

No. B-210198  
Vancouver Registry  
Estate No. 11-2716201  
Province: British Columbia  
Bankruptcy Division

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
BEAR CREEK CONTRACTING LTD.**

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**CROWE MACKAY & COMPANY LTD.**

**PROPOSAL TRUSTEE'S REPORT ON THE PROPOSAL**

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**June 24, 2021**

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## I. INTRODUCTION

1. This report (the "**Proposal Report**") has been prepared to provide the creditors of Bear Creek Contracting Ltd. (the "**Company**") with the information necessary to evaluate the Proposal filed by the Company on June 24, 2021 (the "**Proposal**"), and the recommendation of the Proposal Trustee (defined below) that creditors vote in favour of the Proposal. Parties are encouraged to read the Proposal and this Proposal Report in its entirety. This report includes, among other things, information regarding:
  - a. background on the Company and its financial position;
  - b. the procedural history of the Proposal Proceedings (defined below);
  - c. the activities of the Company during the Proposal Proceedings;
  - d. the activities of the Proposal Trustee during the Proposal Proceedings;
  - e. the Company's current financial situation;
  - f. a current summary of the Company's assets and liabilities;
  - g. a summary of the Company's job bidding efforts;
  - h. the Proposal Trustee's monitoring of the Company's cash flows;
  - i. the Proposal;
  - j. the Statement of Estimated Realization and Distribution (defined below);
  - k. the recommendation of the Proposal Trustee in respect of the Proposal; and
  - l. voting procedures and other information in respect of the Meeting (defined below).
2. On February 26, 2021 (the "**Filing Date**"), the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") and commenced these proceedings (the "**Proposal Proceedings**") in the Supreme Court of British Columbia, in bankruptcy and insolvency (the "**Court**"). Crowe MacKay & Company Ltd. consented to act as trustee under the proposal of the Company (in such capacity, the "**Proposal Trustee**"). A copy of the Certificate of Filing of the NOI issued by the Office of the Superintendent of Bankruptcy (the "**OSB**") can be found on the Proposal Trustee's website at <https://www.crowemackayco.ca/engagements/recent-engagements> (the "**Proposal Trustee's Website**").
3. On or about March 3, 2021, the Company, with the assistance of the Proposal Trustee, prepared and filed with the OSB a 15-week cash flow projection for the period ending June 13, 2021 (the "**Initial Cash Flow Projection**"). Attached at **Appendix "A"** is a copy of the Initial Cash Flow Projection.
4. Pursuant to section 50.4(8) of the BIA, the automatic stay of proceedings (the "**Stay**"), which applies upon the filing of the NOI, would have expired on March 26, 2021 if not extended. Since the Filing Date, the Company has obtained orders providing for the following extensions of the Stay in the Proposal Proceedings:
  - a. on March 19, 2021, an extension to May 12, 2021 (the "**First Extension**"); and

- b. on May 12, 2021, an extension to June 25, 2021 (the "**Second Extension**" and, together with the First Extension, the "**Extensions**").

Copies of the orders granting the First Extension and Second Extension can be found on the Proposal Trustee's Website.

In addition, copies of the Proposal Trustee's First Report to Court (the "**First Report**") and Second Report to Court (the "**Second Report**"), which were prepared in support of the First Extension and Second Extension respectively, can also be found on the Proposal Trustee's Website.

5. On March 7, 2021, the Company, with the assistance of the Proposal Trustee, prepared and filed with the OSB an updated 15-week updated cash flow projection for the period from May 10, 2021 to August 22, 2021 (the "**Updated Cash Flow Forecast**"). Attached at **Appendix "B"** is a copy of the Updated Cash Flow Forecast.
6. On June 24, 2021, the Company filed the Proposal. Attached at **Appendix "C"** is a copy of the Certificate of Filing of a Proposal from the OSB.

## **II. TERMS OF REFERENCE**

7. In preparing this Proposal Report, the Proposal Trustee has necessarily relied upon unaudited financial and other information (the "**Information**") obtained from the Company, the Company's books and records, and discussions with management of the Company, namely Ian Munson ("**Munson**") and Savannah Noel (collectively, "**Management**").
8. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Proposal Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information used to prepare this Proposal Report.
9. Certain of the Information referred to in this Proposal Report consists of financial forecasts and/or projections prepared by the Company. An examination or review of the financial forecasts/projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed by the Proposal Trustee. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions of future events and conditions that are not ascertainable, actual results may vary and the variations could be material.

### III. COMPANY BACKGROUND AND FINANCIAL POSITION

10. The Company is a British Columbia corporation having a head office and yard located at 3550 BC-16, Thornhill, BC. The property where the head office and yard are located is owned by Bear Creek Construction Ltd. ("**BCK**"), a related company, and leased back to the Company for its use. Parcels of land adjacent to the head office and yard are owned by the Company and are discussed below.
11. The Company's core business is heavy construction, with a focus on road construction, transport and excavation services.
12. The Company began operations in 1965 as a logging business operating in Terrace, BC and the surrounding area but evolved into a heavy construction business over the years. At one point, the Company was the largest employer within its region, employing about 250 staff members at its peak. Further, the Company was the largest company in the heavy construction industry within the local market, with no competitors of equivalent size or technical capability.
13. The Company is related to a number of entities, including, but not limited to, the following:
  - a. BCK;
  - b. Spring Creek Aggregates Ltd. ("**SCA**");
  - c. Prince Rupert Aggregates Ltd. ("**PRA**");
  - d. Bear Creek Projects Group Ltd. ("**BCPG**");
  - e. Qooluun Limited Partnership;
  - f. Antler Creek Contracting Ltd. ("**ACC**"); and,
  - g. Bear Creek Waste Management Inc. ("**BCWM**" and, collectively, the "**Related Parties**").
14. The Related Parties also operate or operated in the heavy construction industry or provide or provided construction-related services. A copy of an organization chart prepared by Management explaining the relationship and ownership structure of the Related Parties is attached at **Appendix "D"**.
15. The Company experienced rapid growth starting in 2015 due to obtaining several large contracts across Canada. These contracts increased the Company's annual revenues from a yearly average of approximately \$20 million in 2014 to a peak of approximately \$66 million in 2017. To fulfil these large contracts, the Company acquired several pieces of equipment during the 2016 to 2018 fiscal years at a total acquisition cost of approximately \$5.2 million. Most of the equipment acquired was financed through capital leases with various parties or through long term debt (discussed in greater detail below).
16. In about 2017, the Company began experiencing financial difficulties. Specifically, based on discussions with Management, the Proposal Trustee understands that there were various verbal change orders made on several large contracts that required additional

work. Management has advised the Proposal Trustee that, while the additional work was performed, it was frequently unpaid as no written change orders existed and the verbal agreements were not honoured. This led to multi-million dollar losses on numerous projects and to ongoing litigation. Details pertaining to the major litigation actions are summarized in the asset section below. As a result, the Company has experienced significant liquidity constraints such that it has been unable to meet the debt obligations it incurred to finance its rapid growth.

17. Management advises that, since about mid-2018, the Company has struggled to acquire further contracts for new work and to obtain financing and/or bonding for projects due to the Company's straitened circumstances. The only financing available was at extremely high interest rates, which negatively impacted the financial viability of prospective projects. The Company's financial difficulties were further exacerbated by the economic impacts of the COVID-19 pandemic and its associated jobsite shutdowns and general economic downturn. As of the Filing Date, the Company had approximately 22 employees, which is a significant reduction from the 250 employees the Company employed at its peak.
18. Management advises that in late 2018, Royal Bank of Canada ("**RBC**"), which at that time held a security interest in all present and after-acquired property ("**AIIPAAP**") of the Company as well as, among other things, a first-ranking mortgage against certain real estate owned by the Company and BCK, issued a demand to the Company to repay the amounts owing to it in full (the "**RBC Demand**"). On or around December 19, 2019, RBC and the Company entered into a forbearance agreement. However, RBC subsequently determined that the Company had breached the forbearance agreement's terms.
19. Accord Small Business Financial Corp. ("**Accord**") held AIIPAAP security over the Company's assets which, other than in relation to specifically financed equipment and possible deemed trust claims, was subordinate only to RBC. At or around the time of the RBC Demand, Accord entered into discussions with RBC and the Company to acquire RBC's debt and security to avoid further action by RBC. On or around August 28, 2020, Accord acquired RBC's debt and related security. Accordingly, Accord presently holds a first-in-time registered AIIPAAP interest in the Company's property, as well as, among other things, a first-ranking mortgage registered against title to the real property owned by the Company and BCK. Accord also holds first-in-time registered AIIPAAP security interests in the assets of BCK, SCA, PRA, and BCWM.
20. As at the Filing Date, the amount owing to Accord by the Company and the Related Parties totalled approximately \$11.4 million, of which \$7.4 million comprised obligations owing directly by the Company. Since the Filing Date, the amount owing by the Company and the Related Parties has not substantially changed; presently, Accord is owed approximately \$11.3 million by the Company and the Related Parties, of which \$7.2 million is owed by the Company directly.
21. Management advises that Accord has been generally supportive of the Company's restructuring efforts to date and has been actively involved with its efforts to restructure and, as part of that, sell redundant assets. On about January 18, 2021, Accord and the

Company executed a Waiver and Support Agreement of even date (the "**Waiver and Support Agreement**") pursuant to which Accord agreed to continue to provide financing under existing credit facilities throughout the pendency of the Proposal Proceedings pursuant to the terms and conditions thereof.

22. On February 26, 2021, the Company filed the NOI.

#### IV. PROCEDURAL HISTORY

23. On March 15, 2021, the Honourable Mr. Justice Punnett pronounced an order (the "**Initial Relief Order**") in the Proposal Proceedings which, among other things:
- a. granted an administrative charge (the "**Administrative Charge**") to secure the fees and disbursements of the Proposal Trustee, its counsel, and counsel for the Company against the Company's property, such charge not to exceed the aggregate amount of \$200,000, ranking in priority to all other encumbrances other than secured claims which may arise pursuant to section 14.06(7) of the BIA;
  - b. permitted the Company to market and dispose of redundant or non-material assets (the "**Redundant Equipment**") in accordance with the provisions set forth in the Initial Relief Order;
  - c. permitted the Company to pay to Northbridge General Insurance Corporation ("**Northbridge**"), or to Gitga'at Matrix Workforce Services Ltd. ("**Matrix**"), on behalf of Northbridge, the sum of \$463,073.49 in accordance with the terms of the agreements dated February 18, 2021, between the Company and Northbridge and between Northbridge and Matrix (the "**Settlement Agreements**"); and
  - d. granted the First Extension.
24. On March 31, 2021, on the application of the Proposal Trustee in Supreme Court of British Columbia Action No. KEL-S-S-120384 (the "**Burnco Action**"), Mr. Justice Milman pronounced an order that, among other things, directed the Registrar of Land Titles to discharge a default judgment that had been granted in favour of Burnco Rock Products Ltd. ("**Burnco**") in the Burnco Action (the "**Burnco Judgment**") from title to certain parcels of land owned by the Company.
25. On April 6, 2021, Mr. Justice Punnett pronounced an order in the Proposal Proceedings that, among other things:
- a. lifted the Stay in respect of the Pretium Claim (defined below) and certain related actions, but only to the extent necessary to permit such actions to continue unimpeded by the Stay; and

- b. transferred the Proposal Proceedings from the Prince Rupert Registry to the Vancouver Registry for all purposes.
26. On May 12, 2021, Mr. Justice Walker pronounced an order granting the Second Extension.
27. On June 24, 2021, the Company filed the Proposal to its creditors.

**V. ACTIVITIES OF THE COMPANY**

28. Since the Filing Date, the Company has, among other things:
- a. stabilized and continued its operations on a reduced basis;
  - b. marketed the Redundant Equipment for sale and sold some of the Redundant Equipment, resulting in gross sale proceeds totaling approximately \$176,200;
  - c. paid \$192,049.05 to Matrix and \$22,585.37 to Northbridge in accordance with the Initial Relief Order and the Settlement Agreements;
  - d. continued to work with its construction litigation counsel to pursue the Project Claims (defined and discussed in greater detail below);
  - e. worked with the Proposal Trustee to monitor cash flows on a weekly basis and prepare cash flow projections along with related assumptions; and
  - f. worked with the Proposal Trustee to develop the Proposal.

**VI. ACTIVITIES OF THE PROPOSAL TRUSTEE**

29. Since the Filing Date, the Proposal Trustee has, among other things:
- a. on about March 2, 2021, mailed out the initial notice to all known creditors and employees with claims greater than \$250 notifying them of the Proposal Proceedings pursuant to section 50.4(6) of the BIA;
  - b. assisted the Company with preparing the Initial Cash Flow Projection which, along with assumptions, was filed with the OSB on March 4, 2021 in accordance with section 50.4(2) of the BIA;
  - c. applied to court in the Burnco Action to obtain the discharge of the Burnco Judgment;

- d. prepared the First Report and the Second Report in support of the Company's applications for, among other things, the Extensions;
- e. participated in numerous and extensive discussions, meetings, and phone calls with Management and counsel for the Company in relation to, among other things, the Company's ongoing activities and estimated recoveries in a proposal versus a liquidation scenario;
- f. monitored the affairs and cash flows of the Company on a weekly basis;
- g. assisted Management with the preparation of the Updated Cash Flow Forecast which, along with assumptions, was filed with the OSB on or about May 7, 2021;
- h. assisted the Company with the preparation of a variance analysis with respect to its actual and projected cash flows;
- i. reviewed and monitored the sale of the Redundant Equipment by the Company as well as the Company's efforts to bid on new work;
- j. engaged in discussions and dealings with creditors and other stakeholders of the Company with respect to the Proposal Proceedings;
- k. investigated the financial position of the Company and its relationship with the Related Parties;
- l. reviewed the Proposal prepared by the Company and its counsel and participated in discussions with respect to same; and
- m. prepared this Proposal Report to creditors.

## **VII. FINANCIAL SITUATION**

- 30. At the time of this Proposal Report, the Company does not have externally prepared financial statements for the fiscal years ending April 30, 2020 and April 30, 2021 and internal financial statements for the fiscal years ending April 30, 2020 and April 30, 2021.
- 31. Below is a summary of the draft balance sheets as at April 30, 2020 and April 30, 2021 prepared by Management. Further details with respect to the Company's assets and liabilities are provided below.

<b>Figure 1</b>		
<b>Bear Creek Contracting Ltd. Balance Sheet as at</b>	<b>April 30, 2021</b>	<b>April 30, 2020</b>
<b>ASSETS</b>		
Cash	\$ -	\$ -
Accounts Receivable	1,399,953.00	2,518,033.00
Inventory	183,007.00	183,007.00
Prepaid Expenses	207,564.00	954,708.00
Property, Plant and Equipment	2,164,167.00	2,864,084.00
Assets under Capital Lease	487,189.00	8,130,963.00
Long Term Investments	2,248.00	2,189.00
Notes Receivable	-	250,000.00
Advances to Related parties	1,867,892.00	4,871,571.00
	<b>\$ 6,312,020.00</b>	<b>\$ 19,774,555.00</b>
<b>LIABILITIES</b>		
Bank Indebtedness	6,709,876.00	8,358,295.00
Accounts Payable	12,423,421.00	9,547,207.00
Demand Loan	186,107.00	441,432.00
Current Portion of Obligation under Capital Lease	314,189.00	9,367,778.00
Current Portion of Long Term Debt	346,540.00	938,460.00
Obligation under Capital Lease	84,165.00	766,729.00
Long Term Debt	473,981.00	605,988.00
Advances from Shareholders	7,252,693.00	6,240,125.00
	<b>\$ 27,790,972.00</b>	<b>\$ 36,266,014.00</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share Capital	1,577,215.00	1,577,215.00
Retained Earnings	(23,056,167.00)	(18,068,674.00)
	<b>\$ (21,478,952.00)</b>	<b>\$ (16,491,459.00)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 6,312,020.00</b>	<b>\$ 19,774,555.00</b>

32. Below is a summary of the draft income statements for the fiscal years ending April 30, 2020 and April 30, 2021 prepared by Management.

Figure 2 Bear Creek Contracting Ltd. Income Statement	For the Year	
	Ending April 30, 2021	Ending April 30, 2020
Revenue	\$ 7,172,284.00	\$ 18,670,750.00
Direct Costs	5,097,219.00	18,369,690.00
Gross Margin	\$ 2,075,065.00	\$ 301,060.00
Operating Expenses	4,793,358.00	11,364,478.00
Operating Loss	\$ (2,718,293.00)	\$ (11,063,418.00)
Other Expenses		
Loss (Gain) on Disposal of Assets	498,828.00	(1,135,695.00)
Amortization	676,297.00	4,199,469.00
Interest Income	(37,802.00)	(145,921.00)
Interest on Demand loan	132,827.00	212,684.00
Interest on Capital Leases	312,821.00	986,748.00
Interest on Long Term Debt	624,697.00	812,397.00
Employer Health Tax	61,532.00	275,345.00
	\$ 2,269,200.00	\$ 5,205,027.00
<b>Net Income</b>	\$ (4,987,493.00)	\$ (16,268,445.00)

33. The Company incurred net losses of about \$16.2 million and \$4.9 million in the fiscal years ending April 30, 2020 and April 30, 2021, respectively.

