

District of:  
Division No. -  
Court No. S-1 BK2019-000 029  
Estate No. 24-2561006

FORM 92  
Notice of Proposal to Creditors  
(Section 51 of the Act)

In the matter of the proposal of  
MCCAW NORTH DRILLING & BLASTING LTD.  
of the City of YELLOWKNIFE, in the Northwest Territories

Take notice that MCCAW NORTH DRILLING & BLASTING LTD. of the City of YELLOWKNIFE in the Northwest Territories has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

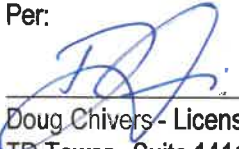
A general meeting of the creditors will be held at Suite 200 - 4915 48 Street, YELLOWKNIFE, NT on the 18th day of December 2019 at 11:30 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of EDMONTON in the Province of Alberta, this 6th day of December 2019.

The Bowra Group Inc. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Doug Chivers - Licensed Insolvency Trustee  
TD Tower, Suite 1411- 10088 102 Avenue  
EDMONTON AB T5J 2Z1  
Phone: (780) 809-1224 Fax: (780) 705-1946

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

| List of Creditors with claims of \$250 or more. |  |          |              |
|---|--|----------|--------------|
| Creditor  | Address  | Account# | Claim Amount |
| All West Glass                                  | 4 Melville Drive<br>Yellowknife NT X1A 0G1                     |          | 1,068.90     |
| Atlantic Explosives Ltd.                        | 360 Topsail Rd.<br>St. Johns NL A1E 2B6                        |          | 2,314.38     |
| Atlas Copco Canada Inc.                         | P.O. Box 13103 Station Terminal<br>Vancouver BC V6B 4W6        |          | 561,866.74   |
| Aurora Ford - Yellowknife<br>Ford Sales Ltd.    | 20 Airport Road<br>Yellowknife NT X1A 3T2                      |          | 1,190.90     |
| Axel Schnoor                                    | 11A Melville Drive<br>Yellowknife NT X1A 0G1                   |          | 3,561.33     |
| Battlefield Equipment Rentals                   | 6 Beclin Road<br>Mount Pearl NL A1N 5B8                        |          | 756.56       |
| Bumper to Bumper                                | 316 Woolgar Ave.<br>Yellowknife NT X1A 3B5                     |          | 1,524.28     |
| Business Development Bank<br>of Canada          | 5201 Franklin Ave, Suite 900<br>Yellowknife NT X1A 3S9         |          | 1,431,205.86 |
| Canuck Concrete Pumping                         | 157 Magrum Cres.<br>Yellowknife NT X1A 3V8                     |          | 1,575.00     |
| City of Yellowknife - 11A<br>Melville Drive     | Box 580<br>Yellowknife NT X1A 2N4                              |          | 6,412.15     |
| Claims Pro                                      | Suite 101, 5083 Windermere Blvd SW<br>Edmonton AB T6W 0J5      |          | 10,875.00    |
| Costal Outdoors Clarenville                     | 400 Memorial Drive<br>Clarenville NL A5A 1P4                   |          | 3,840.00     |
| Denton's Canada LLP                             | 77 King Street West, Suite 400 TD Centre<br>Toronto ON M5K 0A1 |          | 51,502.63    |
| Dyno Nobel Canada Inc.                          | PO Box 4290, Station A<br>Toronto ON M5W 0E1                   |          | 78,305.41    |
| East Coast Hydraulics                           | 9 Sagona Avenue<br>Mount Pearl NL A1N 4P8                      |          | 7,830.42     |
| Enterprise                                      | PO Box 1943 STN A<br>Toronto ON M5W 1W9                        |          | 304.00       |
| Farrell's Excavating Ltd.                       | PO Box 909, 2700 Trans-Canada Hwy<br>Mount Pearl NL A1N 3C8    |          | 11,752.47    |
| Field Law                                       | 601 - 4920 52nd Street<br>Yellowknife NT X1A 3T1               |          | 8,496.53     |

| List of Creditors with claims of \$250 or more. |  |          |              |
|---|--|----------|--------------|
| Creditor  | Address  | Account# | Claim Amount |
| IronHeadz Industries Inc.                       | PO Box 3175<br>Leduc AB T9E 6L9                                |          | 9,657.61     |
| J&G Collier                                     | PO Box 66, 185 Main Street<br>St. Albans NL A0H 2E0            |          | 13,472.25    |
| James R. Eales Equipment Rentals Ltd.           | PO Box 7105, Stn. C<br>St. Johns NL A1E 3Y3                    |          | 5,980.00     |
| Kavanaugh Bros. Ltd.                            | PO Box 1108<br>Yellowknife NT X1A 2N8                          |          | 758.70       |
| King's Transport Company Ltd.                   | PO Box 910<br>Bishop's Falls NL A0H 1C0                        |          | 8,911.35     |
| Komatsu International (Canada) Inc.             | 3755 Boul. Matte, Suite B<br>Brossard QC J4Y 2P4               |          | 50,479.85    |
| Macdonald & Company                             | 204 Lambert Street<br>Whitehorse YT Y1A 3T2                    |          | 284.36       |
| Mary Beth Macayana                              | 11A Melville Drive<br>YELLOWKNIFE NT X1A 0G1                   |          | 4,140.09     |
| Matonabee 7356537                               | Box 2697<br>Yellowknife NT X1A 2R1                             |          | 22,252.45    |
| Maynbridge Capital Inc.                         | Suite 388, 1111 West Hastings St.<br>Vancouver BC V6E 2J3      |          | 246,496.20   |
| Newfoundland Hard-Rok Inc.                      | PO Box 8776, Station A<br>St. Johns NL A1B 3T2                 |          | 7,934.22     |
| NL Vegetation Control Ltd.                      | PO Box 689, 155 Cpl S. Bouzanne Blvd.<br>Springdale NL A0J 1T0 |          | 1,794.00     |
| Northern Comm. & Nav Systems Ltd.               | Box 2317, 11 Coronation Drive<br>Yellowknife NT X1A 0G5        |          | 3,968.00     |
| Northern Industrial Sales                       | 326B Old Airport Road<br>Yellowknife NT X1A 3T3                |          | 321.55       |
| Northland Utilities                             | 481 Range Lake Rd.<br>Yellowknife NT X1A 3R9                   |          | 2,987.57     |
| Northtech Drilling Ltd.                         | Box 363<br>Yellowknife NT X1A 2N3                              |          | 1,334.81     |
| Northwestel                                     | Box 1469, 100-5201 Franklin Ave.<br>Yellowknife NT X1A 2P1     |          | 1,943.60     |
| NWT & Nunavut Construction Association          | PO Box 2277, 4921 49th Street<br>Yellowknife NT X1A 2P7        |          | 525.00       |

| List of Creditors with claims of \$250 or more. |   |          |              |
|---|---|----------|--------------|
| Creditor  | Address   | Account# | Claim Amount |
| Pacific Bit of Canada Inc.                      | Unit 204, 9485 - 189th Street<br>Surrey BC V4N 5L8                  |          | 146,942.39   |
| Paul Bros Nextreme Inc.                         | 7 Melville Drive, PO Box 566<br>Yellowknife NT X1A 2N4              |          | 2,601.06     |
| Paul Bros Welding (2005) Ltd.                   | #5 Melville Drive<br>Yellowknife NT X1A 0G1                         |          | 36,857.84    |
| Pennock Acheson Nielsen<br>Devany               | 2201 TD Tower, 10088 - 102nd Ave.<br>Edmonton AB T5J 2Z1            |          | 48,325.00    |
| Pinnacle Drilling Products                      | 5160 Still Creek Ave.<br>Burnaby BC V5C 4E4                         |          | 20,029.63    |
| Rideout Tool & Machine Inc.                     | 222 Kenmount Rd.<br>St. Johns NL A1B 3R2                            |          | 1,674.78     |
| Rod Jennings                                    | 99 Tilley's Road South<br>Keligrews NL A1X 3E3                      |          | 1,334.00     |
| Ron's Auto Service Ltd.                         | Box 185, 103 Kam Lake Rd.<br>Yellowknife NT X1A 0G5                 |          | 12,049.62    |
| Ron's Disposal Service Ltd.                     | 12 Cedarcrest Place<br>C.B.S. NL A1X 7K6                            |          | 402.50       |
| Second Chance Media<br>Blasting                 | 27 Middlebight Rd.<br>Keligrews NL A1X 6B1                          |          | 1,150.00     |
| SMS Equipment                                   | 14 Ellesmere Drive, PO Box 2220<br>Yellowknife NT X1A 2P6           |          | 44,792.12    |
| Stewart Mckelvey                                | Suite 1100, Cabot Place, 100 New Grower St.<br>St. Johns NL A1C 6K3 |          | 276.00       |
| Sub-Arctic Surveys Ltd.                         | 226 Utsingi Dr.<br>Yellowknife NT X1A 0E7                           |          | 174,542.56   |
| T&J Equipment Management<br>Ltd.                | 5824 - 60th Street<br>Rocky Mountain House AB T4T 1K7               |          | 1,880,161.04 |
| TD Canada Trust                                 | 421 - 7th Ave SW, 10th floor TD Tower<br>Calgary AB T2P 4K9         |          | 628,696.45   |
| Tulk Tire & Services Ltd.                       | 15 Clyde Avenue<br>Mount Pearl NL A1N 4R8                           |          | 2,230.96     |
| Wajax Industrial Components                     | 349 Old Airport Road<br>Yellowknife NT X1A 3X6                      |          | 6,471.98     |
| Westown Tire Services Ltd.                      | 335 Old Airport Road<br>Yellowknife NT X1A 3T3                      |          | 8,055.81     |

| <b>List of Creditors with claims of \$250 or more.</b> |  |                 |                     |
|--|--|-----------------|---------------------|
| <b>Creditor</b>  | <b>Address</b>                               | <b>Account#</b> | <b>Claim Amount</b> |
| Worker's Safety & Compensation Commision               | Box 8888<br>Yellowknife NT X1A 2R3           |                 | 2,120.00            |
| Xerox Canada Ltd.                                      | PO Box 1298, Station M<br>Calgary AB T2P 2L2 |                 | 779.86              |
| <b>Total</b>   |  |                 | <b>5,587,117.77</b> |

**IN THE SUPREME COURT OF THE NORTHWEST TERRITORIES  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF  
MCCAW NORTH DRILLING & BLASTING LTD.**

**TRUSTEE'S REPORT TO CREDITORS**

**DECEMBER 6, 2019**

**1. PURPOSE**

On September 20, 2019, McCaw North Drilling & Blasting Ltd. (the "Company" or "McCaw North") filed a Notice of Intention to file a Proposal ("NOI"). On October 18, 2019, the Company applied for and obtained a Court Order extending the time for filing a Proposal to December 3, 2019. A Proposal was filed on December 3, 2019.

