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COURT FILE NUMBER 1301-13468

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF CANADIAN IMPERIAL BANK OF COMMERCE

DEFENDANT CAMERON CONSTRUCTION SERVICES LTD. AND
CAMERON VENTURE GROUP INC.

DOCUMENT FOURTH REPORT OF THE COURT APPOINTED RECEIVER
AND MANAGER OF CAMERON CONSTRUCTION SERVICES
LTD. AND CAMERON VENTURE GROUP INC.

DATED APRIL 8, 2014

PREPARED BY DELOITTE RESTRUCTURING INC.

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CONTACT INFORMATION OF
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INTRODUCTION AND BACKGROUND

Introduction

1. Pursuant to an Order granted by the Court of Queen's Bench of Alberta (the "**Court**") on November 14, 2013 (the "**Receivership Order**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver and manager (the "**Receiver**") of Cameron Construction Services Ltd. ("**Cameron Construction**") and Cameron Venture Group Inc. ("**Cameron Venture**", collectively the "**Companies**"). A copy of the Receivership Order and other information regarding these proceedings can be accessed on Deloitte's website at www.deloitte.ca under the Insolvency and Restructuring link (the "**Deloitte Website**").
2. The Receivership Order was granted as a result of an application by Canadian Imperial Bank of Commerce ("**CIBC**"), which holds registered security over all of the Companies' present and after-acquired personal property (the "**CIBC Security**").
3. The Receiver retained Gowling Lafleur Henderson LLP ("**Gowlings**") as its independent legal counsel, who has been assisting the Receiver with various matters and who completed an independent review of CIBC's security over the property, assets and undertakings of the Companies. In certain instances, due to certain real property being located in Saskatchewan and due to a potential conflict of interest in relation to other real property in Alberta, independent legal counsel other than Gowlings was retained to conduct a security review. Gowlings and the other legal firms have determined that the CIBC Security is valid and enforceable and forms a first charge on the assets.

Notice to Reader

4. In preparing this report, the Receiver has relied on unaudited financial information, the Companies' records and discussions with former management, interested parties and the Companies' stakeholders. The Receiver has not performed an independent review or audit of the information provided.

Background

5. Cameron Construction provided construction solutions through several key business lines including fabric-building installations, earth works and electrical and controls. Cameron Construction was an authorized Guard-All dealer and constructed these fabric buildings throughout Alberta. The earth works group focused on oil and gas well-site reclamation projects and worked with several large exploration and production companies. The electrical and controls group supported the building

construction group, in addition to performing electrical installations in various residential and commercial construction projects.

6. This report constitutes the fourth report of the Receiver (the "**Fourth Report**"). The Fourth Report is being filed in support of the Receiver's application to this Honourable Court on April 15, 2014 (the "**April 15, 2014 Application**") seeking an Order approving the interim distribution of funds to CIBC.

Powers of the Receiver

7. The Receiver is to hold funds as detailed in Paragraph 12 of the Receivership Order. They include the power to hold all funds, monies, cheques, instruments and other forms of payments received or collected. Such monies shall be held by the Receiver and paid in accordance with the terms of the Receivership Order or further order of his Honourable Court.

UPDATE ON THE RECEIVER'S ACTIVITIES

8. The Receiver has issued three (3) reports and confidential supplements to each of the three (3) reports, as outlined below:
 - a. First Report of the Receiver dated February 24, 2014 (the "**First Report**") wherein the Receiver provided an update on possession and control of the Companies, provided details of the assets held by the Companies, and sought approval of the Court of a sale process to auction the equipment and vehicles owned by the Companies. The confidential supplement to the First Report (the "**Confidential Supplement to the First Report**") provided details of the proposals to auction the equipment and vehicles owned by the Companies;
 - b. Second Report of the Receiver dated March 18, 2014 (the "**Second Report**") wherein the Receiver sought approval of the sale of the Helicopter and the Estevan Lands (as defined in the Second Report), with details of the corresponding sale agreements contained in the confidential supplement to the Second Report (the "**Confidential Supplement to the Second Report**"); and
 - c. Third Report of the Receiver dated April 1, 2014 (the "**Third Report**") wherein the Receiver sought approval of the sale of the Calgary Bay (as defined in the Third Report), with details of the sale agreement contained in the confidential supplement to the Third Report (the "**Confidential Supplement to the Third Report**").
9. Pursuant to these Reports, the Court has granted orders authorizing the Receiver to retain Century Services Inc. ("**Century**") to auction the equipment and vehicles owned by the Companies. In addition, the Court has granted orders authorizing the sale of the Helicopter, the Estevan Lands and the Calgary Bay.