## VIII. SUMMARY OF ASSETS AND LIABILITIES OF THE COMPANY

### *Assets*

34. Below is a summary of the Company's assets as at April 30, 2021 as prepared by Management. Management advises that the year-end adjustments for the fiscal year ending April 30, 2021 have not been finalized but are not expected to be materially different. That said, the figures are subject to change with the completion of year-end adjustments.
35. If the Proposal is not supported by the requisite majority of creditors and approved by the Court, the Company will be deemed to have made an assignment in bankruptcy. Accordingly, to assist the creditors in assessing the Proposal, the Proposal Trustee, with the assistance of Management, has, to the extent possible based on available records, included estimated realizable values of the Company's assets in the event of a bankruptcy and forced liquidation.

**Figure 3 - Summary of Company Assets**

Nature of Property	Net Book Value as at April 30, 2021	Estimated Realizable Value (\$)	
		Bankruptcy Low	Bankruptcy High
Cash	\$ 90,237.38	\$NIL	\$NIL
Trade Receivables	559,415.26	140,000.00	280,000.00
Intercompany Receivables	1,867,637.14	445,898.49	889,242.68
Deposits	71,902.71	71,902.71	71,902.71
Investments	2,248.02	3,180.00	3,180.00
Inventory	183,007.19	37,500.00	50,000.00
Computer Equipment	32,416.77	NIL	NIL
Vehicles	231,677.16	409,500.00	546,000.00
Heavy Equipment	1,291,759.19	3,430,904.77	4,574,539.70
Project Claims	480,023.54	Unknown	Unknown
Long Term Receivables	NIL	NIL	NIL
Real Property	1,095,503.13	3,420,000.00	3,800,000.00
	<b>\$ 5,905,827.49</b>	<b>\$ 7,958,885.97</b>	<b>\$ 10,214,865.09</b>

36. Estimated realizable values in both a bankruptcy low and bankruptcy high scenarios are based on the information provided by Management. Management advises that much of the information provided in determining the estimated realizable values are based on appraisals of the Real Property and the Equipment (each as defined below) completed in 2019 and 2020, as well as Management's understanding of market conditions and related reasonable expectations. As noted below, the Proposal Trustee has sought to verify the reasonableness of the information and assumptions.

#### Cash

37. While the Company had \$90,237.38 in cash on April 30, 2021, this amount has since been used to fund operations and the cash balance held at the date of this Proposal Report is negligible. The Company has been utilizing its revolving credit facility with Accord to fund its operations and these Proposal Proceedings and intends to continue to do so.
38. If the Company becomes bankrupt, it is not expected to have any material cash. Any cash it does have would likely be applied against amounts owing to Accord pursuant to Accord's security.

#### Trade Receivables

39. Below is a summary of the Company's trade receivables as at April 30, 2021, having a total net book value of \$559,415.26:

<b>Figure 4</b>	
<b>Trade Receivables</b>	
Book Value	\$ 1,185,032.89
Good	559,415.26
Doubtful	83,368.35
Uncollectible	542,249.28

40. In the event of a bankruptcy, Management believes that the Company can expect to recover between 25% and 50% of the outstanding trade receivables balance. Based on the Proposal Trustee's experience, it is frequently difficult for a trustee in bankruptcy to collect receivables. Accordingly, for conservative purposes, it is estimated that, in the event of a bankruptcy, between approximately \$140,000 and \$280,000 of the trade receivables are likely to be collected.

#### Intercompany Receivables

41. Below is a summary of the Company's intercompany receivables balance:

<b>Figure 5</b>	<b>Related Party</b>	<b>Net Book Value (\$)</b>	<b>Estimated Realizable Value</b>	
			<b>Bankruptcy Low</b>	<b>Bankruptcy High</b>
	Bear Creek Construction	\$ 445,898.49	\$ 445,898.49	\$ 445,898.49
	Bear Creek Waste Management	563,237.05	NIL	NIL
	Bear Creek Projects Group	625,931.50	NIL	NIL
	Spring Creek Aggregate	4,149,491.82	NIL	344,839.19
	Qoolun Limited Partnership	NIL	NIL	NIL
	Antler Creek Contracting	1,421,993.74	NIL	98,505.00
	Allowance for Doubtful Accounts	(5,338,915.46)	NIL	NIL
		\$ 1,867,637.14	\$ 445,898.49	\$ 889,242.68

42. Based on information provided by Management, which was reviewed by the Proposal Trustee along with the Related Parties' financial statements, the Company's general ledgers as at April 30, 2021, and other accounting information if available, the Proposal Trustee understands the following details with respect to the intercompany receivables:
- a. BCK: BCK is indebted to the Company in the amount of \$445,898.49, which is a material reduction from the intercorporate balance that was owing at the end of fiscal 2020 (\$3.85 million). The Proposal Trustee has reviewed the analysis provided by Management, which shows reductions for costs of the Company paid by BCK, assets of BCK sold to reduce the obligations of the Company, and credits for rent of the head office and equipment rental. While the Proposal Trustee has not audited these transactions, it is satisfied with the explanation and supporting materials provided by Management. BCK continues to operate and plans to repay the balance owing to the Company. In the event of a bankruptcy of the Company,

recovery of the intercompany indebtedness owed by BCK would depend on the continued operations of BCK. All of BCK's material assets are subject to a security interest in favour of Accord, which would likely realize on such assets if Accord suffers a shortfall after the liquidation of the Company's assets. Taking the foregoing into account, in a bankruptcy, the estimated value of the intercompany indebtedness owing by BCK is \$445,898.49.

- b. BCWM: BCWM is indebted to the Company in the amount of \$563,237.05. BCWM no longer operates and does not own any material assets. Accordingly, Management does not believe any of this amount is recoverable.
- c. BCPG: BCPG is indebted to the Company in the amount of \$625,931.50. BCPG no longer operates and does not own any material assets. Accordingly, Management does not believe any of this amount is recoverable.
- d. SCA: SCA is indebted to the Company in the amount of \$4,149,491.82. SCA no longer operates but has minimal liabilities and does own some assets, being a gravel pit with a book value of approximately \$1.2 million attributed to "inventory". However, Management has advised that the book value of the inventory balance is inaccurate and had not been updated in some time. Upon further review of the leases for the various pits, it was determined that only one of five leases thought to be held by SCA was in fact leased by SCA. In order to provide evidence of value, SCA obtained an estimate of the value for the pit lease from a third-party realtor. The estimated value is between \$280,000 and \$300,000.

Management has prepared an analysis of the estimated outcomes of an orderly liquidation of SCA, and the resulting estimated distribution to the Company. This analysis concluded that the Company could expect to receive between \$NIL and \$344,839.19. The Proposal Trustee has reviewed the analysis prepared by Management and agrees that the figures, estimates, and conclusions are reasonable.

- e. ACC: Based on the Company's general ledger as at April 30, 2021, ACC is indebted to the Company in the amount of \$1,421,993.74. ACC continues to operate in the logging business and Management advises that ACC plans to repay the balance owing over time, provided that the Company continues to operate. ACC's business is reliant on the use of the Company's equipment to build logging roads. The equipment is rented by ACC from the Company and, currently, lease payments are being accrued thereby increasing the intercompany debt.

Management advises that in the event that the Company ceases operations, ACC will not be able to continue operating as it will no longer be able to lease the equipment it needs from the Company. Management has prepared an analysis of what might be realized in the event of an orderly liquidation of ACC, and concluded that the Company could expect to receive between \$NIL and \$98,505.40. This analysis was prepared based on book values, and not appraisals, of existing

equipment, so the Proposal Trustee is unable to advise on the reasonableness of the analysis.

Several months to a year before the Filing Date, certain leased assets of the Company were transferred to ACC because the Company could no longer make the lease payments and the equipment was at risk of repossession. Certain of these leased assets appear to have a value greater than that owing under the financing leases. Accordingly, the Proposal Trustee has sought to investigate whether these transfers might constitute transfers at undervalue. Management has provided the Proposal Trustee with a ledger of the inter-company transactions between ACC and the Company during the period the equipment was transferred and has taken the position that this additional value has been paid. The ledger shows net positive payments from ACC from the date of the transfer of the first leased asset to the last of \$130,177.97. These payments, or a portion thereof, could represent the payment of the excess equipment value, or the payment of rent for the equipment being leased. Due to the nature of an intercompany general ledger, payments made by ACC to BCC are not reflected as being applied to any specific indebtedness. Accordingly, the Proposal Trustee is unable to confirm Management's advice as to the manner in which the payments from ACC were applied.

### Deposits

43. As of April 30, 2021, the Proposal Trustee has received \$71,902.71 in net sale proceeds (net of GST collected) from the sale of the Redundant Equipment. The Proposal Trustee is holding these funds in trust for distribution to the secured creditors pending confirmation that the Canada Revenue Agency ("**CRA**")'s deemed trust claim for source deductions has been conclusively paid and discharged. Management has advised that CRA's deemed trust claim was paid in full on or about April 30, 2021 from funds received from ACC, and the Proposal Trustee is awaiting confirmation from CRA.

### Investments

44. Investments held by the Company have a net book value of \$2,248.02, and include: (a) membership shares at Northern Savings Credit Union ("**NSCU**"); (b) a 100% shareholder interest in BCWM; (c) a 100% shareholder interest in 1032127 B.C. Ltd. ("**103 BC**"); and (d) 100 ounces of silver.
45. Management advises that BCWM and 103 BC are not operational and do not hold any assets. Accordingly, the estimated realizable value of these shares is \$NIL. Further, Management advises that the membership shares at NSCU once redeemed will likely be applied against account closure fees. Accordingly, Management expects that the estimated realizable value of the NSCU membership shares to be \$NIL.

46. As at June 22, 2021, the 100 ounces of silver owned by the Company has an estimated realizable value of \$3,180.00.
47. The Proposal Trustee also understands that the Company owns preferred shares in Munson Enterprises Ltd. ("**Munson Enterprises**") having a book value of approximately \$1.05 million. Munson Enterprises is owned by George Munson, Ian Munson's father, who also owns 263303 B.C. Ltd. ("**263**"), another member of the Company's corporate group. The Company owes an intercompany debt to 263 in the amount of approximately \$4.6 million, and, in turn, 263 owes an intercompany debt to Munson Enterprises in an amount that exceeds \$1.05 million.
48. In order to facilitate a restructuring of the relationship of Munson Enterprises and 263 in relation to the Company:
  - a. 263 has agreed to assign to Munson Enterprises \$1.05 million of the debt owed to it by the Company, which amount will be offset against the amount owed by 263 to Munson Enterprises; and
  - b. Munson Enterprises has agreed to redeem its preferred shares in the Company for \$1.05 million, in consideration for the set off of this newly acquired debt (together, the "**Redemption Transactions**").
49. The result of the Redemption Transactions will be the redemption by the Company of Munson Enterprises' preferred shares, and a reduction in the intercompany debt owed by the Company to Munson Enterprises in the amount of \$1.05 million. The reduction of this intercompany receivable will result in a \$1.05 million reduction in the amount of claims against the Company, thereby enhancing recoveries for other creditors under the Proposal.

### **Inventory**

50. The Company's inventory is comprised of numerous parts and supplies for the maintenance shop, located at the Company headquarters, with a net book value of \$183,007 as at April 30, 2021. Management believes the estimated realizable value of the Company's inventory is between \$37,500 to \$50,000.

### **Computer Equipment**

51. The Company's computer equipment is comprised of numerous pieces of IT equipment, including, but not limited to, computers, laptops, servers, and various miscellaneous computer hardware. The computer equipment has a net book value of \$32,416.79 for which numerous pieces are subject to the security interest claims of third parties including purchase money security interests ("**PMSI**" or "**PMSIs**") registered in Personal Property Registry of British Columbia ("**PPR**").
52. Based on a PPR search, IBM Global Financing Canada Corp. ("**IBM**") holds a registered PMSI against the computer equipment. IBM is owed about \$59,223.40 per the Statement of Affairs. Management does not believe the realizable value of the computer equipment

will be sufficient to satisfy IBM's claim in full. While the computer equipment has not been valued given the small value, this analysis is consistent with the Proposal Trustee's experience with the value of used IT equipment.

## Vehicles

53. The Company owns a fleet of approximately 29 trucks and passenger vehicles (the "**Vehicles**" and each a "**Vehicle**") having a net book value of \$231,677.16. The Vehicles are subject to the security interests, including PMSIs, held by various creditors of the Company.
54. Below is a summary of the aggregate estimated fair market value ("**FMV**"), orderly liquidation value ("**OLV**"), and forced liquidation value ("**FLV**") for all the Vehicles, separated by parties with a security interest registered against the Vehicles. The estimated FMV, OLV, and FLV for the Vehicles is based on appraisals done by an independent appraiser in 2019 and 2020.

Vehicles Secured by:	FMV	OLV	FLV/NBV
Accord	\$ 317,000.00	271,500.00	230,000.00
Ford Credit Canada Limited (" <b>Ford</b> ")	39,000.00	33,000.00	29,000.00
Terrace Totem Ford Sales (" <b>Terrace Totem</b> ")	389,000.00	330,000.00	287,000.00
	\$ 745,000.00	\$ 634,500.00	\$ 546,000.00

55. In the event of a bankruptcy, it is assumed that the Vehicles will be sold at auction by a receiver or trustee in bankruptcy. Under these circumstances, the gross realizable value of the Vehicles is estimated to be between \$409,500 to \$546,000. The foregoing is based on the FLV of each vehicle as a high and a 25% discount of the FLV as low, respectively, and does not take into consideration any costs of realization. Given the number, extent, and nature of the Equipment, the costs of realization could be significant.
56. Management advises that the estimated realizable value of the Vehicles is greater than its net book value of \$231,677.16 due to an overstatement in accounting depreciation/amortization.

## Heavy Equipment and Machinery

57. The Company owns 189 pieces of heavy equipment and machinery (the "**Equipment**") with a net book value totaling \$1,291,759.19. Numerous pieces of the Equipment are subject to the security interests, including PMSIs, of various creditors of the Company.
58. Below is a summary of the aggregate estimated FMV, OLV, and FLV for all the Equipment, separated according to the parties holding registered security interests against the Equipment. The estimated FMV, OLV, and FLV for each specific piece of the Equipment is based on appraisals completed by an independent appraiser in 2019 and 2020. Certain

pieces of Equipment were not captured in these appraisals, and, in those cases, the net book value for accounting purposes was used for purposes of this analysis.

<b>Figure 7</b>			
<b>Equipment Secured by:</b>	<b>FMV</b>	<b>OLV</b>	<b>FLV/NBV</b>
Accord	\$ 4,796,600.00	\$ 3,927,100.00	\$ 3,689,384.78
Arundel Capital Corporation ("Arundel")	360,000.00	-	220,854.92
Current Financial Corp. ("Current")	128,400.00	108,000.00	94,300.00
Dynamic Capital Equipment Finance Inc. ("Dynamic")	780,000.00	660,500.00	570,000.00
	<b>\$ 6,065,000.00</b>	<b>\$ 4,695,600.00</b>	<b>\$ 4,574,539.70</b>

59. Included in the above analysis of the Equipment are the 90 pieces of Redundant Equipment (i.e. that are not required to carry on future or existing business of the Company). The Redundant Equipment has an aggregate FMV, OLV, and FLV/NBV of \$2,094,900, \$1,666,400, and \$1,428,900 respectively. The Redundant Equipment is discussed in greater detail below.
60. In the event of a bankruptcy, it is assumed that the Equipment will be sold at auction by the receiver or trustee in bankruptcy. Under these circumstances, the gross realizable value of the Equipment is estimated to be between \$3,430,904.77 and \$4,574,539.70. The foregoing is based on the FLV/NBV of the Equipment as a high and a 25% discount of the FLV/NBV as a low, and does not take into consideration any costs of realization. Given the number, extent, and nature of the Equipment, the costs of realization could be significant.
61. Management advises that the estimated realizable value of the Equipment is greater than its net book value of \$1,291,759.19 due to an accounting overstatement in depreciation/amortization.