The purpose of this report is to provide the creditors the following:

- a) Background and financial situation of the Company;
- b) Summary of the sales process;
- c) Summary of the Proposal;
- d) Summary of the assets and liabilities;
- e) Estimate realization under a Bankruptcy and a Proposal; and,
- f) Trustee's recommendation to accept the Proposal.

**2. BACKGROUND AND FINANCIAL SITUATION**

The Company operates out of Yellowknife, Northwest Territories and specializes in drilling, blasting, and welding for the energy services industry. The Company also operates in remote locations in Nunavut and Newfoundland and Labrador.

## **Financial Situation**

In the last year McCaw North ran into financial difficulty due to the downturn in the oil and gas industry. For the period of January 1, 2019 to July 31, 2019, the Company's revenue decreased by approximately \$1.2 million and had a net loss of \$827,777. This resulted in insufficient working capital and the inability to continue operations.

The Company previously employed 28 employees but in order to restructure has since downsized and currently employs two people.

Management prepared year-to-date financial statements as at July 2019 are attached as **Appendix A**.

The Company has \$5.7 million of total debt and as such the Company could not meet their financial obligations as they became due. As a result, the Company filed the NOI on September 20, 2019 with the plan of liquidating their assets to pay the secured creditors and provide a compromise to the unsecured creditors for their outstanding claims.

### **3. SUMMARY OF SALES PROCESS**

The Company, with the assistance of the Proposal Trustee, conducted a sales process of the Company's physical assets. The deadline to submit offers to purchase the assets was Wednesday, October 23, 2019.

The Company, with the assistance of the Proposal Trustee, prepared the Request for Offers to Purchase the assets of McCaw North (the "ROP") and distributed the ROP to 42 prospective purchasers, including auctioneers, liquidators, and competitors of the Company on October 2, 2019. A copy of the ROP distribution list is attached as **Appendix B**.

The Company advertised the sales process in the Canadian Mining Journal ([www.canadianminingjournal.com](http://www.canadianminingjournal.com)) from October 3, 2019 to October 23, 2019, seeking interested parties to participate in the sales process.

The Company contacted 3 liquidators to provide offers under an auction proposal or outright buyout.

### Results of Sales Process

The Company received 7 offers, which consist of 2 liquidation offers submitted by auctioneers and 5 cash offers for equipment.

A summary of the offers received are below in Table 1.

| <b>Offer</b>                   | <b>Amount</b> | <b>Notes</b> | <b>Assets</b>      |
|--------------------------------|---------------|--------------|--------------------|
| Maynards                       | N/A           | Liquidation  | N/A                |
| Ritchie Bros                   | N/A           | Liquidation  | N/A                |
| Colton Moran                   | 5,000         | Cash         | Specific assets    |
| Kavanaugh Bros.                | 21,025        | Cash         | Specific assets    |
| No Limit Drilling              | 233,000       | Cash         | Specific assets    |
| Nuna West Mining Ltd.          | 550,000       | Cash         | Hope Bay assets    |
| McCaw Drilling & Blasting Ltd. | 1,300,000     | Cash         | Yellowknife assets |

The Company accepted the offers from Nuna West Mining Ltd. ("Nuna") and McCaw Drilling & Blasting Ltd. ("McCaw"), subject to Court approval.

Nuna's offer includes all assets located in Hope Bay, Nunavut. A copy of Nuna's offer is attached as **Appendix C**.

McCaw's offer includes all assets located in Yellowknife, Northwest Territories. A copy of McCaw's offer is attached as **Appendix D**.

The offers submitted by Nuna and McCaw were determined by the Company and the Proposal Trustee to be the highest and best price that resulted from the sales process and to provide the greatest recovery to McCaw North's creditors.

The sales process did not result in any offers for the Newfoundland assets due to them being in remote locations. The Newfoundland assets will be sold through an auction in January 2020. The Company's estimates the realization from the auction to be approximately \$353,000.



#### 4. SUMMARY OF PROPOSAL

The Proposal provides for the compromise to the Company's creditors to allow the Company to collect its accounts receivables and amounts claimed for work in progress, and the sale and disposition of the Company's assets. The Proposal contemplates the following:

- a) The amounts collected from the collection of accounts receivable, amounts claimed for work in progress, and amounts from the sale and disposition of the property shall be used and applied as follows:
  - a. In payment of all costs associated with the sale and disposition of the Company's assets including, but not limited to, professional fees;
  - b. In respect of any proceeds of sale of the Company's assets over which a secured creditor has a valid and perfected security interest in accordance with the *Personal Property Security Act* in force and effect with respect to that portion of the Company's assets over which the security interest has attached; and,
  - c. The balance after the foregoing to be paid into and form part of the proposal fund.

The proposal fund shall be paid and distributed in the following priority:

- a) In payment in satisfaction of the professional fees;
- b) In payment in satisfaction of the wage claims;
- c) In payment in satisfaction of the preferred creditors;
- d) In payment in satisfaction of the creditors arising under Article 9, as defined below;
  - a. These include any indebtedness incurred by the Company for the provision of goods, services, supplies or any other considerations subsequent to the filing of the Proposal and prior to the approval of the Proposal by the Court shall be paid in full in the ordinary course of business from proceeds realized in relation to the business operations.
- e) In payment in satisfaction of the claims of unsecured creditors.

The Proposal is not intended to and does not affect any claim of:

- a) Canada Revenue Agency with respect to the certain crown claims where those claims grant rights in the property of the Company;

- b) Secured creditors to the extent that they hold a valid and enforceable security against the property of the Company and to the extent of the value of that security; and,
- c) The claims of trust claimants to the extent of the value of property held by the Company for the benefit of the trust claimant.

### Cash Flow

The Company has prepared a monthly cash flow forecast for the period of September 20, 2019 to April 30, 2020. The cash flow is attached as **Appendix E**.

The Trustee has reviewed the Company's cash flow projections and believes the projections are reasonable and achievable based on the analysis of offers and discussions with management.

### 5. IDENTIFICATION AND VALUATION OF ASSETS

Table 2 identifies the estimated realizable value of the Company's assets as stated on the Statement of Affairs.

|                                   | <b>Book Value</b> | <b>Appraised Value</b> | <b>Estimated Realizable Value</b> |
|-----------------------------------|-------------------|------------------------|-----------------------------------|
|                                   | <b>\$</b>         |                        |                                   |
| Cash on hand at November 29, 2019 | 27,438            | -                      | 27,438                            |
| Account Receivable                | 1,087,194         | -                      | 210,918                           |
| Clark Builders Judgement          | 750,000           | -                      | 750,000                           |
| Rental Income                     | -                 | -                      | 153,979                           |
| Inventory                         | -                 | -                      | 80,000                            |
| Yellowknife Equipment             | -                 | 2,146,500              | 1,300,000                         |
| Hope Bay Equipment                | -                 | 814,000                | 550,000                           |
| Newfoundland Equipment            | -                 | 641,500                | 352,825                           |
|                                   | <b>1,864,632</b>  | <b>3,602,000</b>       | <b>3,425,160</b>                  |

The net realizable values are before payment of any post filing obligations of the Company and any amounts owing for the professional fees and administration of the estate.

Outstanding accounts receivable and holdbacks total \$1,087,194. Of this balance, the Company estimates only \$210,918 are collectible due to disputed amounts related to the receivables and holdbacks.

The Company had filed a judgement against Clark Builders in the amount of \$825,452 for unpaid amounts owed to the Company pursuant to a contract. On November 29, 2019 the Company won the judgment in the amount of \$677,098 plus tax and interest. The total estimated value of the judgement, including interest, is \$750,000.

Rental income consists of the outstanding rent payments owed by McCaw and Nuna for the rental of equipment.

An appraisal of the Company's physical assets was conducted by Fortress Machinery Appraisals & Consulting Inc. ("Fortress") on March 29, 2019. The purpose of the appraisal was to establish the fair market value and the orderly liquidation value of the assets. The appraisal values in Table 2 above are the per the orderly liquidation values in the appraisal.

As detailed earlier, the Company ran a sales process during the NOI period requesting offers to purchase the Company's assets. As a result of the sales process, the Company received an offer of \$1.3 million for the Yellowknife equipment from McCaw and received an offer of \$550,000 for the Hope Bay equipment from Nuna.

The offers received from McCaw and Nuna are lower than the appraised values due to the assets being in remote locations and the significant costs associated with moving the assets.

The sales process did not result in any offers for the Newfoundland Assets due to them being in remote locations. The Newfoundland assets will be sold through an auction and the estimated realizable value is \$353,000.