10. The sale of the Helicopter closed on March 27, 2014 and the Receiver has collected the gross proceeds of approximately \$336,000 from this sale. The timing of the collection of the proceeds from the sale of the remaining assets are described in more detail below.

Statement of Receipts and Disbursements

11. The Receiver has prepared a Statement of Receipts and Disbursements ("**SRD**") for the period from November 14, 2013 to April 7, 2014 for Cameron Construction, as shown in "**Appendix A**", and for Cameron Venture, as shown in "**Appendix B**". The proceeds from the sale of the Helicopter are included in the receipts detailed on the SRD of Cameron Construction.
12. The sale of the Estevan Lands is anticipated to close on April 8, 2014. To date, the Receiver has not collected any proceeds from this sale and no such amounts have been reflected in the Cameron Venture SRD.
13. The sale of the Calgary Bay is anticipated to close on April 15, 2014. To date, the Receiver has not collected any proceeds from this sale and no such amounts have been reflected in the Cameron Venture SRD.
14. The auction of the equipment and vehicles, as disclosed in the First Report and as approved by the Court, is planned to be conducted by Century on April 15, 2014 (the "**April 15, 2014 Auction**") and the Receiver does not anticipate receiving the proceeds from this sale until early May 2014. Assets of both Cameron Construction and Cameron Venture are being sold at the April 15, 2014 Auction. An amount of approximately \$61,000 was paid by Century to the Receiver as an advance for the April 15, 2014 Auction, and these funds were used to fully repay an outstanding balance owed on a leased vehicle, the security of which was deemed to be valid and enforceable by Gowlings.
15. As shown on the SRD's, accounts receivable of approximately \$410,000 have been collected by the Receiver for Cameron Construction and approximately \$28,000 for Cameron Venture. While additional collections are anticipated only in Cameron Construction, the amounts of such collections are unknown at this time.

CREDITOR CLAIMS

Priority Claims

16. Canada Revenue Agency ("**CRA**") was notified of the Receivership Order in November 2013 and completed a trust audit for payroll and GST for Cameron Construction. CRA reported that while there are no payroll source deductions owing as of the date of the receivership, a pre-receivership GST balance of approximately \$45,000 is owed to CRA from Cameron Construction as a deemed trust claim. This amount has been paid by the Receiver to CRA and there are no further pre-receivership claims outstanding to CRA from Cameron Construction.

17. CRA has not completed a GST audit for Cameron Venture, however, the Receiver has calculated a deemed trust claim of approximately \$600 and this amount has been paid to CRA. Cameron Venture did not have any employees so there are no payroll source deductions owing to CRA and the Receiver is not aware of any other outstanding pre-receivership claims.
18. Pursuant to the Wage Earner's Protection Program Act ("**WEPPA**"), Human Resources and Skills Development Canada ("**HRSDC**") has a priority claim over the current assets of the Companies for any qualifying employee arrears of up to \$2,000 per employee (the "**WEPPA Trust Claim**"). To date, 22 of the 25 qualified employees have filed such claims pursuant to WEPPA and have been paid by HRSDC which has resulted in a WEPPA Trust Claim of approximately \$41,000 against the current assets of Cameron Construction. The Receiver has paid this amount to HRSDC and, if the remaining three qualified employees file claims, the Receiver expects a further WEPPA Trust Claim of no more than \$6,000 (the "**Remaining WEPPA Trust Claim**").
19. Workers Compensation Board ("**WCB**") has filed a claim in the amount of approximately \$20,000 against Cameron Construction (the "**WCB Claim**") and the Receiver has reviewed the claim and is in agreement with its calculation. The Receiver has paid the WCB Claim as it ranks in priority to the debt of CIBC in a receivership. The payment of the WCB Claim should also allow the Receiver to collect additional accounts receivable of at least \$50,000 as certain customers require a WCB clearance certificate prior to paying the account to the Receiver.

