

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY**

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

Minutes of the Meeting of the Creditors to consider the Proposal of McCaw North Drilling & Blasting Ltd. (the "Company"), held at Suite 200, 4915 - 48 Street Yellowknife, Northwest Territories on Wednesday, December 18, 2019 at 11:30am.

**PRESENT:**

Doug Chivers, Trustee, The Bowra Group Inc.

Devon McCaw, Director of McCaw North Drilling and Blasting Ltd.

Kimberley Robertson, Lawson Lundell LLP by teleconference

Andrea Willey, Duncan Craig LLP by teleconference

David Ward and Erin Craddock, Blakes, Cassels & Graydon LLP by teleconference

All others as listed in attendance in person or by proxy.

**MEETING:**

Doug Chivers called the meeting to order at 11:33am and introduced himself and Devon McCaw of the Company.

Doug Chivers announced he was acting as Chairman under the authority of Section 51(3) of the Bankruptcy and Insolvency Act.

The Chairman declared the meeting properly called and, a quorum being present, duly constituted. The Chairman tabled the following documents:

- Certificate of Filing a Notice of Intention to Make a Proposal;
- Certificate of Filing a Proposal;
- Notice to creditors / Mailing affidavit;
- Trustee's Report on the Proposal; and
- The Proposal.

The Chairman explained that the purpose of the meeting was to confirm the appointment of the Trustee, review the Trustee's preliminary report, vote on the Proposal of the Company, and appoint Inspectors.

The Chairman called for a vote on a resolution affirming the appointment of The Bowra Group Inc. as Licensed Insolvency Trustee.

**UPON MOTION IT WAS UNANIMOUSLY RESOLVED THAT:** The Bowra Group Inc. is affirmed in its appointment as Licensed Insolvency Trustee.

**-CARRIED-**

After asking if everyone present was familiar with the Amended Proposal and reviewing the Trustee's Report to Creditor's dated December 6, 2019, the Chairman asked if there were any questions about the Proposal or in general.

The following questions were asked:

Q: David Ward of Blakes, Cassels and Graydon LLP asked a question regarding how the monetary assessment for the Clark Builders Claim was determined under a bankruptcy scenario.

A: The Trustee responded that in a bankruptcy scenario, any action taken to collect the outstanding moneys would need to be funded which could result in a settlement for a lesser amount than the judgement was granted for.

Q: Ron's Auto Service asked a question regarding the Epiroc Canada Inc. claim.

A: The Trustee explained that Epiroc Canada Inc. submitted an unsecured claim for the amount of \$1,765,676.08. Further, the Trustee indicated that due to the complexity of the claim the Trustee has not been able to thoroughly review the claim and supporting documentation.

The Chairman advised the attendees of the meeting that Canada Revenue Agency ("CRA") had requested a resolution pursuant to Section 52 of the Bankruptcy and Insolvency Act to adjourn the meeting in order to enable a further investigation of the affairs of the Company.

In addition, the claim filed by Epicor Canada Inc. was received at 9:15am. Given the size and quantum of the claim the Chairman felt an adjournment would be beneficial to attempt to value the claim.

A motion was made to adjourn the meeting.

**UPON MOTION IT WAS UNANIMOUSLY RESOLVED THAT:** The meeting will be adjourned to 10:30am on January 15, 2020.

**-CARRIED-**

The Chairman asked if there were any additional questions.

There were none.

There being no further business, the meeting was adjourned at 11:56am.



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Doug Chivers, Chairman, LIT



# Proxy Holders

**Estate Name:** MCCAW NORTH DRILLING & BLASTING  
**Estate Number:** 24-2561006  
**File Name:** MCCAW NORTH DRILLING & BLASTING

Creditor Name	Address	POC?	Total Liability			Proxy Holder	Telephone	E-mail
			SOA \$	Filed \$	Voting \$			
Canada Revenue Agency	c/o Pacific Insolvency Intake Centre 9755 King George Boulevard SURREY BC V3T 5E1	Yes	1.00	166,976.99	166,976.99	Doug Chivers	TD Tower, Suite 1411 - 10088 102 Avenue EDMONTON AB T5J 2Z1	(780) 809-1224 dchivers@downtrou p.com
Matonabee Petro	15630 118 Avenue EDMONTON AB T5V 1C4	Yes	22,252.45	26,720.83	26,720.83	Mike Dove of Matonabee Petro		<input type="checkbox"/> _____

**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 Low Recovery	Proposal High 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>
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>
<b>Net Funds Available For Distribution</b>	<b>2,422</b>	<b>2,727</b>	<b>3,319</b>
Secured Creditors	2,920	2,920	2,920
Recovery to Unsecured Creditors	-	-	<b>400</b>
Unsecured Creditors	<b>2,834</b>	<b>2,834</b>	<b>2,834</b>
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:

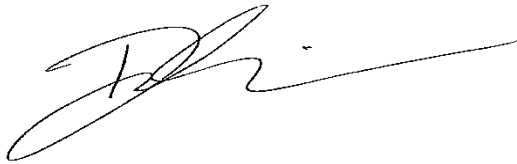
- An account dispute in the amount of \$561,886 with Epiroc Canada Inc., formally Atlas Copco Canada Inc. ("Epiroc") in the Ontario Superior Court of Justice in regard to disagreements with the amount billed by Epiroc's service agreement. The Company is unsure about the current status of the legal action 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> <u>Prior Year</u>	<u>YTD</u> <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> <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 Trevor Clarke	rkemp@tundradrilling.ca 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 - December 2	September 20 - December 2	September 20 - December 2	September 20 - December 2	December	January	February	March	April	December 3, 2019 - 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