### **Project Claims**

62. As previously noted, the Company began experiencing financial difficulties in about 2017 due to the significant losses and damages it suffered in relation to several construction projects. The foregoing had compounding negative effects on the Company's cash flows and its ability to service debt.
63. In relation to these losses, the Company initiated or became involved in legal proceedings and claims against the owners and contractors involved with these construction projects. Below is a summary of these legal disputes (collectively, the "**Project Claims**"):
  - a. **Pretium Claim:** In or around April 2017, the Company commenced an action against Pretium Exploration Inc. ("**Pretium**"), RRPC Limited Partnership and Rokstad Power GP Inc (collectively, "**Rokstad**") in relation to significant losses suffered in relation to the Brucejack Mine Project, claiming the amount of

approximately \$14.56 million (the "**Pretium Claim**"). In October 2020, the Company was granted leave to file a Third Amended Notice of Civil Claim and filed the Third Amended Notice of Civil Claim on April 16, 2021. The outcome of this action is presently uncertain; however, the Company and its counsel, McLean & Armstrong LLP ("**M&A**"), have advised that the claim is strong and also highly dependent on Mr. Munson as a witness. The Company's legal counsel estimates that the legal fees required to pursue this claim will be between \$600,000 to \$1.2 million and the Company has entered into a retainer agreement with M&A that will allow it to continue to pursue the Pretium Claim during these Proposal Proceedings.

- b. **Admirals Claim:** In or around October 2020, the Company submitted a claim seeking compensation in the amount of \$17.08 million pursuant to a subcontract among the Company and Westpro, a division of Pomerleau Inc. ("**Westpro**"), in relation to earthworks and electrical work performed by the Company on the Highway 1-Admirals/McKenzie Interchange Project (the "**Admirals Project**"). Westpro had been engaged by the British Columbia Minister of Transportation and Infrastructure ("**MOTI**") as the prime contractor to complete the Admirals Project. The subcontract requires Westpro and the Company to attempt to reach a resolution to disputes thereunder by negotiation and is presently at the claim submission stage.

On the Company's instructions, M&A has engaged an expert in delay and impact claims further to revising the claim submitted by the Company in October 2020. M&A has advised the Proposal Trustee that it believes the negotiation process under the subcontract may take over a year to complete. The Company is not planning on pursuing this claim until the Pretium Claim is resolved. The Company has accrued a receivable balance relating to the Admirals Project, of which a portion has been allowed for in doubtful accounts given the uncertainty of collection for conservative purposes.

- c. **Rainbow Hill Claim:** In or about the summer of 2017, a dispute arose between the Company and the MOTI with respect to certain concrete lock blocks manufactured and supplied by Burnco to the Company, which were intended to construct a significant feature of a passing lane along a stretch of Highway 16 known as Rainbow Hill (the "**Rainbow Hill Project**"), but were rejected by MOTI. On or around September 2019, the Company submitted a claim in respect of this dispute seeking damages in the amount of approximately \$1.5 million (the "**Rainbow Hill Claim**"). Management advises that the Rainbow Hill Claim has been referred to a "referee" (the "**Referee**") and the various parties made submissions in early 2020 and are awaiting the Referee's non-binding decision. The Referee was expected to issue its decision in mid-March 2021; however, as of the date of this Proposal Report no decision has been released. Accordingly, the outcome is currently unknown. The Company has accrued a receivable balance relating to the Rainbow Hill Project of which the full balance has been allowed for in doubtful accounts given the uncertainty of collection for conservative purposes.

### Long-term Receivables

64. The Company's long-term receivables relate to funds owed to the Company by Lakelse Air Ltd. ("**Lakelse Air**") and Lakelse Helicopters Limited Partnership ("**Lakelse LP**" and, together with Lakelse Air, the "**Lakelse Group**").
65. On or around July 2018, the Company sold Lakelse Air to Lakelse LP. As consideration, Lakelse LP agreed to, among other things, grant the Company: (a) a promissory note in the amount of \$2.5 million; and (b) an "Earn Out Payment" totalling no more than \$2 million.
66. Subsequently, the Lakelse Group was placed into receivership (the "**Lakelse Receivership**") on application by Canadian Western Bank ("**CWB**"). Management advised that it initially understood that the Company would recover at least \$2.5 million in the Lakelse Receivership. However, to date, the Company has not recovered anything and is engaged in a dispute with CWB with respect to the Company's entitlement to payment from the proceeds of the Lakelse Receivership.
67. Three subcontractors of the Company, including Lakelse Air, have asserted lien claims against Pretium in the Pretium Claim. Lakelse Air's asserted lien claim amounts to \$4,170,571.25 (the "**Lakelse Lien Claim**"). The Company has accepted and taken an assignment of the Lakelse Lien Claim.
68. Management has advised that given the complexity and uncertainty of the claim in the Lakelse Receivership, it is not confident that there will be any recovery from the claim against Lakelse Group and any balance that may be recovered is not expected to be material.

### Real Property

69. The Company is the registered owner of the following four contiguous parcels of land adjacent to its head office:
  - a. PID 011-597-496 and PID 014-296-055; comprising of warehouse, repair and storage facilities for the Equipment (defined below) (the "**Warehouse Parcels**"); and
  - b. PID 011-069-821 and PID 011-268-298; comprising of bare lands adjacent to the Warehouse Parcels (together with the Warehouse Parcels, the "**Real Property**").
70. The 2021 BC Assessment value of the Real Property totals approximately \$2.48 million.
71. Attached at **Appendix "E"** are copies of the Prince Rupert Land Title Searches in respect of the Real Property.

72. Attached at **Appendix "F"** are copies of printouts from the BC Assessment website showing the 2021 assessment values of the Real Property.
73. The Company previously listed the Real Property for sale, but the listing has since expired. The Company recently accepted an offer to purchase the Real Property for the purchase price of \$3.8 million (the "**Current Offer**"). However, this offer is subject to numerous conditions in favour of the purchaser, and Management is uncertain whether the conditions will be removed. Management advises that it plans to list the Real Property for sale in the event that the Current Offer does not complete.
74. In the event of a bankruptcy, the estimated realizable value of the Real Property is between \$3,420,000 and \$3,800,000.

## ***LIABILITIES***

### **Secured Creditors and Statutory Liabilities**

75. As at April 30, 2021, according to its books and records, the Company was indebted to the following secured creditors having registered security interests against the Company's property in the PPR:

Figure 8 - Secured Creditors		(collectively the "Secured Creditors")
Secured Creditor	Security Interest	Approx. Indebtedness
Accord	First-in-time AIPAAP security, first ranking inter-alia mortgage against certain real estate properties owned by the Company and BCK. First ranking AIPAAP security against BCK, SCA, PRA and BCWM.	\$ 7,236,107.10
Arundel	Various heavy equipment	220,288.30
Brandt Tractor Ltd. (" <b>Brandt</b> ")	Various heavy equipment	NIL
Current	Various heavy equipment	186,106.74
Dynamic	Various heavy equipment	283,300.32
Ford	Various vehicles	13,055.78
Terrace Totem	Various vehicles	213,381.31
IBM Global Financing Canada Corp.	Various computer equipment	64,056.84
Northbridge	Second-in-time comprehensive (effectively AIPAAP) security	271,024.44
Province of British Columbia Ministry of Finance (" <b>Ministry of Finance</b> ")	Third-in-time AIPAAP security	NIL
	<b>Total</b>	<b>\$ 8,487,320.83</b>

76. As at the Filing Date, the Company was indebted to CRA in the amount of approximately \$284,984.14 in respect of unremitted source deductions, plus penalties and interest, the principal portion of which is a claim ranking in priority to the interests of all other creditors. Since the Filing Date, the Company has utilized funds obtained through the Canada Emergency Wage Subsidy program to pay down the principal. Further, on or about April 30, 2021, ACC paid \$225,062.48 to the Company on account of its intercompany debt, which the Proposal Trustee understands was, in part, used by the Company to pay the balance of the principal in full – at which point the deemed trust dissolved – leaving interest and penalties in the amount of approximately \$35,000. Interest and penalties comprise an unsecured amount owing to CRA. As mentioned above, the Proposal Trustee is awaiting confirmation from the CRA that the principal amount has been paid in full.
77. Accord is the Company's senior secured creditor and holds a first-in-time security interest over the Company's property except in relation to specific equipment over which PMSIs have been registered. As set forth above, Accord is owed the sum of approximately \$11.3 million by the Company and the Related Parties, and approximately \$7.2 million by the Company directly as primary obligor.

78. Based on information provided by Management as well as the PPR search, the Proposal Trustee understands that the amounts due to Arundel, Current Financial Corp., Dynamic Capital Equipment Finance Inc., Ford Credit Company Canada, Terrace Totem Ford Sales Ltd., and IBM relate to leased equipment and vehicles, against which each lessor holds registered PMSIs.
79. Northbridge holds a second-in-time registered comprehensive (effectively AllPAAP) security interest against the Company's property and, as at the date of the Proposal Report, is owed the sum of \$248,449.07.
80. At the Filing Date, there was a third-in-time AllPAAP registration against the Company in favour of Her Majesty the Queen in right of British Columbia as represented by the Minister of Finance (the "**Ministry**") in respect of Provincial Sales Tax ("**PST**") owing by the Company for the period covering September 2018 through March 2019. During the Proposal Proceedings, Management facilitated an audit with the Ministry and confirmed that no amounts were owed for PST, rather, the Company was entitled to a refund in the amount of \$26,998.50. Accordingly, the Ministry discharged its AllPAAP registration on May 17, 2021. Management has advised that the full amount of the aforementioned PST refund has been applied against the significant balance due to the Ministry for amounts owing in respect of employer health taxes.
81. The Proposal Trustee and its legal counsel reviewed a search of the PPR in respect of the Company that had been completed on or about the Filing Date, a copy of which is attached at Appendix "I" to the First Report, and identified parties with registered security interests that had not been identified by the Company as secured creditors (collectively, the "**Other Secured Parties**"), including:
- a. Roynat Inc. ("**Roynat**");
  - b. BNP Paribas;
  - c. NSCU;
  - d. Britco Boxx LP;
  - e. Concentra Bank;
  - f. TFG Financial;
  - g. Bank of Montreal;
  - h. CWB;
  - i. Atco Structures & Logistics ("**Atco**");
  - j. Inland Kenworth;
  - k. Brandt Tractor Ltd. ("**Brandt**");
  - l. Canadian Western Bank Leasing; and
  - m. Great West Equipment Ltd.
82. Since the Filing Date, Management has confirmed the following with respect to the Other Secured Parties:

- a. Atco, NSCU, and Roynat have discharged their PPR registrations;
  - b. the leases of equipment with Concentra Bank, Inland Kenworth, Bank of Montreal, and TFG Financial were transferred to ACC in 2020;
  - c. the Company has voluntarily surrendered the equipment subject to leases with Brandt, and, accordingly, the Company and its counsel are actively trying to have Brandt remove its PPR registration; and
  - d. Management advises that the balance of the Other Secured Parties are no longer owed money by the Company and/or the equipment against which security interests has been registered is no longer in the Company's possession. Accordingly, the Company and its counsel have been actively attempting to have such parties remove their PPR registrations.
83. Apart from the foregoing, the Proposal Trustee is not aware of any other secured creditors of the Company.

#### **Preferred Creditors**

84. As at the Filing Date, the Company was indebted to about 20 employees who held wage and vacation claims totaling approximately \$35,585.00. Since the Filing Date, the Company has been paying wage obligations in the ordinary course. As at the date of this Proposal Report, Management advised that the only remaining employment obligation owing by the Company is in respect of accrued vacation to two employees totaling \$9,207.40. Management has advised that it will allow these employees to use their vacation, but does not anticipate making payouts. Employees of the Company in respect of accrued but unpaid vacation pay as at the Filing Date are unaffected creditors pursuant to the terms of the Proposal.
85. In the event of a bankruptcy, employees' claims for wages and vacation due within 6-months of the date of bankruptcy plus severance enjoy an elevated priority to a maximum of \$7,578 (2021 limit) pursuant to the Wage Earner Protection Program Act. Service Canada would then be entitled to a subrogated secured claim against the current assets of the Company pursuant to Section 81.3 of the BIA for the wages and vacation paid to the employees to a maximum of \$2,000 per employee. This claim ranks ahead of Accord's security as against the current assets.
86. The Proposal Trustee is not aware of any other creditors who may be considered a preferred creditor.

**Unsecured Creditors**

87. The Company's books and records indicated that it is indebted to about 308 unsecured creditors in amounts totaling approximately \$18,483,748.72. This amount is inclusive of amounts owing to individual and entities that would constitute "related persons" under the BIA. The unrelated unsecured creditors are comprised primarily of trade suppliers, equipment lessors (for estimated shortfalls), utility providers, professional service providers, and various other vendors.

**IX. SUMMARY OF MARKETING AND SALE OF THE REDUNDANT EQUIPMENT**

88. Pursuant to the Initial Relief Order, the Company was authorized and permitted to market and sell the Redundant Equipment.
89. Since the Initial Relief Order was pronounced, the following six pieces of Redundant Equipment have been sold rendering gross sale proceeds totalling \$176,200 and (less cost of sales and applicable taxes) net proceeds of \$164,895. Please note, this amount is greater than the amount referred to in Paragraph 43 above as it relates to sales to date as opposed to as at April 30, 2021:

a. 1985 Caterpillar IT28 (SN: 2KC00817)	\$19,500;
b. 1990 Caterpillar V300B (SN: 72Y01627)	\$12,900;
c. 2006 John Deere 844J (SN: DW844JX601830)	\$40,000;
d. 2003 Chevrolet Impala (VIN: 2G1WH52K839125295)	\$2,800;
e. 2007 John Deere 644J (SN: DW644JX610199)	\$80,000; and
f. 2014 Argo Xti 8X8 (SN: 2DGS000T0ENK34989)	\$21,000.

90. The Company is presently marketing eight other pieces of Redundant Equipment with the assistance of UconsignEquip Inc. Management advises that there are no formal plans to list, market, and sell the remainder of the Redundant Equipment at this time given the Company's focus on the Proposal and obtaining new work.

**X. SUMMARY OF JOB BIDDING EFFORTS**

91. Since the Filing Date, the Company has identified 27 separate projects put to tender in or around the surrounding area. Of those projects, Management advises that the Company had available the necessary financing and/or workforce to bid on 13 of the projects.
92. The Company placed a bid on all 13 of these projects; however, 12 have not been awarded to the Company and one bid remains pending. Management advises that the Company will continue to bid on jobs as they become available assuming adequate financing and staffing is available.

## XI. OTHER MATTERS

### Discharge of the Burnco Judgment

93. The Company was named in a lawsuit in November 2018 by Burnco, which claimed the Company owed it approximately \$369,214.50 in connection with work performed by it as a subcontractor on the Rainbow Hill Project. Burnco obtained default judgment against the Company and registered its judgment against the Real Property.
94. As a result of the registration of the Burnco Judgment against the Real Property, Accord restricted drawdowns of \$400,000 of the Company's revolving loan. Accord confirmed that upon discharge of the judgment, the \$400,000 in additional financing through the revolving loan would be made available to the Company.
95. On March 31, 2021, the Proposal Trustee made an application to Court to discharge the Burnco Judgment. An Order was granted by the Court on March 31, 2021.
96. Upon discharge of the Burnco Judgment, Accord released the restricted loan availability.

### Investigation of Potential Trust Claims

97. After the Filing Date, Management informed the Proposal Trustee that the Company owed certain amounts on account of obligations incurred before the Filing Date to three subtrade vendors in relation to three separate, ongoing construction projects in respect of which the Company was also owed accounts receivable. Accordingly, the accounts receivable related to these construction projects would (so long as the subtrade vendors remained unpaid) be subject to a trust in favour of the subtrade vendors (in the amounts owed to them) pursuant to the *Builders Lien Act*, S.B.C. 1997, c. 45 (the "**BLA**").
98. In light of the foregoing, and under the supervision of the Proposal Trustee, the Company paid the amounts owing to these subtrade vendors and collected the accounts receivable. The foregoing did not constitute material adverse changes to the Company's projected cash flows.

### Investigation of Distribution of Funds from the Rokstad Contract

99. On March 23, 2021, the Proposal Trustee's counsel received a letter (the "**Blue Max Letter**") from counsel to Blue Max Drilling Inc. ("**Blue Max**") claiming that:
  - a. the Company received funds (the "**Project Funds**") relating to work it performed on the Brucejack Mine Project for Rokstad;

- b. pursuant to trust provisions of the BLA, the Company was not entitled to the benefit of the Project Funds until it had paid certain subcontractors, including Blue Max for the work Blue Max had performed on the Brucejack Mine Project;
- c. Blue Max remains unpaid by Rokstad for work performed on the Brucejack Mine Project in the amount of approximately \$2.7 million; and
- d. the Project Funds may have flowed to assets held by the Company and, consequently, those assets may be held in trust for Blue Max.