## 6. CREDITOR'S CLAIMS

### Secured Creditors

The Company has secured claims totaling approximately \$3 million that would rank in priority to the unsecured creditors, as detailed in Table 3.

| <b>Table 3</b>                      |                        |
|-------------------------------------|------------------------|
| <b>Secured Creditor</b>             | <b>Amount of Claim</b> |
| Atlas Copco Canada Inc.             | 561,867                |
| Business Development Bank of Canada | 1,431,206              |
| GM Financial Canada Leasing Ltd.    | Unknown                |
| Komatsu International (Canada) Inc. | 50,480                 |
| Maynbridge Capital Inc.             | 268,073                |
| Sissons Enterprises Corp.           | Unknown                |
| The Toronto Dominion Bank           | 691,377                |
| Xerox Canada Ltd.                   | 780                    |

Atlas Copco Canada Inc. ("Atlas") has a registered charge in the Personal Property Registry ("PPR") over a Flexiroc D65 (serial number: AVO13A1434) ("Flexiroc") and all repairs and maintenance made to the Flexiroc. The Company believes Atlas is not a secured creditor as the Flexiroc was returned. There is an ongoing legal action regarding the service agreement and the amount charged by Atlas. Atlas is listed as a secured creditor in accordance to the PPR. Atlas has not filed a proof of claim with the Trustee as of the date of this report and may be an unsecured creditor.

The Business Development Bank of Canada, The Toronto Dominion Bank, and Maynbridge Capital Inc. have registered an all present and after-acquired property charge and a charge over specific serial numbered goods, granting them a priority.

GM Financial Canada Leasing Ltd. has a registered charge in the PPR granting them a priority over a specific serial numbered good.

Komatsu International (Canada) Inc. has a registered charge in the PPR granting them a priority over specific serial numbered goods.

Sissons Enterprises Corp. ("Sissons") has a registered charge in the PPR granting them a priority over fuel/oil/fluid storage tanks.

### **Unsecured Creditors**

The Company has identified 54 unsecured creditors. The unsecured creditor balance identified to date totals approximately \$2.7 million based on the Company's records. The major unsecured creditors are:

|                                |             |
|--------------------------------|-------------|
| T&J Equipment Management Ltd.  | \$1,880,161 |
| Sub-Arctic Surveys Ltd.        | \$174,543   |
| Pacific Bit of Canada Inc.     | \$146,942   |
| Dyno Nobel Canada Inc.         | \$78,305    |
| Pennock Acheson Nielsen Devany | \$48,325    |

The unsecured creditors are to be paid in accordance with the terms of the Proposal outlined on page four and five of this report.

## **7. STATEMENT OF ESTIMATED REALIZATION**

Table 4 compares the estimated recovery to unsecured creditors under a Bankruptcy and a Proposal.

|  | Bankruptcy   | Proposal<br>Low<br>Recovery | Proposal<br>High<br>Recovery |
|--|--------------|-----------------------------|------------------------------|
|  | \$000's      |                             |                              |
| <b>Assets</b>                                      |              |                             |                              |
| Cash on Hand at November 29, 2019                  | 27           | 27                          | 27                           |
| Accounts Receivable                                | 150          | 150                         | 211                          |
| Rental Income                                      | 90           | 153                         | 153                          |
| Clark Builders Judgement                           | 325          | 325                         | 750                          |
| Inventory  | 80           | 80                          | 80                           |
| Yellowknife Equipment                              | 1,000        | 1,300                       | 1,300                        |
| Hope Bay Equipment                                 | 550          | 550                         | 550                          |
| Newfoundland Equipment                             | 353          | 353                         | 482                          |
| <b>Total Net Proceeds</b>                          | <b>2,575</b> | <b>2,938</b>                | <b>3,553</b>                 |
| <br>   |              |                             |                              |
| Recovery Costs - Auction                           | 53           | 97                          | 119                          |
| Operational Costs for Dec 3, 2019 - April 30, 2020 | -            | 64                          | 64                           |
| Professional Fees                                  | 100          | 50                          | 50                           |
| <b>Total Costs</b>                                 | <b>153</b>   | <b>211</b>                  | <b>234</b>                   |
| <br>   |              |                             |                              |
| <b>Net Funds Available For Distribution</b>        | <b>2,422</b> | <b>2,727</b>                | <b>3,319</b>                 |
| <br>   |              |                             |                              |
| Secured Creditors                                  | 2,920        | 2,920                       | 2,920                        |
| <br>   |              |                             |                              |
| Recovery to Unsecured Creditors                    | -            | -                           | <b>400</b>                   |
| <br>   |              |                             |                              |
| Unsecured Creditors                                | <b>2,834</b> | <b>2,834</b>                | <b>2,834</b>                 |
| <br>   |              |                             |                              |
| Estimated Recovery Per \$1 of Unsecured Claim      | -            | -                           | <b>0.14</b>                  |

Based on our review of the Company's current assets and liabilities and our discussions with the Company's management, in the event of a bankruptcy, it would provide the unsecured creditors a recovery of \$nil.

Under a Proposal, we estimate there will be net proceeds available to unsecured creditors between \$nil and \$400,000 depending on whether Clark Builders judgement amount is collected in full, the amount of account receivables collected, and the proceeds from auctioning the Newfoundland Assets. This would provide unsecured creditors a recovery between \$nil and \$0.14 per \$1 of outstanding claim.

Based on the Company's current assets and liabilities and our discussions with the Company's management, there is no outstanding payroll source deductions owed to Canada Revenue Agency. However, if any payroll source deductions are claimed to be outstanding, this claim would rank in priority of the secured creditors.

## **8. CONDUCT OF THE DEBTOR**

The Company is in the process of providing us with their bank statements and the cheque register. We will review the bank statements and cheque register for any fraudulent preferences payments as set out in the Bankruptcy and Insolvency Act and provide an update at the First Meeting of Creditors.

## **9. LEGAL ACTIONS**

In addition to the judgment against Clark Builders as mentioned above, we are aware of the following legal actions the Company is partied to:

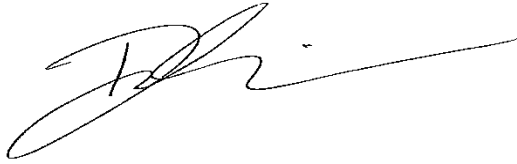
- An account dispute in the amount of \$561,886 with Epiroc Canada Inc., formally Atlas Copco Canada Inc. ("Epiroc") in the Ontario Superior Court of Justice in regard to disagreements with the amount billed by Epiroc's service agreement. The Company is unsure about the current status of the legal action as their legal counsel has removed themselves from the motion due to non-payment.

## **10. CONFLICT OF INTEREST**

The Trustee is not aware of any conflict of interest.

## 11. CONCLUSION

The Proposal offers all creditors a greater recovery than they would otherwise receive in a bankruptcy. Consequently, the Trustee recommends acceptance of the Proposal.



**THE BOWRA GROUP INC.**

Licensed Insolvency Trustee under the Proposal of  
McCaw North Drilling & Blasting Ltd.



## APPENDIX A

Management Prepared Year-to-Date Financial Statement as at July 2019

**McCaw North Drilling & Blasting**

Income Statement

(Canadian Dollars in Thousands)

|                                   | <u>YTD</u><br><u>Prior Year</u> | <u>YTD</u><br><u>Current</u> |
|-----------------------------------|---------------------------------|------------------------------|
| Revenue                           | 2,035,209                       | 816,349                      |
| Direct Costs                      |                                 |                              |
| Wages & Employee Benefits         | 545,260                         | 260,655                      |
| Repairs & Maintenance             | 162,930                         | 49,663                       |
| Equipment Rental                  | 479                             | 13,659                       |
| Fuel & Oil                        | 159,172                         | 94,306                       |
| Subsistence,LOA and Travel        | 49,850                          | 7,758                        |
| Subcontract                       | -                               | -                            |
| Materials                         | 480,798                         | 175,650                      |
| Third Party                       | 21,958                          | 19,484                       |
| Other Job Costs                   | -                               | -                            |
| Total Direct Costs                | 1,420,446                       | 621,176                      |
| Gross Profit                      | 614,763                         | 195,173                      |
| Gross Margin                      | 30.2%                           | 23.9%                        |
| SG&A                              |                                 |                              |
| Advertising                       | 670                             | 584                          |
| Bad Debts                         | 673                             | -                            |
| Bank charges                      | 30,139                          | 48,863                       |
| Repairs & Maintenance - Bldgs     | 6,533                           | (180)                        |
| Insurance & Licenses              | 56,629                          | 44,886                       |
| Insurance - Life                  | 17,768                          | 17,767                       |
| Office Costs                      | 20,101                          | 22,744                       |
| Professional Fees                 | 2,411                           | 17,606                       |
| Property Taxes                    | 17,834                          | -                            |
| Rentals - Shop & Yard             | 62,525                          | 95,272                       |
| Meals, Entertainment & Travel     | 10,826                          | 3,113                        |
| Memberships & Fees                | 3,086                           | 18,517                       |
| Safety Costs                      | 2,700                           | 2,823                        |
| Shop Costs                        | 12,872                          | 4,999                        |
| Telephone                         | 11,623                          | 18,351                       |
| Travel                            | 11,399                          | 13,749                       |
| Utilities                         | 41,272                          | 38,042                       |
| Management fee                    | 224,000                         | -                            |
| Wages & Employee Benefits         | 336,439                         | 388,480                      |
|                                   | -                               | -                            |
| <b>Total SG&amp;A</b>             | <b>869,499</b>                  | <b>735,617</b>               |
| EBITDA                            | (254,736)                       | (540,443)                    |
| EBITDA Margin                     | -12.5%                          | -66.2%                       |
| Amortization (Enter as credit)    | (166,224)                       | (166,497)                    |
| EBIT                              | (420,960)                       | (706,941)                    |
| EBIT Margin                       | -20.7%                          | -86.6%                       |
| Interest expense                  | 124,342                         | 120,836                      |
| Interest income (Enter as Credit) | -                               | -                            |
| Net interest expense              | 124,342                         | 120,836                      |
| Pre-tax income                    | (545,302)                       | (827,777)                    |
| Current taxes                     | -                               | -                            |
| Future taxes                      | -                               | -                            |
| Total taxes                       | -                               | -                            |
| <b>Net income</b>                 | <b>(545,302)</b>                | <b>(827,777)</b>             |

