts:

Sale of Assets (Net of GST)	$	9,167,080.00	
Collection of A/R (Net of GST)	$	1,457,669.51	
Transfer in from DJ Servus Account #2089134	$	37,791.90	Note 1
Transfer in from CNC Operating Account	$	45.00	Note 1
Refunds - Misc (Net of GST)	$	211,806.53	Note 2
GST Collected	$	118,432.34	
Hotel Tax Collected	$	27,647.45	
Funds Transferred from BMO Op Acct	$	472,300.05	Note 3
Interest Received	$	29,115.06	
Unallocated (EY)	$	-	
Cash in Bank	$	1,671.73	Note 4
Transfer in from DJ	$	75,011.94	Note 1
Transfer in From Spall - Reimburse exps - for Spall from RBC/BMO Accounts	$	6,000.00	Note 1
Berland Gas re-sale to occupants	$	2,484.58	Note 5
Transfer in from CNC Servus to CNC BMO	$	19,050.77	Note 1
Due to Lodgistx	$	66,577.45	Note 5
Intercompany	$	8,000.77	Note 1
Simmonette Merchant Sales (Owed to Lodgistx)	$	44,570.90	Note 5
Total Cash Receipts:	**$**	**11,745,255.98**	

Cash Disbursements:

Wages Paid	$	252,965.46	
Source Deductions	$	191,756.28	
Utilities (Net of GST)	$	110,290.97	
Insurance	$	134,746.93	
Legal Fees (Net of GST)	$	793,331.14	Note 6
Waste Disposal (Net of GST)	$	141,528.83	
Property Taxes	$	6,040.46	Note 7
GST Paid	$	199,151.87	
Other (EY)	$	4,330.00	
Other (OP)	$	359,763.30	Note 8
Monitor Fees	$	1,571,553.62	
Monitor Disbursements	$	24,741.87	
Operating Costs/Misc (Net of GST)	$	303,217.48	
Deemed Trust Claim (crown-Federal)	$	652,916.43	
PST Paid	$	14.46	
DIP Lenders - Payment	$	3,606,582.29	
Trust Funds Allocated to CCS Disbursements	$	111,983.47	Note 9
Rent	$	28,571.43	
Disbursements Made - DJ Bills	$	31,887.93	Note 1
Disbursements - HML Lodge GP (Net of GST if Applicable)	$	12,126.82	Note 1
Disbursements Made - CCS Bills	$	1,243.80	Note 1
Berland Gas - Transaction Fees	$	146.70	
Bank Service Charges	$	98.33	
Transfer out to RBC CNC OP Accnt	$	3,000.77	Note 1
Transfer out to Servus DJ OP Accnt	$	110.73	Note 1
Transfer out to Servus CNC OP Accnt	$	45.00	Note 1
Transfer out to BMO CNC Accnt	$	58,051.54	Note 1
Due from Lodgistx	$	74,671.68	Note 5
Moneris Fees Simonnette - to be recoverd	$	2,089.30	Note 5
Moneris Fees - AR collections	$	2,162.17	Note 5
Other Moneris Fees	$	315.42	Note 5
Transfer to Cimmaron Account	$	1,000.00	Note 1
Daycare Expenses (Net of GST)	$	33,405.00	Note 10
Net Disbursements for 816 (no funds received at date of this accounting)	$	2,388.85	Note 11
BDC DIP Interest	$	32,613.02	
Total Cash Disbursements:	**$**	**8,748,843.35**	
Remaining Cash on Hand:	**$**	**3,570,645.62**	

Schedule A - Notes

Note 1 Prior to the expansion of the Monitor's powers, Management primarily used the CNC (185) bank account to facilitate most operational expenses for all of the Applicants. As such, funds from other Applicant's accounts were typically transferred into the BMO operating account, and then related disbursements were made. This amount relates to pre-expansion of powers transactions of this nature made by Management of the Applicants.

Note 2 This total is comprised primarily of the following amounts: a.) a refund of Credit Card deposits totalling $25,000 from RBC; b.) A refund from William Scottsman of $163,666.23 (a deposit on work that was cancelled and as such never completed (Per Management); and c.) 21,132.58 received by CNC prior to the expansion of the Monitor's powers noted by Management as a WCB refund. The Monitor continues to review the last two refunds noted above with Management to confirm the nature of the transactions giving rise to the figures reported.