CIBC

20. CIBC holds first ranking security over certain assets of the Companies, first by way of specific security agreements and mortgages held and second by way of general security agreements. The security from Cameron Venture in favour of CIBC is in support of a guarantee from Cameron Venture to CIBC, which guarantees Cameron Construction's obligations to CIBC. Further, CIBC also obtained personal guarantees with both John Cameron and his wife with respect to the indebtedness of the Companies. CIBC was owed approximately \$2.9 million with accrued interest and professional fees as at March 14, 2014 (the "**CIBC Debt**") and interest has been accruing at a daily rate of approximately \$700 along with additional professional fees incurred by CIBC. As noted above, Gowlings and other independent legal counsel completed an independent review of the CIBC Security and determined that it is valid and enforceable.
21. The net proceeds realized from the assets of Cameron Construction will not be sufficient to pay out the CIBC Debt in full. It is anticipated that a portion of the proceeds from the assets of Cameron Venture will be required to make up the shortfall.

Lien Claims

22. As disclosed in the Second Report, a lien has been registered by 1174365 Alberta Ltd. ("1174365") in the amount of \$12,600 on each of the titles of Lot 10 and Lot 11 of the Estevan Lands (the "**Alleged Estevan Liens**"). As noted in the Second Report, the Receiver is of the opinion that the Alleged Estevan Liens are invalid. For purposes of this application, the Receiver will not address the merits, or lack thereof, of the Alleged Estevan Liens. Instead, the Receiver will hold \$25,200 (\$12,600 for each of the two liens) from the proceeds of the sale of the Estevan Lands and 1174365 will have the opportunity to dispute the Receiver's position at the final distribution hearing (as discussed later in this report).

Other Creditors

23. Other secured creditors include several leasing companies who hold security over specific pieces of equipment or vehicles owned by Cameron Construction. The Receiver and its counsel have reviewed the security agreements in place between Cameron Construction and each of the respective secured creditors and several pieces of equipment and vehicles have now been returned to the lessors where the current assessed value of such equipment or vehicle was less than the remaining lease liability that was owing.
24. The Companies have other leases/financing in place on five (5) pieces of equipment with Canadian Western Bank and Great West Truck Lease & Rentals Ltd. and these assets will be sold in the April 15, 2014 Auction as the Receiver understands that these pieces have equity available to the Companies. The proceeds from these assets will be used to pay out the remaining lease / loan liabilities in full as Gowlings has opined that these security agreements are valid and enforceable and rank in priority to the CIBC Debt.
25. As noted in the First Report, each of Cameron Construction and Cameron Venture (through the Receiver) and Cameron Equipment Rentals Ltd. ("**Cameron Equipment**") entered into a settlement agreement, releasing all other parties the liabilities prescribed therein, and Cameron Equipment also agreed to release its personal property registrations as against the equipment and vehicles owned by the Companies. There is an ongoing dispute between Cameron Equipment and John Cameron about the ownership of certain filter inventory, however the Receiver understands that all other claims between these parties have been settled.
26. At the date of receivership, Cameron Construction listed unsecured creditors of approximately \$3,065,000 and Cameron Venture listed unsecured creditors of \$nil.

27. Based on the Receiver's preliminary review of Cameron Venture's financial records and discussions with Mr. Cameron and other stakeholders, it appears that there are few, if any, creditors of Cameron Venture. The only potential creditor that the Receiver is aware of is CAT Financial Services Ltd. ("CAT"). The Receiver understands that CAT has a cross guarantee from Cameron Venture on assets leased by Cameron Construction. The Receiver understands that the majority, if not all, of the CAT leases in Cameron Construction are being assumed by third parties and accordingly, any debts should be minimal. The Receiver and CAT are continuing to identify and locate certain of the attachments listed on the CAT leases, as this may result in CAT having a residual claim against Cameron Construction or Cameron Venture.