**McCaw North Drilling & Blasting**

Balance Sheet

(Canadian Dollars in Thousands)

|                                     | <u>YTD</u><br><u>Current</u> |
|-------------------------------------|------------------------------|
| Cash                                | 7,445                        |
| Accounts receivable                 | 364,531                      |
| Other receivables                   | 73,817                       |
| Inventory                           | 1,920,239                    |
| Total Current Assets                | 2,366,032                    |
| Fixed Assets                        | 1,205,418                    |
| Other Assets                        |                              |
| Due from East Arc                   | 38                           |
| Due from Tlicho JV                  | 91,074                       |
| Due from FN JV                      | 284,390                      |
| Due from Denesoline                 | 1,231                        |
| Investment in Westarc               | 109                          |
| Investment in EastArc               | 109                          |
| <b>Total Assets</b>                 | <b><u>3,948,401</u></b>      |
| Accounts payable                    | 1,556,243                    |
| Accrued Liabilities                 | 176,703                      |
| GST Payable                         | 19,108                       |
| Current portion of LTD              |                              |
| Total Current Liabilities           | 1,752,054                    |
| Bank indebtedness                   | 535,000                      |
| Conditional Sales Contracts         | 310,193                      |
| BDC                                 | 1,431,206                    |
| Due to Komatsu                      | 50,480                       |
| Current Portion of LTD              |                              |
| Total debt                          | 2,326,878                    |
| Future taxes                        | 178,000                      |
| Shareholder loan                    | (45,057)                     |
| Due to/from McCaw East/6361         | (3,408,985)                  |
| Due to T&J                          | 1,802,327                    |
| Due to/from Westarc                 | 1,560,303                    |
| Due to Nuna                         |                              |
| <b>Total Liabilities</b>            | <b><u>4,165,521</u></b>      |
| T&J Subordinated                    | 1,597,557                    |
| Share capital                       | 51                           |
| Retained earnings                   | (1,814,729)                  |
| Total Equity                        | (217,121)                    |
| <b>Total Liabilities and Equity</b> | <b><u>3,948,401</u></b>      |

## APPENDIX B

Request for Offers to Purchase Distribution List

**McCaw North Drilling & Blasting Ltd.**

**List of Interested Parties**

| <b>Name</b>                          | <b>Contact</b>             | <b>Email</b>   | <b>ROP Sent?</b> |
|--------------------------------------|----------------------------|--|------------------|
| McCaw's Drilling & Blasting Ltd.     | Chad, McCaw                | mccaw.chad@mccawsdrilling.com                        | Yes              |
| T&J Equipment                        | Terry, McCaw               | tmccaw@telus.net                                     | Yes              |
| CR Enterprises                       | Carl Rossignol             | carl@centerprises.ca                                 | Yes              |
| No Limit Drilling                    | Ryan Moss                  | ryanmoss@nolimitdrilling.com                         | Yes              |
| CJ Contracting                       | Clint Westgaurd            | samandclinton@shaw.ca                                | Yes              |
| Nextreme                             | Eddie Paul                 | eddie@nextreme.ca                                    | Yes              |
| Nuna Logistics Ltd.                  | Len Mcale                  | lenm@nunalogistics.com                               | Yes              |
| Ritchie Bros                         | Devin Norris               | dnorris@ritchiebros.com                              | Yes              |
| Maynards Group of Companies          | Aaron Stewardson           | AStewardson@maynards.com                             | Yes              |
| Maynards Industries Canada Ltd       | Mike Seibold               | Michael@maynards.com                                 | Yes              |
| Rocktec drills                       | Pat Jolicoeur              | pat@rocktecdrills.com                                | Yes              |
| McDougall Auctioneers                | Chad Guay                  | chad@mcdougallauction.com                            | Yes              |
| Mirterra Industrial Appraisers       | Ron Victor                 | rvictor@mirterra.com                                 | Yes              |
| GD Auctions and Appraisals           | Mickey Spencer             | mspencer@gdauctions.com                              | Yes              |
| Westrail Construction Ltd.           | Lyle Railton               | westrail@me.com                                      | Yes              |
| Pro Pile Inc.                        | Randy Gee                  | info@propile.ca                                      | Yes              |
| Beaver Drilling Ltd.                 |                            | edmontonreception@beaverdrilling.com                 | Yes              |
| Citadel Drilling                     | Dave Hoffman               | dhoffman@citadeldrilling.com                         | Yes              |
| Excalibur Drilling Ltd. (Brooks, AB) | Brett Martin               | bmartin@excaliburdrilling.com                        | Yes              |
| Bauer Foundations Canada Inc.        |                            | info@bauerfoundations.ca                             | Yes              |
| Pacific Blasting & Demolition Ltd.   | Ron Woolf                  | ron.woolf@norlandlimited.com                         | Yes              |
| Mining North                         | Tom Hoefer                 | executivedirector@miningnorth.com                    | Yes              |
| Klondike Welding Ltd.                | Len Andre                  | len_andre@hotmail.com                                | Yes              |
| Cobalt Construction                  |                            | cobalt@cobaltconstruction.ca                         | Yes              |
| E Construction Ltd.                  |                            | edmontonoffice.contact@ecltd.ca                      | Yes              |
| Agnico Eagle Nunavut                 | Mary Susan Tapatai         | mary.tapatai@agnicoeagle.com                         | Yes              |
| Denendeh Investments Incorporated    |                            | ddc@denendeh.ca                                      | Yes              |
| Canadian Pile Driving Equipment Inc. | Bruce                      | bruce@canadianpile.com                               | Yes              |
| Tundra Drilling Services Ltd.        | Rick Kemp<br>Trevor Clarke | rkemp@tundradrilling.ca<br>tclarke@tundradrilling.ca | Yes              |
| Jomax Drilling (1988) Ltd.           | Duane Carol                | dcarol@jomaxdrilling.com                             | Yes              |
| Joiner Sales Corp.                   | Kevin Joiner               | joiner@shaw.ca                                       | Yes              |
| Northtech Drilling                   | Bryson Cohkeran            | bryson@northtechdrilling.com                         | Yes              |
| Caisson Consultant Inc.              | Chris Wall                 | chris@caissonconsultant.com                          | Yes              |
| Homes North                          | Les Rocher                 | admin@homesnorth.ca                                  | Yes              |
| Fuel Flo Logistics Inc.              | Travis Arychuk             | Travis@privateskyaviation.com                        | Yes              |
| Kavanaugh                            | Peter Howling              | Info@kavwaste.com                                    | Yes              |
| Newfoundland Hard-Rok                | Keith Phelan               | info@hardrok.ca                                      | Yes              |
| MSE Inc.                             | Marco Lessard              | marco@mse.ca   | Yes              |
| Scotia Blast                         | Hugo Bouchard              | hbouchard@dexter.ca                                  | Yes              |
| Break Away                           | Shawn Ward                 | shawnward@shaw.ca                                    | Yes              |
| Det'on cho Corp.                     | Jessica Deleary            | Jessicadeleary@detoncho.com                          | Yes              |
| Major Drilling                       | Kevin Norberg              | majorcanada@majordrilling.com                        | Yes              |

# APPENDIX C

Nuna West Mining Ltd. Offer

## BILL OF SALE

Made the 5<sup>TH</sup> day of November, 2019

**BETWEEN:**

**McCaw North Drilling & Blasting Ltd.**

(the "Seller")

**AND:**

**Nuna Logistics Partnership**

(the "Purchaser")

**WHEREAS** the Seller has certain right, title and interest in and to certain personal property of the Company hereinafter set forth in the attached Schedule "A" (the "Assets") and has agreed with the Purchaser for the absolute sale of all of the Seller's interests in and to the Assets as listed in Schedule "A", **ON THE TERMS AND CONDITIONS SET OUT HEREIN;**


**IN CONSIDERATION** of the sum of \$550,000 (plus applicable Goods and Services Tax) (the "Purchase Price") of lawful money of Canada and other good and valuable consideration, paid by the Purchaser to the Seller, the receipt and sufficiency of which are hereby acknowledged. The Seller hereby covenants and agrees with the Purchaser as follows:

1. Subject to paragraph 2, the Seller hereby bargains, sells, assigns, transfers and sets over unto the Purchaser, the Assets of the Company, and all of the Seller's rights, title, and interest in and to the Assets and every part therein.
2. The Purchaser acknowledges and agrees that that:
  - (a) This sale is subject to the approval of the Supreme Court of the Northwest Territories in Action No. S1-BK2019-000 029 and a vesting order pronounced therein (the "Court Approval");
  - (b) the Assets are sold on an "as is, where is" basis and that there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by the Seller, express or implied, arising at law, by statute or in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by the Seller, express or implied, arising at law, by statute or in equity or otherwise, as to title, state of title, description, fitness, suitability for any particular purpose, merchantability, operating condition, the value of the Assets or the future cash flows from the Assets. The Purchaser further acknowledges that it has relied entirely on its own judgment and investigation with respect to the purchase of the Assets, and is satisfied in all respects with the due diligence and investigations it has conducted;


3. Closing of the sale of the Assets shall occur on the 5<sup>th</sup> business day after Court Approval (the "**Closing Date**").
4. Payment of the Purchase Price must be made one business day before the Closing Date by certified cheque or bank draft.
5. Title of the Assets does not vest to the Purchaser until payment of the Purchase Price has been made and the Closing Date occurred. Title to the Assets shall vest free and clear of all liens, charges and encumbrances in accordance with s. 60(15) of the *Personal Property Security Act*, SNL 1998, c. P-7.1
6. This Bill of Sale shall be governed by and construed in accordance with the laws of the Northwest Territories and the federal laws of Canada applicable therein. The Purchaser and Seller hereby attorn to the jurisdiction of the courts of the Northwest Territories.
7. The Bill of Sale shall enure to and be binding upon the Purchaser and Seller and their respective successors, trustees and assigns, as the case may be.
8. The Bill of Sale may be executed in any number of counterparts, when all taken together, shall constitute a fully executed agreement that shall be binding upon all parties, with the same force and effect as if all parties had signed the same document. Any party to this agreement may affect delivery of its respective execution by counterpart *via* telecopy or other electronic transmission to any other party to this agreement and, in such case, shall provide an originally executed version of its execution upon request of any other party to this agreement.