100. In response to the Blue Max Letter, the Proposal Trustee conducted a review and identified \$19,169,994.54 in cash receipts that were deposited into the Company’s bank account relating to the Brucejack Mine Project and identified corresponding payments to various subtrade vendors that were made immediately after such deposits. Total payments to the vendors identified are summarized below:

<b>Figure 9</b>	
<b>Disbursement of Funds from Rokstad Contract</b>	
RBC Loan	\$ 13,610,000.00
GRADS8524200000	2,211,358.06
Commercial Taxes EMPTX (Payroll)	871,437.66
Canasteel Rebar Services	228,941.51
Various Cheques	174,773.49
Transfer to Spring Creek Aggregates	1,883,532.70
Transfer to Lakelse Air	1,653,508.13
	<b>\$ 20,633,551.55</b>

- 101. Following this review, the Proposal Trustee concluded that, due to the co-mingling of funds within the Company’s bank accounts, approximately \$1.46 million more funds were disbursed than were received into such accounts from payments in relation to the Brucejack Mine Project.
- 102. Included in the approximately \$2.21 million paid with the transaction description “GRADS852400000” on the Company bank statements are batch payments to various project vendors and employees.
- 103. The Company advised that the transfers to Lakelse Air, a related party at the time of the transfers, were to pay for the approximately \$5.30 million in subcontractor services provided by Lakelse Air to the Company relating to the Rokstad project. Accordingly, Lakelse Air suffered a loss on services provided to the Company on the Rokstad job.
- 104. In light of the foregoing findings, on May 10, 2021, the Proposal Trustee’s counsel sent a letter to Blue Max’s counsel in response to the Blue Max Letter advising that, while the Proposal Trustee did not complete a forensic audit, the Project Funds had been dispersed

and that it had no evidence that the Project Funds were used to purchase other assets or were otherwise traceable.

### **Review of the Company's Books and Records**

105. The Proposal Trustee is required to review the Company's accounting and banking records to identify any transactions that may be considered a fraudulent preference or a transfer at undervalue pursuant to Sections 95 and 96 of the BIA.
106. Subsections 95 to 101 of the BIA confer upon the Proposal Trustee the ability to challenge settlements and preferential transactions. If successful, the proceeds of any such challenges would be for the benefit of the general creditors.
107. As discussed above, the Proposal Trustee has not been able to verify whether ACC has paid BCC for the estimated equity in the equipment transferred to ACC or whether such payments were on account of rent for the use of equipment, and, accordingly, the Proposal Trustee is unable to say whether the transfer of the equipment might constitute a transfer at undervalue. Other than these transactions, based on a review of the Company's banking and accounting information for the period of November 1, 2020 to February 28, 2021, the Proposal Trustee did not identify any other transactions that, on their face, appear to constitute fraudulent preferences or transfers at undervalue.

### **XII. PROPOSAL TRUSTEE'S MONITORING OF CASH FLOWS**

108. The Proposal Trustee is required to monitor the Company's business and financial affairs from the Filing Date up to the date that the Proposal is approved by the creditors and the Court, and to advise the Company's stakeholders of any material adverse changes in the Company's projected cash flow or financial affairs. Throughout these Proposal Proceedings, the Company has provided the Proposal Trustee with weekly cash flow reports representing its actual results for the period of March 1, 2021 to June 6, 2021 (the "**Actual Cash Flows**") along with other documents in support of same based on the Company's financial accounting records. Attached at **Appendix "G"** is a copy of the Actual Cash Flows.
109. The Proposal Trustee has not identified any material adverse changes in the Company's financial situation based on its review of the cash flow projections, weekly cash flow reports and other banking/accounting documentation.
110. As shown on the Actual Cash Flows, Proposal Trustee notes the following non-material and/or non-adverse variances from the Initial Cash Flow Projection and the Updated Cash Flow Forecast:
  - a. cash inflows from future work were \$487,925 greater than projected. This variance substantially relates to the payment from ACC to the Company in the amount of

\$225,062.48, which (as described above) was made to allow the Company to pay amounts owing to CRA. Such payment was the repayment of a shareholder loan, but, since the cash flow forecast did not have a category for same, this amount was filed under "future work";

- b. cash outflows from contingency costs were \$196,667 less than projected as a result of fewer unforeseen costs;
  - c. cash outflows for payroll remittances were \$203,647 greater than projected as a result of the Company's use of funds from ACC to pay the principal amount owing to the CRA on account of unremitted source deductions;
  - d. cash outflows from secured creditor payments were \$80,132 less than projected as a result of fewer than anticipated sales of Redundant Equipment.
111. Based on the Updated Cash Flow Forecast and related assumptions, Management projected that the Company would have access to sufficient funds under the limits of the credit facilities provided by Accord to continue operations through to May 24, 2021. To date, the Company has not required interim financing in part because Accord has allowed it to draw on its credit facilities on margin.

### **XIII. PROPOSAL TO CREDITORS**

112. On June 24, 2021, the Company filed the Proposal, the material terms of which are as follows:
- a. the claims of the following parties will be unaffected under the terms of the Proposal:
    - i. post-filing creditors;
    - ii. secured creditors;
    - iii. the Crown (to the extent of any Crown claims);
    - iv. Ian Munson;
    - v. any persons having a valid and enforceable trust claim as against the property or assets of the Company pursuant to the provisions of the BLA and the BIA;
    - vi. employees of the Company in respect of accrued but unpaid vacation pay as at the Filing Date; and
    - vii. beneficiaries of the Administrative Charge.
  - b. the claims (the "**Affected Claims**") of the following parties (the "**Affected Creditors**") and claims of all other creditors of the Company will be affected under the terms of the Proposal:

- i. convenience creditors (with a claim totaling less than \$500) (the "**Convenience Creditors**");
  - ii. creditors who elect to receive \$500 in full satisfaction of their claim (the "**Cash Election Creditors**"); and
  - iii. all other creditors having an Affected Claim that are not Convenience Creditors or Cash Election Creditors;
- c. the Company will be entitled to continue paying creditors who have claims arising in respect of goods supplied, services rendered, and other consideration given to the Company arising after the Filing Date in the ordinary course of business (the "**Post NOI Creditors**"). All Post NOI Creditors have and will continue to be paid in the ordinary course and will not be compromised under the Proposal;
- d. the Company is proposing to distribute the net proceeds from the Pretium Claim (as further described below) in full satisfaction of the claims of the Affected Creditors. Management advises that the Company will only be pursuing the Pretium Claim actively at this time and not the other Project Claims discussed above for the time being due to the following reasons:
  - i. the Company has limited time and resources available and accordingly will focus on the largest and most certain litigation claim;
  - ii. other Project Claims will be pursued more actively once the Pretium Claim is resolved; and
  - iii. Accord holds security over all the Company's accounts receivable, including contingent accounts receivable from Project Claims. Accordingly, any disbursement of net proceeds to fund the Proposal is subject to the approval of Accord, and it has only approved the terms of the Proposal;
- e. Convenience Creditors and Cash Election Creditors will be paid in full up to a maximum of \$500 separate from the net proceeds of the Pretium Claim. This will not reduce the overall recovery to the Affected Creditors;
- f. The net proceeds of the Pretium Claim (i.e. the "Net Litigation Proceeds" as defined in the Proposal) will be paid to the Affected Creditors (*pro rata*, other than the Convenience Creditors and Cash Election Creditors) under the terms of the Proposal. As set forth in the Proposal, the "Net Litigation Proceeds" will comprise any and all amounts actually received by the Company from or in relation to the Pretium Claim (i.e. the "Litigation Proceeds" as defined in the Proposal) less:
  - i. any amounts payable under any retainer agreement between the Company and M&A, or other counsel relating to the provision of legal services in relation to the pursuit of the Pretium Claim (i.e. a "Retainer Agreement" as defined in the Proposal);
  - ii. any amounts payable by the Company under a "Litigation Funding Agreement" as defined in the Proposal;

- iii. any amounts paid by the Company to any persons as ordered by a court or arbitrator or as agreed by way of settlement in relation to the Pretium Claim; and
  - iv. the amounts paid to Accord under the Proposal (as described below);
- g. Accord will receive a percentage of the gross litigation proceeds from the Pretium Claim (i.e. the “Litigation Proceeds” as defined in the Proposal) as outlined in the table below:

**Figure 10**

LITIGATION PROCEEDS	PERCENTAGE OF LITIGATION PROCEEDS PAYABLE TO THE ACCORD GROUP
< \$6,000,000	0%
\$6,000,000.01 - \$8,000,000	22%
\$8,000,000.01 - \$10,000,000	27%
\$10,000,000.01 - \$12,000,000	32%
\$12,000,000.01 - \$14,000,000	37%
> \$14,000,000	42%

- h. Crown claims, including the balance of the interest and penalties in source deductions referred to above, will be paid within 6 months following the date on which the Court grants an order approving the Proposal; and
  - i. Mr. Munson has agreed not to take any distribution in respect of his claim against the Company (approximately \$2,284,275.18), thereby increasing recoveries for the Affected Creditors. Management advises that it is anticipated that Mr. Munson’s claim will be written off at the beginning of 2022 for no compensation.
113. Management advises that, for the reasons that follow, the Company is unable to pursue all of the Project Claims simultaneously, and has therefore chosen to pursue the Pretium Claim to fund this Proposal. Firstly, pursuit of the Project Claims requires the expenditure of considerable legal fees and expenses that the Company cannot afford in its straitened circumstances. Secondly, Accord holds a first-ranking security interest in the Company’s accounts receivable, meaning that any proposal to pay unsecured creditors in priority to Accord is subject to its consent. The Company has obtained Accord’s approval of the terms and conditions of the Proposal as drafted. Management advises that Accord would not approve any proposal which sees recoveries from any other sources paid to unsecured creditors in priority to Accord.

114. Under the Proposal, claims do not include interest accrued after the Filing Date. Distributions are subject to the standard 5% levy payable to the OSB.
115. In accordance with section 101.1 of the BIA, the Proposal provides that sections 95 to 99 and 101 of the BIA will not apply with respect to the Proposal and the Company, which means that any potential recovery for preferences or transfers at undervalue are eliminated by the Proposal.

#### **XIV. STATEMENT OF ESTIMATED REALIZATION AND DISTRIBUTION**

116. The Proposal must be approved by a majority in number of Affected Creditors holding at least two-thirds in value of the Affected Claims of those Affected Creditors who vote at the Meeting (defined below) (the "**Required Majority**"). Following approval of the Proposal by the Required Majority of Affected Creditors at the Meeting, the Proposal must also be approved by the Court which will consider, among other things, whether the Proposal is calculated to benefit the general body of creditors.
117. If the Proposal is not approved by the Affected Creditors or the Court, the Company will be deemed to have made an assignment in bankruptcy as of the Filing Date.
118. The Proposal Trustee, with the assistance of Management, has prepared a schedule comparing expected recoveries by unsecured creditors in a bankruptcy and liquidation scenario versus the amount those creditors might expect to receive under the Proposal (the "**Estimated Realization Schedule**"). A copy of the Estimated Realization Schedule is attached at **Appendix "H"**. The assumptions relied upon by the Proposal Trustee in preparing the Estimated Realization Schedule were informed by:
  - a. information provided by the Company;
  - b. discussions with Management; and
  - c. the information set forth in this Proposal Report.

#### **Bankruptcy**

119. In a bankruptcy scenario, it is expected that the Company's unsecured creditors would recover between NIL and 5% of the amount of proven claims against the Company.
120. This estimate is based on, among other things, the following primary assumptions:
  - a. in regards to realizations on the Company's assets, the "high" bankruptcy scenario was prepared using FLV and the "low" scenario assumes that assets would be realized at a 25% discount to FLV. Further, it is assumed in the "high" bankruptcy scenario that the Real Property would be sold for its appraised value and/or the

value of the Current Offer (i.e. \$3.8 million), and in the "low" scenario that it will be sold for FLV;

- b. estimated realization costs relating to heavy equipment and vehicles assume that an auction will take place on-site in Terrace, BC, within approximately two to three months of the date of bankruptcy. The costs of this auction would include, without limitation, rent payable to BCK for continued use of space, labour for key employees, maintenance costs, commissions, insurance, and transportation of equipment to the auction site. Also included is a contingency for unforeseen costs;
- c. recoveries from the sale of the Equipment and the Vehicles are estimates based on their respective FLV. Management advises that actual recoveries may be much lower due to the remote location in which the equipment is currently located. While it is possible to relocate the Equipment and the Vehicles offsite, the Proposal Trustee understands that the costs of doing so may be significant and may outweigh any benefits;
- d. details pertaining to the likelihood of collectability of the intercompany receivables were provided by Management, and the Proposal Trustee followed up with numerous questions and reviewed the various financial statements (if available). The Proposal Trustee has not audited or otherwise verified the accuracy or completeness of the financial information of the Related Parties. In addition, some information was not readily available to gauge the value of certain assets owned by the Related Parties. As many of the Related Parties are not operational and do not have material assets, a significant amount of the intercompany receivables is not believed to be collectible in a bankruptcy or otherwise;
- e. as mentioned above, the Redemption Transactions will reduce the amount owed by the Company to 263 by approximately \$1.05 million, contingent on the implementation of the Proposal, meaning unsecured creditors would be further diluted by this claim in a bankruptcy scenario, but not under the Proposal;
- f. due to the uncertainty in a bankruptcy, the Proposal Trustee did not include an estimate of the potential recoveries from the Project Claims. A trustee in bankruptcy or a receiver will require funding to pursue any legal actions and it may be challenging to pursue the claims in view that key witnesses such as Mr. Munson may not be available or cooperative in a bankruptcy. The Estimated Realization Schedule lists the recoveries from the Project Claims as 'unknown' as they are simply too difficult to quantify;
- g. in a bankruptcy "high" scenario, the Proposal Trustee anticipates that Accord will be repaid in full. To the extent the Company pays any amounts that were advanced by Accord to the Related Parties, the Company's estate may have a subrogated claim against the Related Parties. Assuming the trustee in bankruptcy or receiver is successful in asserting such a subrogated claim, the Proposal Trustee estimates

that approximately \$890,000 may be available for distribution to the Company's unsecured creditors.

## **Proposal**

121. Under the Proposal, the Proposal Trustee estimates that there will be funds available for distribution to the unsecured creditors (other than the Convenience Creditors and the Cash Election Creditors) amounting to between \$NIL and \$5.3 million once the costs of administration are considered. This equates to \$NIL to about \$0.35 for every \$1.00 of unsecured creditors' proven claims.
122. As discussed above, the Proposal is entirely contingent on the Pretium Claim. All other Project Claims have been excluded from the recovery.
123. Accordingly, the Proposal Trustee estimates that under the Proposal there is a potential for a greater recovery by unsecured creditors than in the event of a bankruptcy.

## **XV. RECOMMENDATION OF THE TRUSTEE**

124. The Proposal Trustee notes that the Company has conducted its business operations within the parameters of its projected cashflows throughout the Proposal Proceedings. The Proposal Trustee further notes that the Company has acted, and continues to act, in good faith and with due diligence in these Proposal Proceedings.
125. It is the duty of the Proposal Trustee to inform the creditors in an independent and objective manner as to the merits of the Proposal. Further, the Proposal Trustee is required to state whether, in its opinion, the Proposal provides an advantage to the Company's general body of creditors as compared to a bankruptcy.
126. The Proposal Trustee recommends that the Affected Creditors vote to approve the Proposal for the following reasons:
  - a. the Proposal is supported by Accord, which would in a bankruptcy scenario recover in priority to all other stakeholders (subject to few exceptions), and therefore offers the Affected Creditors the potential for a greater recovery than they might otherwise receive in a bankruptcy, although there are attendant risks (discussed above and summarized below);
  - b. in the event that the Proposal is successful and the Company remains in operation, there is a possibility that the Affected Creditors could benefit from on-going business with the Company. This could also benefit employees, who may continue their employment, and have positive impacts on the local economy;

- c. should the Proposal not be accepted, the Company will be deemed to have assigned itself into bankruptcy and there will be nominal recoveries, if any, to the unsecured creditors based on the information and assumptions referred to above. While the Proposal is not certain, the recoveries to creditors in a bankruptcy are minimal in the highest estimate and contingent on uncertain collections;
  - d. the Company has secured counsel and funding to pursue the litigation. This, and the cooperation of Mr. Munson, would not necessarily be available in a bankruptcy; and
  - e. no timeline or guarantee for the completion of the litigation is specified. However, the Company should be motivated to resolve the Pretium Claim and implement the Proposal as quickly as possible.
127. With the above said, the Proposal Trustee notes the following risks attendant to the Affected Creditors' acceptance of the Proposal:
- a. the primary source of funding the Proposal relates to litigation and there are obviously risks and uncertainties involved with litigation. This includes the legal fees and costs which are paid in priority from any recovery, and their impact on any potential recovery is unknown;
  - b. the Proposal does not contemplate a floor for recoveries for Affected Creditors. However, the Proposal does provide the Inspectors (defined therein) with the authority to approve any proposed settlement of the Pretium Claim (subject to the Company's right to apply to Court to approve same).