Note 3 This amount relates to funds paid by CNC into EY's Trust account prior to the expansion of the Monitor's powers to cover Monitor's fees - upon consolidation of the accounts - this amount needs to be disclosed for the accounting to balance as the Trust account was in place since the onset of the CCAA proceedings.

Note 4 Amount relates to two small amounts on deposit at RBC and HSBC recovered by Monitor. This amount will be reduced by $181.34 on account of a bank error detected by the Monitor and corrected by HSBC after the completion of this report.

Note 5 After the transaction with the Restructuring Investor closed, but before the expansion of the Monitor's powers, Lodgistx (the new operating entity of the Restructuring Investor) borrowed funds from CNC to fund operations until an operating facility was established. As a result, significant funds were borrowed by Lodgistx from CNC and were required to be repaid. Further, the Monitor continued to collect a number of receivables and other revenues otherwise due to Lodgistx post expansion of the Monitor's powers and post sale. The Monitor and Lodgistx are in the final stages of reconciling the due to/due from accounts at the present time. In the end, the Monitor estimates that Lodgistx currently owes CNC/the Monitor approximately $10,000. Several amounts noted on this schedule may be reallocated on the final accounting for this matter.

Note 6 The total legal fees noted in this report can be broken down between the various law firms as follows:

a.) Duncan Craig LLP:	$451,996.09
b.) Oviatt Law:	$144,256.73
c.) Miller Thomson:	$78,138.00
d.) DLA Piper:	$106.43
e.) Dentons:	$118,833.89
Total:	$793,331.14

Note 7 According to information on hand with the Monitor, and information provided by Management, this amount pertains to the Wabasca properties only.

Note 8 Pertains to a number of operating expenses paid by the Applicants, primarily prior to the expansion of the Monitor's powers. The Monitor may reallocate this figure (at least in part) to other disbursement categories at a later date. As at the date of this report, the Monitor is still awaiting information from Management in relation to the exact nature of certain transactions that make up the total of this disbursement. There is one significant transsaction noted as being an operating expense that requires additional explanations from Management and the Monitor is currently awaiting a response as at the date of this report.

Note 9 This amount relates to disbursements made by CNC on behalf of CCS as noted and further detailed in the CCS statement.

Note 10 This amount relates to a deposit for moving the Daycare boxes from the Winterburn site to Fairview, the day prior to the expansion of the Monitor's powers. This deposit was made directly by Management to the contractor.

Note 11 As at the date this accounting was completed, the Monitor had not yet received the net sale proceeds from the sale of the Farm to cover certain small 816 related expenses. As such, most of these expenses were covered using CNC funds (to be reimbursed once 816 funds received from the sale of the Farm). The Monitor has requested the cash proceeds to be received from counsel for First Island and is currently awaiting receipt of the funds. See detailed 816 SRD for more information in regard to the expenses incurred to date as reflected in this report.

TAB 13

Canada Federal Statutes
Companies' Creditors Arrangement Act
Part II — Jurisdiction of Courts (ss. 9-18.5)

R.S.C. 1985, c. C-36, s. 11

s 11. General power of court

Currency

11.General power of court

Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Amendment History

1992, c. 27, s. 90; 1996, c. 6, s. 167(1)(d); 1997, c. 12, s. 124; 2005, c. 47, s. 128

Currency

Federal English Statutes reflect amendments current to February 17, 2021
Federal English Regulations are current to Gazette Extra Vol. 155:3 (February 15, 2021)

Canada Federal Statutes
Companies' Creditors Arrangement Act
Part III — General (ss. 18.6-43) [Heading added 2005, c. 47, s. 131.]
Duty of Good Faith [Heading added 2019, c. 29, s. 140.]

R.S.C. 1985, c. C-36, s. 18.6

s 18.6

Currency

18.6
18.6(1)Good faith
Any interested person in any proceedings under this Act shall act in good faith with respect to those proceedings.

18.6(2)Good faith — powers of court
If the court is satisfied that an interested person fails to act in good faith, on application by an interested person, the court may make any order that it considers appropriate in the circumstances.

Amendment History
2019, c. 29, s. 140

Currency
Federal English Statutes reflect amendments current to February 17, 2021
Federal English Regulations are current to Gazette Extra Vol. 155:3 (February 15, 2021)