**IN WITNESS WHEREOF** the Purchaser and Seller have executed this Bill of Sale by the properly authorized representatives on the date first above written.

**McCaw North Drilling & Blasting Ltd.**

  
\_\_\_\_\_  
Per: Colton Moran  
Chief Operating Officer

**Nuna Logistics Partnership**

  
\_\_\_\_\_  
Per: KEN MICHALE  
VP, OPERATIONS



**SCHEDULE A – ASSETS  
Sold “as is and where is”**

**McCaw Hope Bay Equipment**

| <b>Unit #</b>   | <b>Year</b> | <b>Make</b>   | <b>Model</b>          | <b>Serial #</b>   | <b>Meter Hours Sept-19</b> |
|---|-------------|---------------|-----------------------|-------------------|----------------------------|
| D1128   | 2011        | Sandvik       | DX800                 | 111T16260-1       | 9799.00                    |
| D1011   | 2010        | Sandvik       | DX800                 | 110T16702-1       | 13348.00                   |
| D1010   | 2010        | Sandvik       | DX800                 | 110T16614-1       | 13879.00                   |
| D0708   | 2007        | Sandvik       | DX800                 | 107T12982-1       | 9074.00                    |
| T1228   | 2012        | Ford          | F350                  | 1FT8W38T5CEA14588 |                            |
| T1226   | 2012        | Ford          | F350                  | 1FT7W2BTOCEA62408 |                            |
| T1119   | 2011        | Ford          | F350                  | 1FT8W38T1BEA19527 |                            |
| T0607   | 2006        | Ford          | F550 Service Truck    | 1FDAF57P86EC57823 |                            |
| T0634   | 2006        | International | 4300 Explosives Truck | 1HTMMAAP26H221829 |                            |
| <b>Lump Sum Purchase Price including PST</b>  |             |               |                       |                   | <b>\$550,000.00</b>        |
| <b>GST, 5%</b>  |             |               |                       |                   | <b>\$27,500.00</b>         |
| <b>Total Purchase Price</b>   |             |               |                       |                   | <b>\$557,500.00</b>        |
| <p><b>It is understood and agreed that the purchase price above includes all parts / spares currently on the Hope Bay site but excluding tooling (drill steel, bits, etc.) that was shipped to the site this past summer by Pacific Bit of Canada Inc. (Invoice # 923544 dated 7/10/2019) for McCaw North Drilling &amp; Blasting Ltd.</b></p> <p><b>Nuna agrees to purchase separately the tooling supplied by Pacific Bit once the invoicing / payment issues between McCaw and Pacific Bit is settled.</b></p> |             |               |                       |                   |                            |

## APPENDIX D

McCaw Drilling & Blasting Ltd. Offer



## McCaw's Drilling & Blasting Ltd.

Box 2250 • 4228 - 47th Ave  
Rocky Mountain House, AB T4T 1B6  
☎ (403) 845-3101 📠 (403) 845-6410  
✉ info@mccawsdrilling.com  
🌐 www.mccawsdrilling.com

November 25, 2019

To whom it may concern

Offer to Purchase – revised #4

Please accept this offer for all equipment on site in Yellowknife but not including equipment in Hope Bay or Newfoundland.

Lump sum - \$1,300,000

This offer is also to include all parts, supplies and inventory at the Yellowknife site.

This offer is subject to the following terms and conditions:

Total rent owing to McCaw North on the above equipment to be applied to the purchase price.

Respectfully Submitted

Chad McCaw

**YK Equipment**

| Unit #          | Year | Make                   | Model                                   | Serial #            | FMV       | OLV       | Location  |
|-----------------|------|------------------------|---|---------------------|-----------|-----------|-----------|
| <b>Drills</b>   |      |                        |   |                     |           |           |           |
| D9002           | 1990 | Gardener Denver        | BV3500 Hydraulic Track Drill            | 3511758             | \$35,000  | \$25,000  | \$26,000  |
| D0003           |      | Interoc                | AN109                                   | 9102                | \$90,000  | \$63,000  | \$45,000  |
| D8101           |      | Krupp                  | DHR 80                                  | 7872                | \$10,000  | \$10,000  | \$10,000  |
| D0806           | 2008 | Sandvic                | DC120 4WD Drill Rig & Winch             | 108M13626-1         | \$115,000 | \$100,000 | \$30,000  |
| D0707           | 2007 | Interoc                | AN140 Track Drill Rig, B2000 Hammer     | 14023               | \$175,000 | \$150,000 | \$55,000  |
| D1112           | 2010 | Sandvik                | DC120 RWD Drill & HL810T-21 Hammer      | 110M14595-1         | \$165,000 | \$135,000 | \$86,000  |
| D0013           | 2000 | Reed Svedala           | 400 CR Crawler Drill Rig                | 1P58J61             | \$35,000  | \$30,000  | \$2,500   |
| D0014           | 2000 | Reed Svedala           | 400CR Crawler Drill Rig                 | 1P58J18             | \$35,000  | \$30,000  | \$30,000  |
| D0715           | 2007 | Atlas Copco            | ROC D9-11 Track Drill                   | AVO07A1196          | \$190,000 | \$165,000 | \$82,500  |
| D0716           | 2007 | Atlas Copco            | ROC D9-11 Track Drill                   | AVO06A1144          | \$190,000 | \$165,000 | \$82,500  |
| D0219           | 2002 | Ingersoll Rand         | DML - LP1250 HR25 Drill Rig             | 7730                | \$190,000 | \$165,000 | \$100,000 |
| D9720           | 1997 | Ingersoll Rand         | DML - LP1250 HR25 Drill Rig             | 7358                | \$150,000 | \$125,000 | \$125,000 |
| D0724           | 2007 | Atlas Copco            | ECM-590 Drill                           | G11493HO            | \$100,000 | \$90,000  | \$50,000  |
| DA0801          | 2008 | Traxxon                | TR-EX2000 Drill Attachment              | TRXB551108BA0225    | \$90,000  | \$80,000  | \$25,000  |
| DA1002          |      |                        | Interoc Attachment BAS 2200             | 2200102             | \$110,000 | \$90,000  | \$63,000  |
| DA0003          | 2017 | Hy-Ram                 | 805 Hydrallic Breaker                   |                     | \$20,000  | \$17,000  | \$10,000  |
| <b>Trucks</b>   |      |                        |   |                     |           |           |           |
| T9123           | 1991 | Ford                   | Ford F7000 Water Truck                  | 1FDPR72P2MVA01209   | \$8,000   | \$5,600   | \$3,000   |
| T9203           | 1992 | Ford                   | F700 4x4 Grout Van                      | 1FDBF77J6NVA09206   | \$12,000  | \$10,000  | \$5,000   |
| T9204           | 1992 | International          | 2900 T/A 16Tone Picker Deck Truck       | 1HTSHPCR2NH439703   | \$20,000  | \$17,000  | \$12,000  |
| T0713           | 2007 | Ford                   | F350 King Ranch Dually                  | 1FTWW33PX7EB45272   | \$12,000  | \$10,000  | \$5,500   |
| T8014           | 2008 | Ford                   | F550 Silver                             | 1FDAF57R08EB14157   |           |           | \$1,000   |
| T1017           | 2010 | Ford                   | F150 Platinum                           | 1FTFW1EV9AFB51744   | \$18,000  | \$15,000  | \$5,000   |
| T1120           | 2011 | Ford                   | F150 Pickup                             | 1FTFX1EF18FA66646   | \$15,000  | \$12,000  | \$8,000   |
| T1227           | 2012 | Ford                   | F350 SD Crewcab Pickup Truck            | 1FT8W3B7XCEA18829   | \$35,000  | \$30,000  | \$15,000  |
| T0329           | 2003 | Kenworth               | W900B Tandem Tractor                    | 1XKWD49X13R968697   | \$40,000  | \$35,000  | \$20,000  |
| T1035           | 2010 | Freightliner           | M2 Tandem Fuel Truck                    | 1FYACYBS3ADAT6128   | \$85,000  | \$75,000  | \$50,000  |
| T0537           | 2005 | Ford                   | 350 Service Picker Truck                | 1FDWW37P35EB94221   | \$15,000  | \$12,000  | \$5,000   |
| T0816           | 2008 | Ford                   | F350 Super Duty Crewcab Pickup Truck    | 1FTWW31R68EA67840   | \$15,000  | \$12,000  | \$5,000   |
| T9901           | 1999 | International          | 4700 S/A 18' Service Van Truck          | IHTSCAAPOXH612697   | \$12,000  |           | \$2,000   |
| <b>Trailers</b> |      |                        |   |                     |           |           |           |
| TR0901          | 2009 | Felling                | FT 503 LP Tridem Telt Equipment Trailer | 5FTDA323691032150   | \$15,000  | \$12,000  | \$7,250   |
| TR1103          | 2011 | Double A               | 20' Cushion Tilt Trailer                | 2DAC6270BT011870    | \$6,000   | \$5,000   | \$3,500   |
| TR1104          | 2011 |                        | 200 UA Utility Trailer                  | 1MDFHDJ198A407213   | \$2,500   |           |           |
| TR0706          | 2007 | Bobcat                 | T/A Equipment Trailer                   | 2E9F518287R038964   | \$5,000   | \$4,000   | \$2,800   |
| TR1108          | 2011 | XL Specialized 110 HDG | Tridem Hyd GN Lowboy Trailer            | 4U3J05333BL011279   | \$65,000  | \$55,000  | \$30,000  |
| TR9509          | 1995 | Wabash                 | 53' Tandem Heated Van Trailer           | 1JJV532U3SL248275   | \$8,000   | \$6,000   | \$4,200   |
| TR1610          | 2016 | Renn                   | 53' Tridem Step Deck Trailer            | 2S9NCO466G1036860   | \$12,000  | \$10,000  | \$7,000   |
| <b>Other</b>    |      |                        |   |                     |           |           |           |
| B0501           | 2003 | Bobcat                 | S300 Skid Steer Loader                  | 531112005           | \$18,000  | \$15,000  | \$7,500   |
| BT001           |      |                        | Boretrack Deviation Tool                | 2384                | \$8,000   | \$6,000   | \$2,500   |
| C0804           | 2004 | Ingersoll Rand         | 185 Compressor                          | 64Z12499            | \$5,000   | \$4,000   | \$2,800   |
| C1205           | 2012 | Doosan                 | XP375WJD-FX-T3 Compressor               | 441642UFWE69        | \$20,000  | \$17,000  | \$10,000  |
| EX0601          | 2006 | Caterpillar            | 330DL Hydraulic Excavator               | MWP00867            | \$80,000  | \$70,000  | \$35,000  |
| EX0802          | 2008 | Caterpillar            | 330DL Hydraulic Excavator               | CAT0330DHMW02360    | \$100,000 | \$90,000  | \$50,000  |
| EX0503          | 2005 | Caterpillar            | 322 CL Hydraulic Excavator              | CAT0322CJHK00810    | \$55,000  | \$45,000  | \$25,000  |
| L1601           | 2016 | Komatsu                | WA270-7 Wheel Loader and Attachments    | 80898               | \$185,000 | \$160,000 | \$100,000 |
| LP0501          | 2005 | Ingersoll Rand         | L6 Portable Light Plant                 | 349731              | \$6,000   | \$5,000   | \$3,500   |
| MH0701          | 2007 | Allmand                | MaxiHeat Portable Heater Trailer        | 0276MXH07           | \$6,000   | \$5,000   | \$3,500   |
| CR001           |      |                        | Diamond Core Rig DD200                  | 279558-12-053463-AM |           |           |           |
| PW004           |      |                        | 300 PSI Hot Watter Washer 230V          | 11090850-100180     |           |           |           |
| PW002           |      |                        | Dewalt Pressure Washer                  |                     |           |           |           |
| P8802           |      | Brahma                 | Air Pump/Water Pump                     |                     |           |           |           |
| PL002           |      | IR                     | Plugger                                 | G08L51951           |           |           |           |
| WE003           |      |                        | Miller Welder                           |                     |           |           |           |
| WE006           |      |                        | Power Mig 180 Dual                      | M3140601581         |           |           |           |
| WD004           |      | Miller                 | Miller 302 (Mechanics Truck T9901)      |                     |           |           |           |
| WD005           |      |                        | Vantage 300 DSL Welder                  | U1111012683         |           |           |           |
| TT0001          |      |                        | Red Tidy Tank                           |                     |           |           |           |
| Z0701           | 2007 | Genie                  | GTH-55 Telescopic Handler               |                     | \$25,000  | \$20,000  | \$5,000   |
| Q0801           | 2008 | Kubota                 | RTV-1100CWh All Terrain                 |                     | \$12,000  | \$10,000  | \$5,000   |