## **XVI. VOTING PROCEDURES AND OTHER INFORMATION**

128. A meeting of creditors will be held by video conference hosted on Zoom on Thursday, July 15, 2021 at 10:00 AM PST for the purpose of voting on the Proposal (the "**Meeting**"). If you would like to participate at the meeting, please send an email to [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca) for an invitation to the Meeting.
129. Attached at **Appendix "I"** is a copy of the Electronic Meeting Protocol (the "**Protocol**"). Creditors and those attending the Meeting are asked to familiarize themselves with the Protocol prior to the Meeting. Included in the Protocol are details regarding:
- a. the technological platform used to host the Meeting and etiquette for the use thereof;
  - b. pre-meeting requirements;
  - c. procedural conduct of the Meeting; and
  - d. post-Meeting reporting.

130. Again, the Proposal must be approved by the Required Majority at the Meeting.
131. Along with this Proposal Report, the Proposal Trustee mailed or emailed to each of the Company's creditors: a copy of the Proposal, a condensed statement of affairs, a notice of the meeting of creditors, a form of proof of claim (a "**Proof of Claim**"), proxy, and voting letter.
132. In order to be eligible to vote on the Proposal, creditors must have filed a Proof of Claim with the Proposal Trustee no later than 12:00 PM PST on Wednesday, July 14, 2021. The Proposal Trustee will provide each creditor that files a Proof of Claim with confirmation of receipt. If a creditor that has submitted a Proof of Claim has not received confirmation of receipt from the Proposal Trustee by 12:30 PM PST on Wednesday, July 14, 2021, they are asked to follow up with the Proposal Trustee by email at [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca). In order to be accepted by the Proposal Trustee, Proofs of Claim must be properly completed, signed, and evidence (e.g. invoices, agreements and/or statements of account) must be provide in support of the claim. The Proposal Trustee will reject any deficient Proofs of Claim.
133. Votes can be cast in person at the Meeting, by proxy or by voting letter. A corporation can only vote by voting letter or through an individual holding a valid proxy. Creditors are encouraged to submit their Proofs of Claim and voting letters to the Proposal Trustee in advance of the date of the Meeting to assist the Proposal Trustee in getting their claims and votes duly registered.
134. Parties intending to attend the Meeting must notify the Proposal Trustee by email by no later than 12:00 PM PST on Wednesday, July 14, 2021. The Proposal Trustee will provide each party advising of their intention to attend the Meeting with confirmation of attendance. If a party that has advised of their intention to attend the Meeting has not received such confirmation of attendance by 12:30 PM PST on Wednesday, July 14, 2021, they are asked to please follow up with the Proposal Trustee by email at [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca).
135. Prior to the Meeting, the Proposal Trustee will provide information by email to parties that have delivered proxies, voting letters, or notices of attendance. The information to be provided in advance of the Meeting is:
  - a. a proposed agenda for the Meeting;
  - b. a unique creditor identification number;
  - c. confirmation as to the status of that parties' claim (i.e. whether it is admitted or contested for voting purposes); and
  - d. the meeting ID and password for the Meeting.
136. If the Proposal is not approved by the Required Majority, the Company is deemed to have made an assignment into bankruptcy.

137. If approved by the Required Majority, the Proposal must then be approved by the Court. Refusal by the Court to approve the Proposal will also result in the Company being deemed to have made an assignment into bankruptcy.
138. Electronic submissions are acceptable. Creditors may return the above documents by facsimile at 604-687-5617 or by e-mail to [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca) It is not necessary to mail original copies to the Proposal Trustee.
139. If the Proposal is accepted by the Required Majority and approved by the Court, it becomes binding on all of the Affected Creditors whether they voted for or against the Proposal.

DATED AT the City of Vancouver, in the Province of British Columbia, this 24<sup>th</sup> day of June, 2021.

**Crowe MacKay & Company Ltd.**

in its capacity as Licensed Insolvency Trustee of the Proposal of  
Bear Creek Contracting Ltd. and not in its personal capacity

Per:



Mr. Derek Lai, CPA, CMA, CIRP, LIT, CFE  
(Chartered Insolvency & Restructuring Professional)

*Encl.*

# APPENDIX A

**In the Matter of the Proposal of Bear Creek Contracting Ltd.  
Projected Cash Flow Statement  
For the period March 1, 2021 to June 13, 2021**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	1-Mar-21	8-Mar-21	15-Mar-21	22-Mar-21	29-Mar-21	5-Apr-21	12-Apr-21	19-Apr-21	26-Apr-21	3-May-21	10-May-21	17-May-21	24-May-21	31-May-21	7-Jun-21
	7-Mar-21	14-Mar-21	21-Mar-21	28-Mar-21	4-Apr-21	11-Apr-21	18-Apr-21	25-Apr-21	2-May-21	9-May-21	16-May-21	23-May-21	30-May-21	6-Jun-21	13-Jun-21
<b>Opening Cash</b>	-	(0)	(0)	(0)	0	0	0	0	(0)	(0)	0	0	(0)	0	0
<b>Cash Inflows</b>															
Accounts Receivable Collections	5,826	98,901	152,354	5,380	18,342	19,136	15,750	148	-	-	-	-	-	-	-
CEWS	-	50,461	-	-	-	12,193	-	-	-	12,193	-	-	-	-	12,193
Equipment Sales	84,000	-	39,900	-	-	-	-	-	15,435	-	-	-	-	15,435	-
Existing Work	-	-	58,272	195,683	9,450	-	2,768	-	-	-	-	-	-	-	-
Future Work	-	-	-	-	16,976	13,132	13,132	13,132	9,006	5,162	5,162	5,162	5,162	9,006	5,162
GST Receivable	-	-	-	4,064	923	2,265	1,574	2,658	1,428	3,503	2,814	3,695	1,762	2,096	3,232
Rental Income	14,692	-	-	10,500	14,692	-	-	10,500	14,692	-	-	-	-	10,500	14,692
Accord Revolver	163,241	205,675	4,268	5,862	140,692	75,909	176,872	76,922	38,696	-	-	-	-	-	-
Additional Financing Required	-	-	-	-	-	-	-	-	125,348	103,545	199,171	99,080	109,252	127,419	171,930
	<b>267,758</b>	<b>355,037</b>	<b>254,793</b>	<b>221,489</b>	<b>201,074</b>	<b>122,634</b>	<b>210,096</b>	<b>103,360</b>	<b>204,604</b>	<b>124,403</b>	<b>207,148</b>	<b>107,937</b>	<b>126,676</b>	<b>180,840</b>	<b>180,323</b>
<b>Disbursements</b>															
Commission	6,628	-	3,148	-	-	-	-	-	1,218	-	-	-	-	3,070	-
Contingency	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Servicing	38,932	12,708	64,786	21,815	39,660	12,238	64,040	22,768	39,842	12,481	65,388	24,174	13,520	13,803	41,918
Fuel	2,884	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
GST Payable	1,880	991	6,000	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	18,446	9,795	-	2,293	18,446	-	9,795	-	20,740	-	9,795	-	2,293	18,446	9,795
Office Expenses	1,275	-	-	-	12,715	-	-	-	12,715	-	-	-	-	12,715	-
Payroll Remittances	-	50,461	-	-	-	12,193	-	-	-	12,193	-	-	-	12,193	-
Professional Fees	-	52,500	3,117	53,000	-	52,500	3,117	53,000	-	52,500	3,117	53,000	-	52,500	3,117
PST	5,250	-	2,494	-	-	-	-	-	965	-	-	-	-	965	-
Rentals	2,995	-	-	-	2,995	-	-	-	2,995	-	-	-	-	2,995	-
Repairs & Maintenance	-	-	1,096	3,679	497	247	299	247	169	97	97	97	97	169	97
Secured Creditor Payments	77,372	192,000	36,752	-	-	-	-	-	14,217	-	-	-	-	36,803	-
Subcontractors - Existing Work	-	-	-	5,827	-	-	-	-	-	-	-	-	-	-	-
Subcontractors - Future Work Estimates	-	-	-	388	-	-	-	-	792	-	-	-	-	311	-
Subcontractors - Fixed Costs	26,343	-	26,343	-	26,343	-	29,425	-	26,343	-	26,343	-	26,343	-	29,425
Supplies & Materials	1,000	1,000	6,629	19,903	3,553	2,269	2,536	2,269	1,870	21,499	1,499	1,499	1,499	1,870	499
Utilities	-	582	1,640	258	1,305	810	5,323	77	1,037	633	9,208	4,168	1,223	-	3,773
Wages & Benefits	69,753	10,000	69,753	-	70,560	17,378	70,560	-	56,700	-	66,700	-	56,700	-	66,700
Accord Revolver	-	-	8,035	89,325	-	-	-	-	-	-	-	-	-	-	-
	<b>267,759</b>	<b>355,037</b>	<b>254,793</b>	<b>221,489</b>	<b>201,074</b>	<b>122,634</b>	<b>210,095</b>	<b>103,360</b>	<b>204,604</b>	<b>124,403</b>	<b>207,148</b>	<b>107,938</b>	<b>126,676</b>	<b>180,840</b>	<b>180,324</b>
<b>Change in Cash</b>	(0)	0	0	0	(0)	(0)	0	(0)	0	0	0	(0)	0	0	(0)
<b>Closing Cash</b>	(0)	(0)	(0)	0	0	0	0	(0)	(0)	0	0	(0)	0	0	0
<b>Accord Revolver room remaining:</b>	227,534.59	21,859.59	25,627.09	109,090.09	368,398.09	292,489.59	115,617.59	38,695.59	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Bear Creek Contracting Ltd.

This statement of projected cash flow of Bear Creek Contracting Ltd. was prepared in accordance with Paragraph 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report.

Crowe MacKay & Company Ltd.

in its capacity as Trustee under the Notice of Intention to Make a Proposal of Bear Creek Contracting Ltd. and not in its personal capacity

# APPENDIX B

In the Matter of the Proposal of Bear Creek Contracting Ltd.  
 Projected Cash Flow Statement  
 For the period May 10, 2021 to August 22, 2021

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	10-May-21	17-May-21	24-May-21	31-May-21	7-Jun-21	14-Jun-21	21-Jun-21	28-Jun-21	5-Jul-21	12-Jul-21	19-Jul-21	26-Jul-21	2-Aug-21	9-Aug-21	16-Aug-21
	16-May-21	23-May-21	30-May-21	6-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	4-Jul-21	11-Jul-21	18-Jul-21	25-Jul-21	1-Aug-21	8-Aug-21	15-Aug-21	22-Aug-21
Opening Cash	33,000	0	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	0	0	(0)	0	(0)
<b>Cash Inflows</b>															
Accounts Receivable Collections	100,836	22,117	24,017	96,372	25,724	6,844	-	4,461	1,249	-	-	-	-	-	-
Federal Subsidies	-	-	-	-	30,200	-	-	-	-	30,200	-	-	-	-	-
Existing Work	96,204	153,000	-	9,883	-	-	337,917	22,383	-	-	136,000	159,883	-	-	-
Future Work	-	-	-	-	12,217	12,217	12,217	15,963	12,217	12,217	12,217	15,963	12,217	12,217	12,217
Rental Income	-	-	-	36,526	-	-	-	36,526	-	-	-	36,526	-	-	-
Accord Revolver	-	36,833	45,985	-	-	-	-	180,944	-	-	-	988	-	-	-
Additional Financing Required	-	-	131,852	77,830	99,050	172,197	-	120,832	137,617	104,563	-	19,365	133,538	146,412	81,347
	197,040	211,950	201,854	220,611	167,190	191,257	350,134	381,110	151,103	146,980	148,217	232,726	146,055	158,629	93,564
<b>Disbursements</b>															
Contingency	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Servicing	24,385	22,044	34,611	39,462	11,848	50,391	23,352	63,773	12,737	51,378	24,161	37,260	41,063	51,908	13,933
Fuel	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
GST Payable	-	-	-	1,000	-	-	-	5,000	-	-	-	5,000	-	-	-
Insurance	9,795	-	18,793	16,268	9,795	-	5,171	18,200	-	11,145	-	23,371	-	9,795	-
Office Expenses	600	5,228	600	8,100	600	600	5,228	8,100	600	600	1,707	8,100	600	600	600
Professional Fees	8,576	102,000	-	100,000	-	100,000	-	56,750	-	51,000	-	51,000	-	51,500	-
PST Payable	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-
Rentals	-	-	-	1,195	-	-	-	1,195	-	-	-	1,195	-	-	-
Secured Creditor Payments	-	-	-	22,585	-	-	-	22,585	-	-	-	22,585	-	-	-
Subcontractors - Existing Work	-	45,779	-	-	2,100	-	10,500	-	-	-	10,500	-	-	-	-
Subcontractors - Fixed Costs	26,343	-	26,343	-	29,425	-	26,343	-	26,343	-	29,425	-	26,343	-	-
Subcontractors - Future Work Estimates	40,000	-	-	-	-	-	-	50,000	-	-	-	50,000	-	-	-
Supplies & Materials	4,000	4,000	4,000	4,000	4,000	4,000	4,000	113,725	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Utilities	-	4,901	22,910	-	-	1,700	-	5,181	-	856	3,388	2,215	-	-	983
Wages & Benefits	79,423	-	66,596	-	79,423	6,565	66,596	8,600	79,423	-	46,047	-	46,047	12,825	46,047
Accord Revolver	8,918	-	-	-	-	-	180,944	-	-	-	988	-	-	-	-
	230,040	211,951	201,854	220,611	167,190	191,257	350,134	381,110	151,103	146,979	148,217	232,727	146,054	158,629	93,563
Change in Cash	(33,000)	(1)	0	0	0	0	(1)	0	(0)	0	0	(1)	1	(0)	0
Closing Cash	0	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	0	0	(0)	0	(0)	0
Accord Revolver amount remaining:	82,818.00	45,985.00	-	-	-	-	180,944.00	-	-	-	988.00	-	-	-	-

Check to Detailed

Bear Creek Contracting Ltd.

This statement of projected cash flow of Bear Creek Contracting Ltd was prepared in accordance with Paragraph 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee Report

Crowe Mackay & Company Ltd.

In its capacity as Trustee under the Notice of Intention to Make a Proposal of Bear Creek Contracting Ltd. and not in its personal capacity

# APPENDIX C



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of British Columbia  
Division No. 01 - Prince Rupert  
Court No. 11-2716201  
Estate No. 11-2716201

In the Matter of the Proposal of:

**Bear Creek Contracting Ltd.**

Debtor

**CROWE MACKAY & COMPANY LTD**

Licensed Insolvency Trustee

---

Date of Proposal:	June 24, 2021	Security:	\$
Meeting of Creditors:	July 15, 2021, 10:00 Meeting to be held via Zoom Conference Vancouver, British Columbia Canada,		
Chair:	Trustee		

---

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: June 25, 2021, 18:04

E-File/Dépôt Electronique

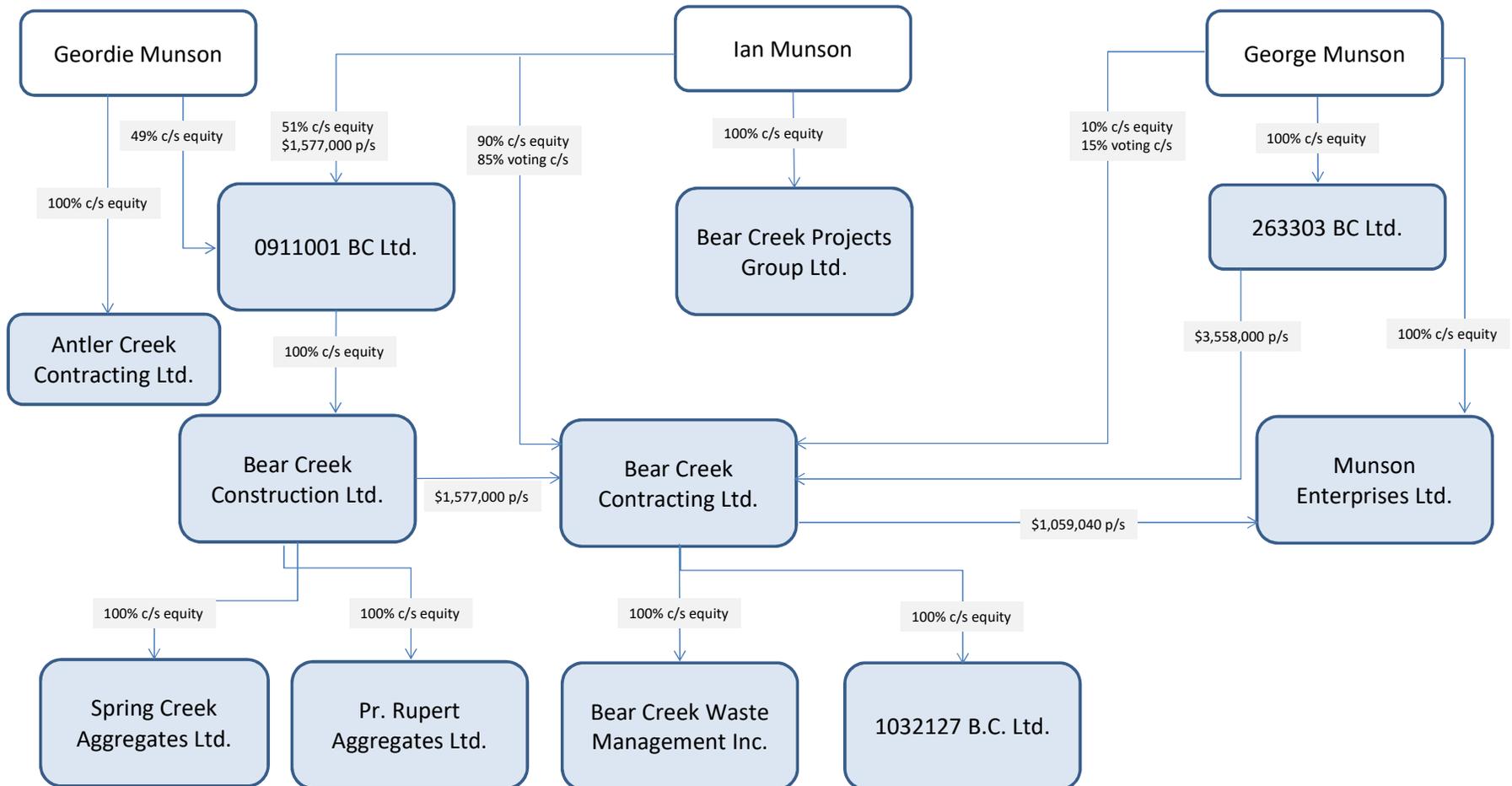
Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

**Canada**

# APPENDIX D

## Bear Creek Group Companies' Ownership Structure



# APPENDIX E

**TITLE SEARCH PRINT**

2020-04-28, 13:54:54

File Reference: Bear

Requestor: Jennifer Moir

Declared Value \$ 320000

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

**Land Title District**

Land Title Office

PRINCE RUPERT

PRINCE RUPERT

**Title Number**

From Title Number

CA145950

TK3630

**Application Received**

2005-11-23

**Application Entered**

2005-12-02

**Registered Owner in Fee Simple**

Registered Owner/Mailing Address:

BEAR CREEK CONTRACTING LTD., INC.NO. BC0064751  
3752 HIGHWAY 16 EAST  
TERRACE, BC  
V8G 5J3

**Taxation Authority**

Prince Rupert Assessment District

**Description of Land**

Parcel Identifier:

011-597-496

Legal Description:

LOT 1 DISTRICT LOT 373 RANGE 5 COAST DISTRICT PLAN 4414 EXCEPT PLANS 6426  
AND 5259

**Legal Notations**

NONE

**Charges, Liens and Interests**

Nature:

MORTGAGE

Registration Number:

BB680925

Registration Date and Time:

2008-06-26 10:54

Registered Owner:

ROYAL BANK OF CANADA

Remarks:

INTER ALIA  
MODIFIED BY CA8147732  
EXTENDED BY CA8147733

Nature:

JUDGMENT

Registration Number:

CA7212964

Registration Date and Time:

2018-11-27 16:10

Registered Owner:

BURNCO ROCK PRODUCTS LTD.  
INCORPORATION NO. A0076979

**TITLE SEARCH PRINT**

2020-04-28, 13:54:54  
Requestor: Jennifer Moir

File Reference: Bear  
Declared Value \$ 320000

Nature: MODIFICATION  
Registration Number: CA8147732  
Registration Date and Time: 2020-04-20 15:59  
Remarks: INTER ALIA  
MODIFICATION OF BB680925

Nature: MORTGAGE  
Registration Number: CA8150488  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA8150489  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

**TITLE SEARCH PRINT**

2020-04-28, 13:54:55

File Reference: Bear

Requestor: Jennifer Moir

Declared Value \$N/A

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

<b>Title Issued Under</b>	SECTION 98 LAND TITLE ACT
<b>Land Title District</b> Land Title Office	PRINCE RUPERT PRINCE RUPERT
<b>Title Number</b> From Title Number	TC13540 TB6959 TB6960 TC11869 TC13538
<b>Application Received</b>	1989-07-07
<b>Application Entered</b>	1989-07-07
<b>Registered Owner in Fee Simple</b> Registered Owner/Mailing Address:	BEAR CREEK CONTRACTING LTD., INC.NO. 64751 3086 HIGHWAY 16 EAST TERRACE, BC V8G 3N5
<b>Taxation Authority</b>	Omineca Assessment District
<b>Description of Land</b> Parcel Identifier: Legal Description:	014-296-055 LOT 1 DISTRICT LOTS 372 AND 373 RANGE 5 COAST DISTRICT PLAN 12376
<b>Legal Notations</b>	NONE
<b>Charges, Liens and Interests</b> Nature: Registration Number: Registration Date and Time: Registered Owner:  Remarks:	UNDERSURFACE AND OTHER EXC & RES TC11870 1989-06-20 08:09 HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA PART. SEE TC11869 SECTION 47 LAND ACT

**TITLE SEARCH PRINT**

2020-04-28, 13:54:55  
Requestor: Jennifer Moir

File Reference: Bear  
Declared Value \$N/A

Nature: MORTGAGE  
Registration Number: BB680925  
Registration Date and Time: 2008-06-26 10:54  
Registered Owner: ROYAL BANK OF CANADA  
Remarks: INTER ALIA  
MODIFIED BY CA8147732  
EXTENDED BY CA8147733

Nature: JUDGMENT  
Registration Number: CA7212969  
Registration Date and Time: 2018-11-27 16:10  
Registered Owner: BURNCO ROCK PRODUCTS LTD.  
INCORPORATION NO. A0076979

Nature: MODIFICATION  
Registration Number: CA8147732  
Registration Date and Time: 2020-04-20 15:59  
Remarks: INTER ALIA  
MODIFICATION OF BB680925

Nature: MORTGAGE  
Registration Number: CA8150490  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA8150491  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

**Duplicate Infeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

**TITLE SEARCH PRINT**

2020-04-28, 13:54:54  
Requestor: Jennifer Moir

File Reference: Bear  
Declared Value \$ 175000

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

<b>Land Title District</b>	PRINCE RUPERT
Land Title Office	PRINCE RUPERT
<b>Title Number</b>	CA2270285
From Title Number	CA584450
<b>Application Received</b>	2011-11-14
<b>Application Entered</b>	2011-11-17
<b>Registered Owner in Fee Simple</b>	
Registered Owner/Mailing Address:	BEAR CREEK CONTRACTING LTD., INC.NO. BC0064751 3752 HIGHWAY 16 EAST TERRACE, BC V8G 5J3
<b>Taxation Authority</b>	Prince Rupert Assessment District
<b>Description of Land</b>	
Parcel Identifier:	011-069-821
Legal Description:	LOT 16 BLOCK 5 DISTRICT LOT 373 RANGE 5 COAST DISTRICT PLAN 3218
<b>Legal Notations</b>	NONE
<b>Charges, Liens and Interests</b>	
Nature:	STATUTORY RIGHT OF WAY
Registration Number:	CA2996850
Registration Date and Time:	2013-02-18 08:23
Registered Owner:	TM MOBILE INC. INCORPORATION NO. A56593
Nature:	JUDGMENT
Registration Number:	CA7212973
Registration Date and Time:	2018-11-27 16:11
Registered Owner:	BURNCO ROCK PRODUCTS LTD. INCORPORATION NO. A0076979

**TITLE SEARCH PRINT**

2020-04-28, 13:54:54  
Requestor: Jennifer Moir

File Reference: Bear  
Declared Value \$ 175000

Nature: MORTGAGE  
Registration Number: CA8147733  
Registration Date and Time: 2020-04-20 15:59  
Registered Owner: ROYAL BANK OF CANADA  
Remarks: EXTENSION OF BB680925  
MODIFIED BY CA8147732

Nature: MORTGAGE  
Registration Number: CA8150488  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA8150489  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

**Duplicate Infeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

**TITLE SEARCH PRINT**

2020-04-28, 13:54:54

File Reference: Bear

Requestor: Jennifer Moir

Declared Value \$35,000

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\*****Land Title District**

Land Title Office

PRINCE RUPERT

PRINCE RUPERT

**Title Number**

From Title Number

TG14077

TB6961

**Application Received**

1993-09-24

**Application Entered**

1993-09-24

**Registered Owner in Fee Simple**

Registered Owner/Mailing Address:

BEAR CREEK CONTRACTING LTD., INC.NO. 64751  
3752 HIGHWAY 16 EAST  
TERRACE, BC  
V8G 4T1**Taxation Authority**

Omineca Assessment District

**Description of Land**

Parcel Identifier:

011-268-298

Legal Description:

LOT 7 BLOCK 2 DISTRICT LOT 372 RANGE 5 COAST DISTRICT PLAN 3218 EXCEPT  
PLAN 5250**Legal Notations**

NONE

**Charges, Liens and Interests**

Nature:

MORTGAGE

Registration Number:

BB680925

Registration Date and Time:

2008-06-26 10:54

Registered Owner:

ROYAL BANK OF CANADA

Remarks:

INTER ALIA  
MODIFIED BY CA8147732  
EXTENDED BY CA8147733

Nature:

JUDGMENT

Registration Number:

CA7212971

Registration Date and Time:

2018-11-27 16:11

Registered Owner:

BURNCO ROCK PRODUCTS LTD.  
INCORPORATION NO. A0076979

**TITLE SEARCH PRINT**

2020-04-28, 13:54:54  
Requestor: Jennifer Moir

File Reference: Bear  
Declared Value \$35,000

Nature: MODIFICATION  
Registration Number: CA8147732  
Registration Date and Time: 2020-04-20 15:59  
Remarks: INTER ALIA  
MODIFICATION OF BB680925

Nature: MORTGAGE  
Registration Number: CA8150490  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA8150491  
Registration Date and Time: 2020-04-22 11:15  
Registered Owner: ACCORD SMALL BUSINESS FINANCE CORP.  
INCORPORATION NO. BC0924892  
ACCORD SMALL BUSINESS LEASING CORP.  
INCORPORATION NO. BC0852495  
Remarks: INTER ALIA

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

# APPENDIX F

## 3686 HIGHWAY 16 E TERRACE

Area-Jurisdiction-Roll: 25-788-10423.000



**Total value \$966,000**

2021 assessment as of July 1, 2020

Land \$443,000

Buildings \$523,000

Previous year value \$966,000

Land \$443,000

Buildings \$523,000

### Property information

Year built 1973  
Description Warehouse, Storage

Bedrooms

Baths

Carports

Garages

Land size 3.86 Acres

First floor area

Second floor area

Basement finish area

Strata area

Building storeys 1

Gross leasable area 8,534

Net leasable area

No. of apartment units

### Legal description and parcel ID

Lot 1 Plan PRP4414 District Lot 373 Range 5 Land District 14  
Except Plan 6426

PID: 011-597-496

### Sales history (last 3 full calendar years)

No sales history for the last 3 full calendar years

### Manufactured home

Width

Length

Total area

## Register with BC Assessment



Search properties on a map



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## 3752 HIGHWAY 16 E THORNHILL V8G 5J3

Area-Jurisdiction-Roll: 25-788-10386.800



**Total value \$1,237,000**

2021 assessment as of July 1, 2020

Land \$339,000

Buildings \$898,000

Previous year value \$1,238,000

Land \$339,000

Buildings \$899,000

### Property information

Year built 1980

Description Service Repair Garage

Bedrooms

Baths

Carports

Garages

Land size 2.74 Acres

First floor area

Second floor area

Basement finish area

Strata area

Building storeys 1

Gross leasable area 16,464

Net leasable area

No. of apartment units

### Legal description and parcel ID

Lot 1 Plan PRP12376 District Lot 372 373 Range 5 Land District 14

PID: 014-296-055

### Sales history (last 3 full calendar years)

No sales history for the last 3 full calendar years

### Manufactured home

Width

Length

Total area

### Comments

Property has more than one structure; Property Details may be for multiple structures

**Register with BC Assessment**



Search properties on a map



Store and access favourite properties across devices



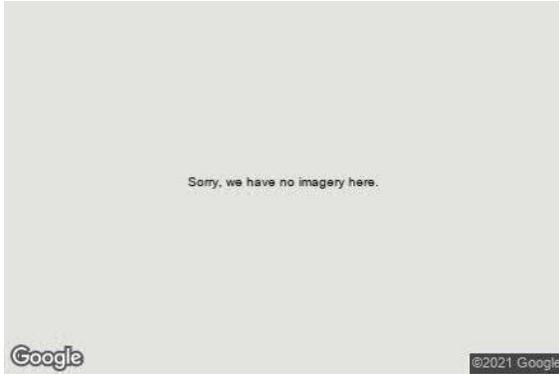
Compare property information and assessment values



View recently viewed properties

## CRESCENT ST TERRACE V8G 0A2

Area-Jurisdiction-Roll: 25-788-10418.000



**Total value \$180,700**

2021 assessment as of July 1, 2020

Land \$177,000

Buildings \$3,700

Previous year value \$180,700

Land \$177,000

Buildings \$3,700

### Property information

Year built 1988

Description Fencing - Chain Link

Bedrooms

Baths

Carports

Garages

Land size 1.21 Acres

First floor area

Second floor area

Basement finish area

Strata area

Building storeys 1

Gross leasable area

Net leasable area

No. of apartment units

### Legal description and parcel ID

Lot 16 Block 5 Plan PRP3218 District Lot 373 Range 5 Land District 14

PID: 011-069-821

### Sales history (last 3 full calendar years)

No sales history for the last 3 full calendar years

### Manufactured home

Width

Length

Total area

## Register with BC Assessment



Search properties on a map



Compare property information and assessment values



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View recently viewed properties

## Terrace Rural (788) - 10364.000

Area-Jurisdiction-Roll: 25-788-10364.000



**Total value \$99,900**

2021 assessment as of July 1, 2020

Land \$99,900

Buildings \$0

Previous year value \$99,900

Land \$99,900

Buildings \$0

### Property information

Year built

Description Vacant IC&I

Bedrooms

Baths

Carports

Garages

Land size .58 Acres

First floor area

Second floor area

Basement finish area

Strata area

Building storeys

Gross leasable area

Net leasable area

No. of apartment units

### Legal description and parcel ID

Lot 7 Block 2 Plan PRP3218 District Lot 372 Range 5 Land District 14

PID: 011-268-298

### Sales history (last 3 full calendar years)

No sales history for the last 3 full calendar years

### Manufactured home

Width

Length

Total area

## Register with BC Assessment



Search properties on a map



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View recently viewed properties