\$2,620,500 \$2,212,600 \$1,263,550

Offer bump to include all misc including sea cans

\$1,300,000  
50%

## APPENDIX E

Monthly Cash Flow Forecast for the Period of September 20, 2019 to April 30, 2020

McCaw North Drilling & Blasting Ltd.  
Cash Flow - September 20, 2019 - April 30, 2020

|                                  | BUDGET                       |                              | ACTUAL                       |                              | BUDGET   |           |          |         |         | TOTAL BUDGET                         |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------|-----------|----------|---------|---------|--------------------------------------|
|                                  | September 20 -<br>December 2 | September 20 -<br>December 2 | September 20 -<br>December 2 | September 20 -<br>December 2 | December | January   | February | March   | April   | December 3, 2019 -<br>April 30, 2020 |
| <b>Receipts</b>                  |                              |                              |                              |                              |          |           |          |         |         |                                      |
| Accounts receivable              | 130,244                      | -                            | 145,696                      | -                            | 96,177   | 1,409     | -        | -       | -       | 144,282                              |
| Machinery and Equipment Sales    | 3,021,200                    | -                            | -                            | -                            | -        | 1,930,000 | 352,825  | -       | -       | 2,282,825                            |
| Rental Income                    | 77,383                       | -                            | -                            | -                            | 89,883   | 18,096    | 45,000   | -       | -       | 152,979                              |
| Clark Builder's Legal Settlement | 250,000                      | -                            | -                            | -                            | 677,098  | -         | -        | -       | -       | 677,098                              |
|                                  | 3,478,828                    | -                            | 46,696                       | -                            | 863,158  | 1,949,505 | 397,825  | -       | -       | 3,257,183                            |
| <b>Disbursements</b>             |                              |                              |                              |                              |          |           |          |         |         |                                      |
| Payroll                          | 21,253                       | 65,674                       | 65,674                       | 20,000                       | 5,250    | 21,253    | 21,253   | 5,250   | 5,250   | 123,930                              |
| Professional Fees                | 65,000                       | 20,000                       | -                            | -                            | 20,000   | 10,000    | -        | -       | -       | 50,000                               |
| BDC                              | 1,856,106                    | -                            | -                            | -                            | -        | 1,431,206 | -        | -       | -       | 1,431,206                            |
| Komatsu                          | 50,480                       | -                            | -                            | -                            | -        | 50,480    | -        | -       | -       | 50,480                               |
| TD Canada Trust                  | 767,960                      | -                            | -                            | -                            | 691,377  | -         | -        | -       | -       | 691,377                              |
| Maynsbridge                      | 412,973                      | -                            | -                            | -                            | -        | 246,496   | -        | -       | -       | 246,496                              |
| CRA Payments                     | 137,000                      | 13,367                       | 13,367                       | -                            | -        | -         | -        | -       | -       | 13,367                               |
| WSSC Payments                    | -                            | 1,498                        | 1,498                        | -                            | -        | -         | -        | -       | -       | 1,498                                |
| Employee RRSP Arrears            | 6,000                        | -                            | -                            | -                            | -        | -         | -        | -       | -       | -                                    |
| Building Rent                    | 1,575                        | 3,150                        | 3,150                        | 4,437                        | 1,575    | 1,575     | 1,575    | -       | -       | 7,875                                |
| Miscellaneous Expenses           | 1,000                        | 4,437                        | 4,437                        | -                            | 500      | 500       | 500      | -       | -       | 5,937                                |
|                                  | 3,319,347                    | 108,127                      | 108,127                      | -                            | 718,702  | 1,761,510 | 23,328   | 5,250   | 5,250   | 2,622,166                            |
| Cash Flow                        | 159,481                      | (61,431)                     | (61,431)                     | -                            | 144,456  | 187,995   | 374,497  | (5,250) | (5,250) | 635,017                              |
| Opening Cash Balance             |                              | 83,028                       | 83,028                       | -                            | 186,078  | 330,534   | 518,529  | 893,026 | 887,776 | 83,028                               |
| Ending Cash Balance              |                              | 21,597                       | 21,597                       | -                            | 330,534  | 518,529   | 893,026  | 887,776 | 882,526 | 718,045                              |

Devon McCaw



Date Dec. 2, 2019.

## Schedule A

### Assumptions for Projected Cash Flow

This cash flow assumes that McCaw North Drilling & Blasting Ltd. (the "Company") continues to operate. This statement of Projected Cash Flow of the Company is prepared in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with The Trustee's Report on Cash Flow Statement.

1. The cash flow extends to the completion of all current and ongoing work.
2. Receivables are primarily derived from the McCaw North and Westarc invoices and takes into consideration of the holdbacks and bad debts. Receipts will continue in the normal course with the expected receipts consistent with historical results.
3. Asset sales are machinery and equipment sales based on the offers to purchase received by McCaw Drilling & Blasting and Nuna West Mining and the Orderly Liquidation Values per the appraisal conducted by Fortress Machinery Appraisals & Consulting Inc. on March 29, 2019 for the remaining assets.
4. The application against Clark Builders is settled for \$677,098 on November 29, 2019. It is assumed the amount will be collected in full.
5. Payroll is based on an average of 3 employees. CRA and GST remittances have are kept current.
6. Professional fees consist of the Trustee's fees and disbursements and legal fees.
7. No capital assets expenditures during the cash flow period.



Devon McCaw

Dec 7, 2019

Date

**S-1-BK2019-000 029**  
**Estate No. 24-2561006**  
**Yellowknife Court Registry**

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**IN THE MATTER OF THE DIVISION I PROPOSAL OF**  
**MCCAW NORTH DRILLING & BLASTING LTD.**  
**DIVISION I PROPOSAL**

(Section 50 of the *Bankruptcy and Insolvency Act*)

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**IN THE SUPREME COURT OF THE NORTHWEST TERRITORIES  
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF

**MCCAW NORTH DRILLING & BLASTING LTD.**

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

In this Proposal, the following words and phrases shall have the following respective meanings:

- a) "**Acceptance**" means the acceptance of the Proposal by the Creditors and the ratification of the Proposal by the Court;
- b) "**Act**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- c) "**Certain Crown Claims**" means those Creditors defined in Article 8.3 hereof;
- d) "**Claims**" has the meaning ascribed thereto in the Act;
- e) "**Corporation**" means McCaw North Drilling & Blasting Ltd.;
- f) "**Court**" means the Supreme Court of the Northwest Territories, in Bankruptcy and Insolvency;
- g) "**Creditor**" or "**Creditors**" means the creditors of the Corporation affected by the Proposal;
- h) "**Crown Unsecured Claims**" means those Creditors defined in Article 8.2 hereof;
- i) "**Effective Date**" means the date of approval of the Proposal by the Court;
- j) "**Insolvent Person**" means the Corporation;
- k) "**Inspectors**" means those inspectors duly appointed pursuant to the terms of the Act;

- l) **"Meeting of Creditors"** means the meeting of Creditors scheduled to consider and vote on the Proposal;
- m) **"Notice of Meeting"** means the notice of the Meeting of Creditors forwarded to the Creditors;
- n) **"Preferred Creditors"** means all those Creditors of the Insolvent Person defined in Article 8.6 hereof;
- o) **"Professional Fees"** means, individually or cumulatively as the context requires, the fees and disbursements of the Trustee under the Proposal of the Corporation, the fees and disbursements of the Trustee's legal counsel (if any), and the fees and disbursements of legal counsel to the Corporation;
- p) **"Proposal"** means the series of steps and arrangements contemplated herein, by which the debts and obligations owing by the Insolvent Person to the Creditors will be dealt with pursuant to Division I of Part III of the Act;
- q) **"Proposal Fund"** shall mean a fund of money as the result of the disposition of the assets of the Corporation and collection of debts owed to the Corporation, less payments to be made pursuant to the terms of this Proposal before distribution to the Ordinary Unsecured Creditors;
- r) **"Proposal Valuation Date"** means the date the Notice of Intention to File a Proposal was filed by the Corporation, that being September 20, 2019;
- s) **"Secured Creditors"** means those Creditors defined in Article 8.4 hereof;
- t) **"Termination Date"** means the date upon which the claims of all Creditors have been satisfied in accordance with the Proposal or otherwise satisfied;
- u) **"Trust Claimants"** means those Creditors defined in Article 8.7 hereof;
- v) **"Trustee"** means The Bowra Group Inc., trustee under the Proposal;
- w) **"Unsecured Creditors"** means those Creditors defined in Article 8.8 hereof;
- x) **"Valued Claim"** means the claim of a creditor as of the Proposal Valuation Date which has been valued by the Trustee; and
- y) **"Wage Claims"** means the claims advanced against the Insolvent Person by those Creditors defined in Article 8.5 hereof.