# APPENDIX G

**Bear Creek Contracting**

**Actual Cash Flows**

	Actual														Total	Variance
	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
	1-Mar-21 7-Mar-21	8-Mar-21 14-Mar-21	15-Mar-21 21-Mar-21	22-Mar-21 28-Mar-21	29-Mar-21 4-Apr-21	5-Apr-21 11-Apr-21	12-Apr-21 18-Apr-21	19-Apr-21 25-Apr-21	26-Apr-21 2-May-21	3-May-21 9-May-21	10-May-21 16-May-21	17-May-21 23-May-21	24-May-21 30-May-21	31-May-21 6-Jun-21		
<b>Opening Cash</b>	-	5,273	30,102	4,046	56,522	6,974	8,286	52,799	30,579	90,320	32,216	12,024	13,915	19,024	-	-
<b>Cash Inflows</b>																
Accounts Receivable Collections	14,099	19,417	100,810	93,085	-	1,482	-	19,637	960	27,081	11,432	74,804	12,040	2,835	377,681	(181,498)
CEWS	-	50,461	-	-	-	55,492	-	-	-	48,953	-	-	-	-	154,906	80,059
Equipment Sales	46,200	84,000	42,700	21,840	-	-	-	-	-	-	-	-	-	23,520	218,260	78,925
Existing Work	-	58,272	-	21,000	-	-	-	-	-	-	229,015	-	-	9,883	318,170	(207,090)
Future Work	-	1,896	4,277	67,390	8,731	6,451	22,053	21,786	239,468	74,774	28,878	13,041	64,138	5,581	558,465	487,925
GST Receivable	-	-	-	-	-	1,885	-	-	-	-	-	-	-	-	1,885	(14,529)
Rental Income	29,583	-	11,843	525	-	36,001	-	11,843	-	36,001	11,843	-	1,050	36,001	174,690	73,089
Accord Revolver	158,049	50,747	408,330	11,835	92,761	22,160	215,027	135,262	87,870	19,562	101,050	90,480	98,826	143,175	1,635,135	664,182
Additional Financing Required	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(438,575)
	<b>247,931</b>	<b>264,793</b>	<b>567,959</b>	<b>215,676</b>	<b>101,492</b>	<b>123,473</b>	<b>237,080</b>	<b>188,527</b>	<b>328,298</b>	<b>206,370</b>	<b>153,202</b>	<b>407,340</b>	<b>176,055</b>	<b>220,996</b>	<b>3,439,193</b>	<b>542,488</b>
<b>Disbursements</b>																
Commission	4,560	6,628	3,938	-	-	-	-	-	-	-	-	-	-	-	15,126	(4,132)
Contingency	-	-	6,227	3,320	-	-	-	1,107	-	926	-	884	-	868	13,333	196,667
Debt Servicing	35,911	11,347	130,334	23,098	39,706	12,160	51,803	36,611	11,977	39,848	13,683	35,186	13,215	40,057	494,937	(45,163)
Fuel	2,884	20,000	10,000	10,000	10,000	10,000	10,000	10,000	13,000	13,000	13,000	13,000	13,000	2,000	149,884	(5,000)
GST Payable	-	-	-	-	-	-	-	10,286	-	-	-	-	-	-	10,286	(416)
Insurance	14,919	467	9,795	-	14,848	-	9,795	-	-	14,845	8,213	-	-	16,073	88,954	35,416
Office Expenses	7,816	893	2,074	3,561	7,843	274	20	5,380	159	7,644	1,092	3,640	1,107	7,736	49,238	(8,007)
Payroll Remittances	-	50,461	-	27,720	2,880	57,377	-	4,382	135,673	-	-	-	-	-	278,494	(203,647)
Professional Fees	-	39,913	20,563	-	-	-	38,392	70,126	-	-	8,576	78,300	-	67,103	322,973	157,338
PST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,708
Rentals	1,195	-	-	-	1,195	-	-	-	1,195	-	-	-	1,195	-	4,781	5,400
Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,330
Secured Creditor Payments	-	-	194,849	21,840	-	-	-	-	-	-	-	-	-	46,105	262,794	80,132
Subcontractors - Existing Work	-	11,445	2,143	-	-	-	-	5,334	-	7,730	10,488	45,779	-	-	82,919	(31,313)
Subcontractors - Future Work	-	-	-	-	-	-	-	-	-	105,430	-	42,445	-	-	147,875	(106,695)
Subcontractors - Fixed Costs	27,404	-	24,808	-	18,366	-	-	27,323	28,626	4,442	20,789	-	23,039	-	174,798	12,688
Supplies & Materials	1,235	2,520	1,840	5,820	979	3,094	-	17,609	-	6,141	1,334	7,219	2,252	15,327	65,369	13,157
Utilities	-	25	-	-	-	136	-	16,026	-	234	4,147	12,033	575	187	33,363	6,111
Wages & Benefits	69,350	8,315	55,043	1,114	55,223	-	69,702	5,386	64,268	1,236	70,827	2,679	52,567	-	455,711	55,013
Accord Revolver	77,383	87,950	132,402	66,727	-	39,119	12,856	1,175	13,659	63,001	21,244	164,284	63,995	36,001	779,796	(673,518)
	<b>242,658</b>	<b>239,964</b>	<b>594,016</b>	<b>163,200</b>	<b>151,040</b>	<b>122,160</b>	<b>192,568</b>	<b>210,747</b>	<b>268,557</b>	<b>264,475</b>	<b>173,394</b>	<b>405,449</b>	<b>170,946</b>	<b>231,458</b>	<b>3,430,631</b>	<b>(500,929)</b>
<b>Change in Cash</b>	5,273	24,829	(26,057)	52,476	(49,548)	1,313	44,512	(22,219)	59,741	(58,105)	(20,192)	1,891	5,109	(10,462)		
<b>Closing Cash</b>	5,273	30,102	4,046	56,522	6,974	8,286	52,799	30,579	90,320	32,216	12,024	13,915	19,024	8,561		
<b>Revolver Room</b>	310,109	306,610	71,385	126,323	47,297	53,320	44,149	24,062	25,829	69,268	-	63,266	28,435	(78,738)		

# APPENDIX H

In the Matter of the Notice of Intention to Make a Proposal of Bear Creek Contracting Ltd.  
 Analysis of Estimated Recoveries under a Proposal and Bankruptcy Scenario  
 Prepared as at April 30, 2021

	Ref.	Book Value as at April 30, 2021	Brucejack - \$NIL proceeds	Brucejack - \$6M- \$7.99M proceeds Accord - 22%	Brucejack - \$8M- \$9.99M proceeds Accord - 27%	Proposal			Bankruptcy	
						Brucejack - \$10M- \$11.99M proceeds Accord - 32%	Brucejack - \$12M- \$13.99M proceeds Accord - 37%	Brucejack - \$14M+ proceeds Accord - 42%	Low	High
<b>Estimated Gross Realizations from Assets</b>	[1]									
Cash	[2]	90,237.38	-	-	-	-	-	-	-	-
Trade Accounts Receivable	[3]	559,415.26	-	-	-	-	-	-	139,853.82	279,707.63
Inter-company Receivables	[4]									
Bear Creek Construction Ltd.		445,898.49	-	-	-	-	-	-	445,898.49	445,898.49
Bear Creek Waste Management Ltd.		563,237.05	-	-	-	-	-	-	-	-
Bear Creek Projects Group Ltd.		625,931.50	-	-	-	-	-	-	-	-
Spring Creek Aggregates Ltd.		4,149,491.82	-	-	-	-	-	-	-	344,839.19
Qoolun Limited Partnership		-	-	-	-	-	-	-	-	-
Antler Creek Contracting Ltd.		1,421,993.74	-	-	-	-	-	-	-	98,505.00
									445,898.49	889,242.68
Deposits from Sale of Equipment	[5]	71,902.71	-	-	-	-	-	-	71,902.71	71,902.71
Inventory	[6]	183,007.19	-	-	-	-	-	-	37,500.00	50,000.00
Investments	[7]									
NCSU Shares		59.02	-	-	-	-	-	-	-	-
Investment in BCWM, 100% Ownership		100.00	-	-	-	-	-	-	-	-
Investment in 1032127 BC Ltd., 100% Ownership		-	-	-	-	-	-	-	-	-
Preferred shares in Munson Enterprises Ltd.		1,059,040.00	-	-	-	-	-	-	-	unknown
Other Investments (silver)		2,089.00	-	-	-	-	-	-	3,180.00	3,180.00
									3,180.00	3,180.00
Realization of Pending Legal Actions	[8 & 9]									
Brucejack Mine Project		-	-	6,000,000.00	8,000,000.00	10,000,000.00	12,000,000.00	14,000,000.00	unknown	unknown
Less: Contractual Liability (BlueMax & MoreCore)		-	-	(2,250,000.00)	(2,000,000.00)	(1,750,000.00)	(1,500,000.00)	(1,250,000.00)	unknown	unknown
Less: Portion to Accord per Proposal		-	-	(1,320,000.00)	(2,160,000.00)	(3,200,000.00)	(4,440,000.00)	(5,880,000.00)	unknown	unknown
Pomerleau/MOTI		-	-	-	-	-	-	-	unknown	unknown
Rainbow Passing Lane		-	-	-	-	-	-	-	unknown	unknown
				2,430,000.00	3,840,000.00	5,050,000.00	6,060,000.00	6,870,000.00	-	-
Realization of Claim against Lakelse Air (Receivership)	[10]	-	-	-	-	-	-	-	-	-
BCC Real Estate	[11]	1,095,503.13								
3752 Hwy 16 East Terrace, BC		-	-	-	-	-	-	-	3,150,000.00	3,500,000.00
3686 Hwy 16 East Terrace, BC		-	-	-	-	-	-	-	270,000.00	300,000.00
Lot 16 Crescent Street BC		-	-	-	-	-	-	-	3,420,000.00	3,800,000.00
BCC Heavy Equipment	[12]	1,291,759.19								
Secured by Accord		-	-	-	-	-	-	-	2,767,038.59	3,689,384.78
Secured by Current		-	-	-	-	-	-	-	70,725.00	94,300.00
Secured by Dynamic		-	-	-	-	-	-	-	427,500.00	570,000.00
Secured by Arundel		-	-	-	-	-	-	-	165,641.19	220,854.92
									3,430,904.77	4,574,539.70
BCC Vehicles	[12]	231,677.16								
Secured by Accord		-	-	-	-	-	-	-	172,500.00	230,000.00
Secured by Ford		-	-	-	-	-	-	-	21,750.00	29,000.00
Secured by Terrace Totem		-	-	-	-	-	-	-	215,250.00	287,000.00
									409,500.00	546,000.00
BCC Computer Equipment	[13]	32,416.77	-	-	-	-	-	-	-	-
BCC Potential Right of Subrogation/Marshalling	[14]	-	-	-	-	-	-	-	-	890,227.77
<b>Total Gross Realizations from Assets</b>				2,430,000.00	3,840,000.00	5,050,000.00	6,060,000.00	6,870,000.00	7,958,739.79	11,104,800.49



**NOTES:**

- [1] The high bankruptcy analysis is prepared using forced liquidation values ("FLV") and the low bankruptcy analysis assumes a 25% discount of FLV. Appraisal was done by an independent third party for all real estate in May 2019 and May 2020. A different independent third party performed an appraisal in August 2019 for the equipment and vehicles owned by the Company
- [2] It is assumed that in the event of bankruptcy, there will be no material cash balance as the company has been utilizing its revolver loan with Accord.
- [3] Management has advised that the Company can expect to realize between 25% to 50% of good trade accounts receivable in the event of a bankruptcy. It is assumed that all doubtful and bad trade accounts receivable would not be recoverable in a bankruptcy.
- [4] Management has provided the details of the likelihood of collectability of intercompany AR. As many of the related parties are not operational and do not have any assets with value, much of the intercompany AR is not collectible. The collectability of each intercompany AR balance is summarized below:
- A) Bear Creek Construction (\$445,898.49 Book Value): Management has advised that under favourable circumstances, it is expected that BCK will repay the intercompany loan balance in full. In the event of a bankruptcy, it is expected that the intercompany loan balance would be recoverable by either through a direct payment to BCC or indirectly by paying down BCC's debt owing to Accord following the sale of BCK's assets.
  - B) Bear Creek Waste Management (\$563,237.05 Book Value): Management has advised that the BCWM is not operational and does not have any material assets. Accordingly, it is estimated that the Company will recover \$NIL in both bankruptcy scenarios.
  - C) Bear Creek Project Group (\$625,931.50 Book Value): Management has advised that the BCPG is not operational and does not have any material assets. Accordingly, it is estimated that the Company will recover \$NIL in both bankruptcy scenarios.
  - D) Spring Creek Aggregates (\$4,149,491.82 Book Value): Management has advised that SCA has no active business and there would be no requirement to sell assets in the event of BCC's bankruptcy unless Accord called for it. This likely wouldn't occur until an actual shortfall was suffered. Management has advised that the realizable value could be in the range of about \$345K, however there is much uncertainty with respect to the recoverability.
  - E) Qoolun Limited Partnership (\$NIL Book Value): Management has advised that the intercompany balance owing from QLP has been assumed in full by BCK. This is included in the \$445,898.49 referred to above. QLP is no longer active.
  - F) Antler Creek Contracting (\$1,421,993.74 Book Value): Management has advised that in a bankruptcy, ACC would likely cease operations, leaving no way to pay down the intercompany AR. Management has estimated that in a high bankruptcy scenario a recovery of approximately \$100k may be possible.
- [5] These funds relate to the sale of assets since the NOI filing date for which the Proposal Trustee is holding the net proceeds in trust pending payment of CRA's deemed trust claim for source deductions in full. The Trustee understands that the deemed trust claim for source deductions has since been paid in full. The Proposal Trustee is waiting for confirmation of the payment of the deemed trust claim before releasing the funds held in trust to the secured parties (namely, Accord and Current).
- [6] Management has advised that inventory is made up in majority of various shop parts. No inventory count has been conducted and accordingly management has provided an estimate for the value of the inventory held.
- [7] Investments owned by BCC include the following:
- A) Membership shares at NSCU: Management advised that are nominal and would likely be applied against any fees relating to the closing of the bank account.
  - B) 100% shares in BCWM: Management advised that BCWM does not have any assets and accordingly the shares do not hold any value.
  - C) 100% shares in 10321327 BC Ltd.: Management advised that shares hold no value as the company was never operational and does not own any assets.
  - D) Preferred shares in Munson Enterprises Ltd.: Management advises that the redemption of the preferred share of Munson Enterprises Ltd. will result in the waived claim of 263303 BC Ltd. as part of the Proposal in the amount of approximately \$1.05MM
  - E) Other investments: silver valued at approximately \$3,180 assuming the current market rates
- [8] Due to the uncertainty involved with litigation in a bankruptcy, the Trustee did not include an estimate of the potential recoveries from the litigation. The Trustee will require funding to pursue any legal actions and there are a lot of variables involved with the success of pursuing the litigation including, but not limited to, the ongoing support of key witnesses including Management.
- [9] Estimated realizations of lawsuit based on advice from the Company's legal counsel. Management has decided to not include the other ongoing legal actions in the Proposal for the following reasons
- All of the Company's time and resources are being focused on the Pretium claim. Other claims will not be focused on until this claim settles, so any potential settlement is likely years away.
  - The Company is going to have to fund the other claims and money is going to need to be raised for that. The source of funding is uncertain at this time.
  - Settlement on the Rainbow Passing Lane is limited to \$1.4 million and it is in Arbitration. Any settlement from the Arbitration, if the decision is not disputed, will be used to fund operations during the Proposal period.
  - Accord has senior security over all of the Company's AR, whether it is contingent or not. Accord has to approve the disbursement of any AR to other parties.
- [10] Management has advised that the Company has asserted a claim of \$2.5M in the Lakelse Receivership, of which the entire balance has been allowed for. Given the complexity and uncertainty of the claim, Management has advised it is not confident there will be recovery from the claim against Lakelse Air and any balance that may be recovered will not be material. Accordingly, \$NIL values were attributed to the Lakelse claim for conservative purposes.
- [11] Real estate gross proceeds are based on an appraisal conducted by an independent third party engaged by the Company in or around May 2020. Management advised that the property was listed at about FMV since June 23, 2020 with minimal interest. Based on the appraisal, FLV was calculated as a 10% discount to FMV. The company accepted an offer to purchase the properties at \$3.8MM; however, the offer is subject to numerous conditions and it is unclear whether the conditions will be lifted. For purposes of this analysis, the offer amount was used as a bankruptcy high and the FLV was used as a bankruptcy low.
- [12] BCC equipment and vehicles are assumed to be sold at FLV under a bankruptcy high scenario. The values used are per appraisals done by a third party in 2019 and 2020. The bankruptcy low scenario assumes a 25% discount of FLV.
- [13] Management has advised that given the rapid depreciation of computer equipment, that there will be no equity in the leased computer equipment. Regardless, any equity would be captured by the security interests of secured creditors.
- [14] Management has advised that the Accord financial debt owing specifically by BCC totals approximately \$7.2M. However, the amounts due to Accord by BCC and the Related Parties total about \$11.3M. The estimated value of the assets owned by BCC will not be sufficient to satisfy the amounts owed to Accord by BCC and the Related Parties in full. For purposes of this analysis, it is assumed that, in the event of a bankruptcy, Accord will assert a claim against the entirety of the net proceeds of sale that are not otherwise captured by a priority interest, beyond the amounts specifically advanced by Accord to BCC. The Trustee/BCC may have a subrogated claim against the Related Parties for the amounts paid to Accord in excess of \$7.2M.
- [15] Estimated legal fees and costs were provided by the Company's legal counsel to address specifically the construction litigation
- [16] Real estate commissions are assumed to be 6% on the first \$100,000, and 3% on the balance
- [17] In the event of a bankruptcy, for purposes of this analysis, it is assumed that all of the equipment and vehicles will be sold through auction on-site in Terrace, BC within 2-3 months of the date of bankruptcy. Management advised that commission fees are expected to range between 10% to 12%. A contingency has been included for conservative purposes. The above estimate includes occupation rent for the duration of the time period, insurance for the assets and premises, staffing and labour required to facilitate the auction, maintenance on the assets to prepare for sale, and transportation of the assets to the auction site if currently located on a jobsite elsewhere. These figures are just estimates and Management advised that the gross realizations may be much lower due to the locality of the yard in Terrace, BC and the uncertainty of parties wanting to travel to the yard to inspect the equipment. It is possible to relocate the equipment to an auction facility for sale; however, Management believes the costs of doing so may be significant (about \$400,000 to \$500,000) and the benefits will still remain uncertain.