## **ARTICLE 2 - INSOLVENT PERSON**

2.1 The Insolvent Person hereby submits the following Proposal pursuant to the Act.

## **ARTICLE 3 - PURPOSE AND EFFECT OF PROPOSAL**

3.1 The purpose of the Proposal is to allow the Insolvent Person to offer a compromise to its Creditors of their claims against the Insolvent Person.

3.2 The Insolvent Person wishes to permit the Creditors to achieve a recovery on their claims against the Insolvent Person.

3.3 The Proposal will become effective on the Effective Date, on which date the claims of the Creditors will be compromised in accordance with the terms hereof.

3.4 This Proposal is not intended to and does not affect any claim of:

- (a) Canada Revenue Agency with respect to the Certain Crown Claims where those claims grant rights in the property of the Corporation;
- (b) Secured Creditors to the extent that they hold valid and enforceable security against the property of the Corporation and to the extent of the value of that security;
- (c) the claims of Trust Claimants to the extent of the value of property held by the Corporation for the benefit of the Trust Claimant.

## **ARTICLE 4 - MEETING OF CREDITORS**

4.1 The Creditors shall be given formal notice to attend a Meeting of Creditors as outlined in the Trustee's notification/information documents accompanying this proposal.

## **ARTICLE 5 -ADMINISTRATION OF THE PROPOSAL**

5.1 The Creditors, with the consent of the Insolvent Person, may include such additional provisions or terms in the Proposal with respect to the supervision of the affairs of the Insolvent Person as they may deem advisable.

5.2 The Creditors may appoint no more than five Inspectors of the Proposal of the Insolvent Person.

5.3 The Proposal shall be terminated upon the bankruptcy of the Insolvent Person.

- 5.4 Notwithstanding that the claims of the Creditors shall be compromised and deemed satisfied upon approval of this Proposal by the Court, the Insolvent Person shall remain liable for completion of this Proposal as provided for herein.

## **ARTICLE 6 - THIRD PARTY UNDERTAKINGS**

- 6.1 There are no Guarantee Agreements or Third Party Deposit Agreements with respect to this Proposal.

## **ARTICLE 7-DEFAULT BY INSOLVENT PERSON IN PERFORMANCE OF PROPOSAL**

- 7.1 Where default is made in the performance of any provision of the Proposal and the default is not remedied by the Insolvent Person or waived by the Inspectors, or in the absence of inspectors, by the Trustee or a majority of the Creditors as defined in dollar value of proven claims, within thirty (30) days immediately following the default, the Trustee shall so inform all of the Creditors and the Official Receiver in the manner prescribed pursuant to the Act.

## **ARTICLE 8 - DEFINITION OF CREDITOR CLAIMS**

- 8.1 The claims of Creditors shall have the respective definitions provided in this Article.
- 8.2 "**Crown Unsecured Claims**" shall mean those claims of Canada Revenue Agency or other claims of the Crown in right of Canada or a Province or Territory, which are either in addition to the Certain Crown Claims or which are the balance of the Certain Crown Claims after application of the value of any property of the Corporation for which the Crown is entitled to enforce their claim for the Certain Crown Claims.
- 8.3 "**Certain Crown Claims**" shall mean any claim of Her Majesty in the Right of Canada or a Province or Territory of all amounts of a kind that could be subject to a demand under:
- a) subsection 224(1.2) of the *Income Tax Act*;
  - b) any provision of the *Canada Pension Plan* or the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act*, and
  - c) any substantially similar provincial or territorial legislation that has a similar purpose to the subsection 224(1.2) of the *Income Tax Act*.
- 8.4 "**Secured Creditor**" means a person holding a mortgage, hypothec, pledge, charge, security interest or lien on or against the property of the Insolvent Person or any part of

that property as security for a debt due or accruing due to the person from the Insolvent Person to the extent of the value of the property of the Insolvent Person over which the Secured Creditor has perfected security, with the balance of the Secured Creditor's claim thereafter being unsecured ("the Secured Creditor's Unsecured Portion").

- 8.5 **"Wage Claim"** includes any claim of employees and former employees of the Insolvent Person for amounts equal to the amounts that such employees may be qualified to receive pursuant to subsection 136(1)(d) of the Act as at the time of the filing of the Notice of Intention to Make a Proposal or of filing the Proposal, whichever occurs first, as well as wages, salaries, commissions, or compensation for services rendered after that date and before the Court approval.
- 8.6 **"Preferred Creditors"** includes any creditor with a claim defined pursuant to subsection 136(1) of the Act. However, "Preferred Creditor" shall exclude any person advancing a Wage Claim.
- 8.7 **"Trust Claimant"** includes all parties who have a valid and enforceable claim against the Insolvent Person that the Insolvent Person holds property in trust for the benefit of the Trust Claimant where that trust is in priority to the claims of all other claims against the Insolvent Person.
- 8.8 **"Unsecured Creditor"** includes all persons to whom the Insolvent Person owes any obligations of any nature and kind whatsoever, whether due or not due for payment at the time of the filing of the Proposal and including contingent or unliquidated claims arising out of any transactions entered into by the Insolvent Person prior to the time of the filing of the Proposal, save and except for the claims of Secured Creditors, Wage Claims, Certain Crown Claims and the claims of Preferred Creditors, provided however, the Crown's Unsecured Claim and the Secured Creditor's Unsecured Claim shall be included as Unsecured Creditors.

## **ARTICLE 9 - ARRANGEMENTS AFFECTING CERTAIN CREDITORS**

- 9.1 Any indebtedness incurred by the Insolvent Person for the provision of goods, services, supplies, or any other considerations subsequent to the filing of this Proposal and prior to the approval of the Proposal by the Court shall be paid in full in the ordinary course of business from proceeds realized in relation to the business operations in priority only to the claims of the Unsecured Creditors as defined in Article 8.8 herein, existing at the time of the filing of the Proposal.
- 9.2 Creditors dealing with the Insolvent Person following the time of the filing of the Proposal shall have no right for set-off.

## ARTICLE 10 - ARRANGEMENTS AFFECTING CREDITORS

- 10.1 The Insolvent Person shall collect all of its accounts receivable and amounts claimed for work in progress, and shall cause all of its property including, but not limited to, all of its personal property (the "Corporation's Property"), to be sold and disposed of and the proceeds of such accounts receivable, amounts claimed for work in progress, and such amounts from the sale and disposition of property shall be used and applied as follows:
- (a) in payment of all costs associated with the sale and disposition of the personal property including, but not limited to, Professional Fees;
  - (b) in respect of any proceeds of sale of the Corporation's Property over which a Secured Creditor has a valid and perfected security interest in accordance with the *Personal Property Security Act* in force and effect with respect to that portion of the Corporation's Property over which the security interest has attached;
  - (c) the balance after the foregoing to be paid into and form part of the Proposal Fund.
- 10.2 The Proposal Fund shall be paid and distributed in the following priority:
- (a) in payment in satisfaction of the Professional Fees;
  - (b) in payment in satisfaction of the Wage Claims;
  - (c) in payment in satisfaction of the Preferred Creditors;
  - (d) in payment in satisfaction of the Creditors arising under Article 9;
  - (e) in payment in satisfaction of the claims of Unsecured Creditors.
- (the "Proposal Fund Payments").
- 10.3 To the extent that the Proposal Fund Payments are insufficient to pay any Creditor's claim in full, such payment, if any, shall be deemed to have satisfied the claim of the Creditor.
- 10.4 Notwithstanding anything contained in this Proposal, the Certain Crown Claims shall be paid in full within six (6) months following the date of court approval of the Proposal, or in an extended period of time if approved by Her Majesty the Queen in Right of Canada, as represented by Canada Revenue Agency, from proceeds realized in relation to the disposition of the Corporation's property.
- 10.5 Notwithstanding anything contained herein, all amounts due for Wage Claims shall be paid forthwith upon the approval of the Proposal by the Court.

## ARTICLE 11 - COMPROMISE OF CLAIMS

11.1 Notwithstanding that the Corporation's Property may not have been fully realized, and the Proposal Fund Payments may not have been fully made, the claims of the Creditors shall be deemed to have been compromised and fully satisfied as of the Effective Date.

## **ARTICLE 12-ADMINISTRATIVE FEES AND EXPENSES**

12.1 That all the fees, expenses and disbursements of the Trustee on and incidental to the proceedings arising out of the Proposal, including the Trustee's legal fees and disbursements shall be paid from the Proposal Fund, in accordance with the provisions of Article 10.

12.2 That the Trustee and its legal counsel may take interim draws in respect of their fees and disbursements in a total amount which shall not exceed the total reasonable and actual time charges and disbursements at the date of the interim, subject to final taxation by the Court, and without prior approval of the inspectors, if any inspectors are appointed.