	Bankruptcy High		Bankruptcy Low	
	BCC - Heavy Equip	BCC - Vehicles	BCC - Heavy Equip	BCC - Vehicles
Total proceeds	4,574,539.70	546,000.00	3,430,904.77	409,500.00
Assumed % sold by auction	100%	100%	100%	100%
Total Proceeds Subject to Commission	4,574,539.70	546,000.00	3,430,904.77	409,500.00
Commission rate	10.00%	10.00%	12.00%	12.00%
<b>Total Commission</b>	<b>457,453.97</b>	<b>54,600.00</b>	<b>411,708.57</b>	<b>49,140.00</b>
Costs of Realization in a Bankruptcy	<b>Bankruptcy Low</b>	<b>Bankruptcy High</b>		
Insurance	18,750.00	15,000.00		
Staffing/Labour	62,500.00	50,000.00		
Fuel	31,250.00	25,000.00		
Maintenance	50,000.00	40,000.00		
Rent	41,250.00	33,000.00		
Transportation to sale location	60,000.00	50,000.00		
	<b>263,750.00</b>	<b>213,000.00</b>		

[18] Legal and Trustee fees are estimates and represents the Trustee/Receiver's fees and costs in the event that the Proposal fails and the company is deemed bankrupt. It also assumes that the Trustee/Receiver will assist with the realization of the assets subject to the security interests of various parties as well as the administrative charge granted by the Court. Contingency costs are reasonable estimates

[19] Payment of convenience creditors with claims totaling up to \$500 will be made with the net proceeds of the litigation funds. This is an estimate provided by Management.

[20] The Company has advised CRA's deemed trust claim for source deductions has been paid in full. Accordingly, no deemed trust exists. That said, there is still a balance owing to CRA for interest and penalties in relation to source deductions. The Proposal must allow for the payment of Crown Claims pursuant to Sections 227(9) and 227(9.2) dealing with source deductions incl. penalties and interests in full. On the other hand, in the event of a bankruptcy, interest and penalties for source deductions ranks as an ordinary unsecured claim without priority.

[21] In the event of a bankruptcy, employees are protected for wages and vacation due within 6 months of the date of bankruptcy plus severance to a maximum of \$7,578.83 pursuant to the Wage Earners Protection Program Act (WEPPA). Service Canada will have a subrogated claim against the estate for the amounts paid to the employees. Amounts paid for wages and vacation will rank as a secured claim ahead of Accord but behind CRA's deemed trust claim for source deductions to a maximum of \$2,000 per employee as against the current assets of the company. It is assumed that employees will be paid in the ordinary course in the Proposal proceeding.

Total number of employees	20
Entitlement per employee	<u>2,000.00</u>
Total secured claim pursuant to WEPPA	40,000.00

[22] Below are the calculation of the net proceeds for sale allocated to the various PMSI charge holders. Any equity available after allocation will be captured by Accord's second ranking PMSI charge, or Accord's first ranking AllPAP registration.

**Allocation to Secured Creditors (Bankruptcy High)**

	Accord	Current	Dynamic	Arundel	Ford Credit	Terrace Totem
Allocation of Deposit held by Trustee	50,062.71	21,840.00	-	-	-	-
Sale of Real Estate	3,800,000.00	-	-	-	-	-
Less commissions	<u>(120,000.00)</u>	-	-	-	-	-
	3,680,000.00	-	-	-	-	-
Sale of heavy equipment	3,689,384.78	94,300.00	570,000.00	220,854.92	-	-
Less commissions	<u>(368,938.48)</u>	<u>(9,430.00)</u>	<u>(57,000.00)</u>	<u>(22,085.49)</u>	-	-
	3,320,446.30	84,870.00	513,000.00	198,769.43	-	-
Sale of vehicles	230,000.00	-	-	-	29,000.00	287,000.00
Less commissions	<u>(23,000.00)</u>	-	-	-	<u>(2,900.00)</u>	<u>(28,700.00)</u>
	207,000.00	-	-	-	26,100.00	258,300.00
Net Proceeds	7,257,509.01	106,710.00	513,000.00	198,769.43	26,100.00	258,300.00
Allocation of Trustee fees, legal fees, WEPPA, realization and contingency costs	<u>(523,453.90)</u>	<u>(7,696.55)</u>	<u>(37,000.55)</u>	<u>(14,336.41)</u>	<u>(1,882.48)</u>	<u>(18,630.10)</u>
Total Net Proceeds after admin cost allocation	6,734,055.11	99,013.45	475,999.45	184,433.02	24,217.52	239,669.90
BCC Indebtedness	7,236,107.10	186,106.74	283,300.32	220,618.43	13,055.78	213,381.31
Allocation to Secured Creditor Equity/(Shortfall)	6,734,055.11	99,013.45	283,300.32	184,433.02	13,055.78	213,381.31
Excess transferred to Accord Equity/(Shortfall) - Adjusted	<u>(502,051.99)</u>	<u>(87,093.29)</u>	<u>192,699.13</u>	<u>(36,185.41)</u>	<u>11,161.74</u>	<u>26,288.59</u>
	230,149.45	-	192,699.13	-	11,161.74	26,288.59
	<u>(271,902.54)</u>					

**Allocation to Secured Creditors (Bankruptcy Low)**

	Accord	Current	Dynamic	Arundel	Ford Credit	Terrace Totem
Allocation of Deposit held by Trustee	50,062.71	21,840.00	-	-	-	-
Sale of Real Estate	3,420,000.00	-	-	-	-	-
Less commissions	<u>(108,600.00)</u>	-	-	-	-	-
	3,311,400.00	-	-	-	-	-
Sale of heavy equipment	2,767,038.59	70,725.00	427,500.00	165,641.19	-	-
Less commissions	<u>(276,703.86)</u>	<u>(7,072.50)</u>	<u>(42,750.00)</u>	<u>(16,564.12)</u>	-	-
	2,490,334.73	63,652.50	384,750.00	149,077.07	-	-
Sale of vehicles	172,500.00	-	-	-	21,750.00	215,250.00
Less commissions	<u>(17,250.00)</u>	-	-	-	<u>(2,175.00)</u>	<u>(21,525.00)</u>
	155,250.00	-	-	-	19,575.00	193,725.00
Net Proceeds	6,007,047.44	85,492.50	384,750.00	149,077.07	19,575.00	193,725.00
Allocation of Trustee fees, legal fees, realization, and contingency costs	<u>(881,559.56)</u>	<u>(12,546.39)</u>	<u>(56,463.69)</u>	<u>(21,877.69)</u>	<u>(2,872.71)</u>	<u>(28,429.96)</u>
Total Net Proceeds after admin cost allocation	5,125,487.87	72,946.11	328,286.31	127,199.38	16,702.29	165,295.04
BCC Indebtedness	7,236,107.10	186,106.74	283,300.32	220,618.43	13,055.78	213,381.31
Allocation to Secured Creditor Equity/(Shortfall)	5,125,487.87	72,946.11	283,300.32	127,199.38	13,055.78	165,295.04
Excess transferred to Accord Equity/(Shortfall) - Adjusted	<u>(2,110,619.23)</u>	<u>(113,160.63)</u>	<u>44,985.99</u>	<u>(93,419.05)</u>	<u>3,646.51</u>	<u>(48,086.27)</u>
	48,632.50	-	44,985.99	-	3,646.51	-
	<u>(2,061,986.73)</u>					

[23] Allocation to Accord for any estimated equity on assets sold for which it is second PMSI charge holder, as the estimated distribution to Accord pursuant to its AIIPAAP charge is calculated as below:

	Bankruptcy Low	Bankruptcy High
Calculation of Funds Allocated to Accord Pursuant to AIIPAAP Charge		
BCC indebtedness	7,236,107.10	7,236,107.10
Indebtedness satisfied by PMSI	5,125,487.87	6,734,055.11
Shortfall	<u>2,110,619.23</u>	<u>502,051.99</u>
Equity on Assets subject to PMSI Charges by other Creditors	48,632.50	230,149.45
Allocation of equity for Accord 2nd Charge	48,632.50	230,149.45
Shortfall after allocation of estimated equity	<u>2,061,986.73</u>	<u>271,902.54</u>
Total Net Proceeds	6,305,541.22	9,849,746.52
Less: Allocated to PMSI	(5,787,284.51)	(7,527,238.99)
Less: Equity allocated to Accords second charge on PSMI	(48,632.50)	(230,149.45)
Less: Subrogation Claim	-	(890,227.77)
Less: WEPPA	<u>(40,000.00)</u>	<u>(40,000.00)</u>
Net Proceeds avail to distribute to Accord	429,624.21	1,162,130.31
Allocation to cover Accord Shortfall	<u>429,624.21</u>	<u>271,902.54</u>
Funds Remaining Available to Distribute	<u>-</u>	<u>890,227.77</u>

Please note that for the purposes of this analysis, Accord may not rank as second PMSI charge holder, but would rank next regardless as first ranking AIIPAAP charge holder. Accordingly, Accord would capture any equity on assets sold for which there is a PMSI charge that is not held by Accord.

[24] The BC Ministry of Finance ("MOF") is secured by an AIIPAAP charge. A refund was subjected to a right of offset against other amounts due by BCC to the MOF. Accordingly, the MOF has a \$NIL claim.

[25] The total balance owing to unsecured creditors was used from the Company's Statement of Affairs as dated June 23, 2021. Under a proposal, Ian has not been included in the distribution of the net proceeds as he is a related party. In a bankruptcy, Ian's claim may be classified as either ordinary or deferred, and will need to be therefore determined. Changes to the balance since that date are assumed to be not material.

Total Unsecured Claim	18,483,748.72
Less: Ian Munson waived claim as part of Proposal	(2,264,678.58)
Less: 263303 BC Ltd's waived claim as part of the Proposal	(1,059,040.00)
Less estimated convenience creditor balance	<u>(49,468.22)</u>
	<u><u>15,110,561.92</u></u>

# APPENDIX I

No. B-210198  
Estate No. 11-2716201  
Province of British Columbia  
Bankruptcy Division  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF  
BEAR CREEK CONTRACTING LTD.

**ELECTRONIC MEETING PROTOCOL**

On February 26, 2021, Bear Creek Contracting Ltd. (“**BCC**”) filed a Notice of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy Canada pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), and Crowe MacKay & Company Ltd. (in such capacity, the “**Proposal Trustee**”) was appointed trustee of BCC in relation to BCC’s proposal proceedings under the BIA.

By order of Mr. Justice Punnett granted March 15, 2021, among other things, the time for filing BCC’s proposal under Part III of the BIA was extended to 11:59 p.m. on May 12, 2021. By order of Mr. Justice Walker granted May 12, 2021, a further extension was granted to 11:59 p.m. on June 25, 2021.

The Proposal Trustee is authorized to convene, hold, and conduct a meeting of BCC’s creditors (the “**Meeting**”) to consider and vote on BCC’s Proposal to Creditors dated June 24, 2021, as may be amended (the “**Proposal**”).

To facilitate the Meeting during the COVID-19 pandemic, and to promote and maintain social distancing, the Proposal Trustee shall convene, hold, and conduct the Meeting substantially in accordance with this Electronic Meeting Protocol (the “**Protocol**”). Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Proposal.

**A. MEETING DETAILS**

1. Date of the Meeting: July 15, 2021;
2. Time of the Meeting: 10:00 a.m. (Vancouver time);
3. Meeting Platform: Zoom.

**B. TECHNOLOGY AND MEETING ETIQUETTE**

4. The Meeting will be conducted using the Zoom virtual meeting platform. The Zoom virtual meeting platform can be downloaded at <https://zoom.us/download> or accessed through your web browser.
5. Prior to the Meeting, you are required to learn the software as the Proposal Trustee will not have the capacity to answer questions concerning the technology during the Meeting.
6. During the Meeting:
  - (a) Leave your microphone device on “mute” until recognized by the Proposal Trustee to prevent background noise; and
  - (b) Turn your video feed off within the program, to prevent unnecessary use of bandwidth.

**C. PRE-MEETING REQUIREMENTS**

7. Proxy/ Voting Letter cut-off: All proxies or voting letters to be delivered to the Proposal Trustee in accordance with the Proof of Claim package must be received by the Proposal Trustee by no later than noon on July 14, 2021. The Proposal Trustee will provide you with confirmation of receipt. If you have not received confirmation of receipt by 12:30 p.m. on July 14, 2021, please follow up with the Proposal Trustee by email to: [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca).
8. Attendance Notice: Parties intending to attend the Meeting through Zoom shall notify the Proposal Trustee by email to [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca) by no later than noon on July 14, 2021. The Proposal Trustee will provide you with confirmation of receipt. If you have not received confirmation of receipt by 12:30 p.m. on July 14, 2021, please follow up with the Proposal Trustee by sending an email to: [bearcreek@crowemackay.ca](mailto:bearcreek@crowemackay.ca).
9. Prior to the Meeting, the Proposal Trustee will provide information by email to parties that have delivered proxies, voting letters, or notices of attendance. The information to be provided in advance of the Meeting is:
  - (a) A proposed agenda for the Meeting;
  - (b) A unique creditor identification number;
  - (c) Confirmation as to the status of your Claim (i.e. whether it is admitted or contested for voting purposes); and
  - (d) The meeting ID and password.

**D. CONDUCT OF MEETING**

10. Registration: The Zoom Meeting will be open at 9:00 a.m. on July 15, 2021, to provide sufficient time for registration. You are encouraged to call in early, and no later than 9:30

a.m. so that the registration process can be completed in a timely fashion and not delay the commencement of the Meeting. The Meeting will begin promptly, and the Proposal Trustee may not have capacity to admit late registrations.

11. During the registration process, you will be required to:
  - (a) Identify yourself by your unique creditor identification number and/or whether you hold a proxy or voting letter;
  - (b) Identify any additional individuals in attendance with you, including their capacity (legal counsel and firm as applicable); and
  - (c) Confirm your contact details and Claim amount.
12. Calling the Meeting to Order: A representative of the Office of the Superintendent of Bankruptcy or its nominee will act as “chair” of the Meeting (in that capacity, the “Chair”). The Chair will call the Meeting to order at 10:00 a.m. Vancouver time on July 15, 2021, and will adjourn the Meeting if the Chair determines that such is necessary to permit completion of the registration process. The time of the adjournment will be estimated by the Chair at the time the adjournment is declared.
13. Motions and Voting at the Meeting: The Proposal Trustee will maintain a roster of all participants compiled during the registration process. When a motion is called for by the Chair, either as a standard protocol motion for such meetings or based on a request for a motion generally, the Chair will request from the general population of Affected Creditors (as defined in the Proposal) in attendance at the Meeting for:
  - (a) A second of the motion; and
  - (b) A call for a vote on the motion, by the Required Majority (as defined in the Proposal).
14. In all instances, and in respect of all motions and votes, the Proposal Trustee shall accept votes electronically, by email or by such other means as the Proposal Trustee deems sufficient in the circumstances.
15. Questions at the Meeting: The Zoom platform includes a chat feature that allows you to submit questions to the Chair electronically. For the purposes of asking questions at the Meeting, please use the chat feature and: (a) include your creditor identification number; and (b) advise that you wish to ask a question. In an effort to mitigate disruptions, the Proposal Trustee or Chair may turn off the video and mute the microphone of any or all participants while the meeting is underway.
16. The Chair will recognize your interest in asking a question in the following priority:
  - (a) Those that have submitted requests via the chat function, and in the order of registration; and

- (b) Those that are unable to register on the chat or prefer not to do so, via a general call for questions.
- 17. Once recognized by the Chair, and before asking your question, please: (a) state your creditor identification number; (b) your name; and (c) the creditor you represent. You may then ask your question.
- 18. For clarity, you will not be permitted to ask a question or to speak at the Meeting unless and until you have been recognized by the Chair.

**E. POST-MEETING REPORTING**

- 19. As mentioned above, the Proposal Trustee shall accept votes electronically, by email or by such other means as the Proposal Trustee deems sufficient and advises in the circumstances. The Proposal Trustee or Chair will allot 15 minutes for participants at the meeting to submit their votes electronically. The Chair will adjourn the meeting on a short-term basis to allow time for the Proposal Trustee to compile all votes.
- 20. Once the votes have been compiled, the Chair will reconvene the meeting and the Proposal Trustee will provide a report that includes:
  - (a) A summary of all motions called at the Meeting;
  - (b) The result of the votes on each motion; and
  - (c) Such further and other information as determined by the Proposal Trustee to be necessary. This report will be available on the Proposal Trustee's website at: <https://www.crowemackayco.ca/engagements/recent-engagements>.