## **ARTICLE 13 - VALUATION OF CLAIMS, VOTING AND APPLICABLE DATES**

13.1 The Claims of all Creditors who have proven claims against the Insolvent Person shall be valued as at the Proposal Valuation Date by the Trustee, at or before the Meeting of Creditors.

13.2 Proofs of claim, proxies and voting letters intended to be used at the Meeting of Creditors must be lodged with the Trustee prior to the Meeting of Creditors.

13.3 Creditors may vote their claims by either returning a properly completed voting letter to the Trustee prior to the Meeting of Creditors, or by attending at the Meeting of Creditors and voting in person or by proxy.

13.4 Pursuant to section 50(1.2) of the Act, and for the purposes of the Proposal, the Insolvent Person hereby makes this proposal to the Creditors and the Insolvent Person hereby designates such parties to whom it is making the Proposal into the following single class of the Creditors more particularly described below, namely:

- a) Class One - Unsecured Creditors: All Creditors with unsecured Claims against the Insolvent Person for debts and liabilities, present or future, including all Creditors claiming any one or more of the following types of debts or liabilities:
  - i. debts or liabilities to which the Insolvent Person was subject on the Proposal Valuation Date;
  - ii. debts or liabilities to which the Insolvent Person may in future become



subject by reason of any obligation incurred by it or on its behalf on or before the Proposal Valuation Date;

- iii. debts or liabilities arising from claims against the Insolvent Person for indemnity or guarantee; and
- iv. debts or liabilities arising from all unliquidated or contingent claims related to any act or omission of the Insolvent Person which occurred, or any transaction entered into by the Insolvent Person, on or before the Proposal Valuation Date.

#### **ARTICLE 14- MODIFICATIONS AND AMENDMENTS**

14.1 The Trustee, with the approval of the Court and without notice to the Creditors, may agree to any modification or amendment to the Proposal after the Creditors have voted on the Proposal, including without limiting the generality of the foregoing, any extension of time for carrying out the terms of the Proposal or for taking any steps or proceedings hereunder, other than any modification or amendments which would materially adversely affect the rights of any creditors.

#### **ARTICLE 15 - NOTICE**

15.1 Unless otherwise indicated, any notice required or permitted to be given pursuant to the Proposal shall be sufficiently given or made if delivered, faxed or mailed by prepaid postage as follows:

To the Insolvent Person:

**McCaw North Drilling & Blasting Ltd.**

●  
Email: devonmccaw@mccawnorth.com

Copy to Counsel for the Insolvent Person:

**LAWSON LUNDELL LLP**

PO Box 818

200, 4915 – 48<sup>th</sup> Street

Yellowknife NT X1A 2N6

Phone: (867) 669-5500

Email: kniu@lawsonlundell.com

To the Trustee:

**THE BOWRA GROUP**

1411, 10088-102 Avenue  
Edmonton, AB T5J 2Z1  
Attention: Doug Chivers  
Phone: (780) 705-1717  
Email: dchivers@bowragroup.com

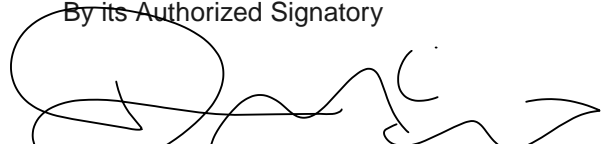
To the Creditors:

At their last known address according to the Insolvent Person or such other addresses as any of the foregoing may designate from time to time.

Any notice delivered as aforesaid shall be deemed to have been received when delivered, if delivered on a day other than Saturday, Sunday or statutory holiday, and otherwise on the next following business day. Any notice mailed as aforesaid shall be deemed to have been received on the 7th business day following the day on which such notice is mailed.

Dated at the City of Yellowknife, in the Northwest Territories, this 2 day of December, 2019

McCaw North Drilling & Blasting Ltd.  
By its Authorized Signatory



Devon McCaw

District of:  
 Division No.  
 Court No. S-1 BK2019-000 029  
 Estate No. 24-2561006

Original  Amended

- Form 78 -

Statement of Affairs (Business Proposal) made by an entity  
 (Subsection 49(2) and Paragraph 15B(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of  
**MCCAW NORTH DRILLING & BLASTING LTD.**  
 of the City of YELLOWKNIFE, in the Northwest Territories

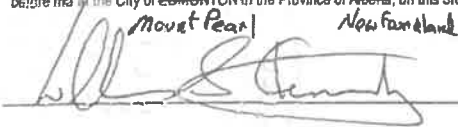
To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 3rd day of December 2019. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

| LIABILITIES<br>(as stated and estimated by the officer)   |              | ASSETS<br>(as stated and estimated by the officer)                 |              |
|---|--------------|--|--------------|
| 1. Unsecured creditors as per list "A" .....  | 2,668,148.19 | 1. Inventory .....   | 50,000.00    |
| Balance of secured claims as per list "B" .....   | 0.00         | 2. Trade fixtures, etc. ....                                       | 0.00         |
| Total unsecured creditors .....   | 2,668,148.19 | 3. Accounts receivable and other receivables, as per list "E"      |              |
| 2. Secured creditors as per list "B" .....  | 2,919,526.96 | Good .....   | 888,015.91   |
| 3. Preferred creditors as per list "C" .....  | 0.00         | Doubtful .....   | 0.00         |
| 4. Contingent, trust claims or other liabilities as per list "D"<br>estimated to be reclaimable for ..... | 0.00         | Bad .....  | 876,276.08   |
| Total liabilities .....   | 5,587,675.15 | Estimated to produce .....   | 888,015.91   |
| Surplus .....   | NIL          | 4. Bills of exchange, promissory note, etc., as per list "F" ..... | 0.00         |
|   |              | 5. Deposits in financial institutions .....                        | 27,437.83    |
|   |              | 6. Cash .....  | 0.00         |
|   |              | 7. Livestock .....   | 0.00         |
|   |              | 8. Machinery, equipment and plant. ....                            | 2,202,825.00 |
|   |              | 9. Real property or immovable as per list "G" .....                | 0.00         |
|   |              | 10. Furniture .....  | 0.00         |
|   |              | 11. RRSPs, RRFs, life insurance, etc. ....                         | 0.00         |
|   |              | 12. Securities (shares, bonds, debentures, etc.) .....             | 0.00         |
|   |              | 13. Interests under wills .....                                    | 0.00         |
|   |              | 14. Vehicles .....   | 0.00         |
|   |              | 15. Other property, as per list "H" .....                          | 0.00         |
|   |              | If debtor is a corporation, add:                                   |              |
|   |              | Amount of subscribed capital .....                                 | 0.00         |
|   |              | Amount paid on capital .....                                       | 0.00         |
|   |              | Balance subscribed and unpaid .....                                | 0.00         |
|   |              | Estimated to produce .....   | 0.00         |
|   |              | Total assets .....   | 3,198,278.74 |
|   |              | Deficiency .....   | 2,389,396.41 |

I, DEVON R. MCCAW, of the Township of ROCKY MOUNTAIN HOUSE in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 3rd day of December 2019 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of EDMONTON in the Province of Alberta, on this 3rd day of December 2019.

*Mount Pearl*  
*Newfoundland & Labrador*  


  
 DEVON R. MCCAW

District of:  
Division No. -  
Court No. S-1 BK2019-000 029  
Estate No. 24-2561006

FORM 31  
Proof of Claim  
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of  
MCCAW NORTH DRILLING & BLASTING LTD.  
of the City of YELLOWKNIFE, in the Northwest Territories

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of MCCAW NORTH DRILLING & BLASTING LTD. of the City of YELLOWKNIFE in the Northwest Territories  
and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the  
province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_,  
creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 20th day of September 2019, and still is, indebted to the creditor in the sum of  
\$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any  
counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in  
support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and  
(Check appropriate description.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:  
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,  
and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_  
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_,
- G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

*(To be completed when a proposal provides for the compromise of claims against directors.)*  
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:  
*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

5. That, to the best of my knowledge, I \_\_\_\_\_ (am/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
 Witness

\_\_\_\_\_  
 Creditor

Phone Number: \_\_\_\_\_  
 Fax Number : \_\_\_\_\_  
 E-mail Address : \_\_\_\_\_

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.  
 WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.  
 Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of:  
Division No. -  
Court No. S-1 BK2019-000 029  
Estate No. 24-2561006

FORM 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of  
MCCAW NORTH DRILLING & BLASTING LTD.  
of the City of YELLOWKNIFE, in the Northwest Territories

I, \_\_\_\_\_, of \_\_\_\_\_, a creditor in the above matter, hereby  
appoint \_\_\_\_\_, of \_\_\_\_\_, to be  
my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without)  
power to appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:

The Bowra Group Inc. - Licensed Insolvency Trustee  
TD Tower, Suite 1411- 10088 102 Avenue  
EDMONTON AB T5J 2Z1  
Phone: (780) 809-1224 Fax: (780) 705-1946  
E-mail: claims@bowragroup.com

District of:  
Division No. -  
Court No. S-1 BK2019-000 029  
Estate No. 24-2561006

FORM 37

Voting Letter  
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of  
MCCAW NORTH DRILLING & BLASTING LTD.  
of the City of YELLOWKNIFE, in the Northwest Territories

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative  
of \_\_\_\_\_, creditor), of \_\_\_\_\_, a creditor in the above matter  
for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of MCCAW  
NORTH DRILLING & BLASTING LTD., to record my vote \_\_\_\_\_ (for or against) the acceptance of  
the proposal as made on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Individual Creditor

Witness

\_\_\_\_\_  
Name of Corporate Creditor

Witness

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:  
The Bowra Group Inc. - Licensed Insolvency Trustee  
Per:

\_\_\_\_\_  
Doug Chivers - Licensed Insolvency Trustee  
TD Tower, Suite 1411- 10088 102 Avenue  
EDMONTON AB T5J 2Z1  
Phone: (780) 809-1224 Fax: (780) 705-1946  
E-mail: claims@bowragroup.com