PROPOSED INTERIM DISTRIBUTION

28. At the April 15, 2014 Application, the Receiver will seek Court approval of a distribution of all net funds collected by the Receiver that are available for distribution (the "Proposed Distribution") which shall provide as follows:

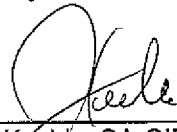
- a. That at least \$35,000 will be held back to cover the Remaining WEPPA Trust Claim and Alleged Estevan Liens. The Receiver will also hold additional funds to cover the outstanding professional fees and other costs related to the receivership; and
- b. Regardless of whether funds originate from the sale of Cameron Venture or Cameron Construction assets, all funds available for distribution shall be disbursed by the Receiver to CIBC as soon as practicable until the CIBC Debt is repaid in full, including all interest and other amounts claimable by CIBC under its security.

29. After the CIBC Debt is paid in full, the Receiver anticipates that it will bring an application, on notice to all creditors, that to the extent that assets of Cameron Venture were utilized to satisfy that indebtedness of CIBC (the "Cameron Venture Contribution"), Cameron Venture shall be reimbursed from the remaining assets/funds of Cameron Construction (to the extent available) up to the amount of the Cameron Venture Contribution pursuant to Cameron Venture's right of subrogation as a guarantor. Such reimbursement shall occur prior to any distribution being made to any creditor of Cameron Construction. If there are any assets/funds available for distribution in Cameron Construction after the repayment of the Cameron Venture Contribution, the Receiver shall seek the advice and direction of the Court regarding their disposition.

APPROVAL SOUGHT

30. As a result of the foregoing, the Receiver respectfully requests that the Court approve the Proposed Distribution.

DELOITTE RESTRUCTURING INC.,
In its capacity as Court Appointed Receiver and
Manager of Cameron Construction Services Ltd. and
Cameron Venture Group Inc. and not in its personal
capacity.



Jeff Keeble, CA-CIRP, CBV
Senior Vice President

Appendix A

Cameron Construction Services Ltd. - in Receivership
Statement of Receipts & Disbursements
For the period November 14, 2013 to April 7, 2014

Cash Receipts

Accounts receivable		\$ 409,063
Proceeds from sale of helicopter		336,292
Receipt from Century re: Ford F550 lease buyout		62,821
Miscellaneous other receipts		3,036
GST collected		2,002
Interest		107
Total cash receipts		813,321

Cash Disbursements

Operations

Payment to Ford re: F550 lease buyout	59,829	
Contract labour	20,767	
Payment to lien holders	15,328	1
Appraisal fees	10,798	
Insurance	10,600	
Commission re: helicopter sale	9,000	
Occupation rent re: helicopter storage	6,000	
Storage costs re: equipment	2,500	
Operating costs	2,070	
		136,892

Priority Claims

Canada Revenue Agency - pre-receivership GST	45,106	2
Wage Earner Protection Program	40,993	3
Workers' Compensation Board	19,917	4

Professional fees

Receiver's fees and disbursements to December 31, 2013	108,226	
Legal fees and disbursements to February 28, 2014	72,135	
		180,361

GST paid on disbursements

14,375

Total cash disbursements		437,645
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Excess of Cash Receipts over Cash Disbursements

\$ 375,676

Represented by

Cash in general account		375,676
		\$ 375,676

Notes:

- 1 Payments to lienholders include Genesis Helicopter Services Inc. and Bustin Nuts Mechanical Services Ltd.
- 2 Payment to Canada Revenue Agency is for pre-receivership GST arrears.
- 3 Payment to Human Resources and Skills Development Canada is related to WEPPA claims for 22 employees.
- 4 Payment to Workers Compensation Board is for pre-receivership premium arrears.

Appendix B

Cameron Venture Group Inc. - in Receivership
Statement of Receipts & Disbursements
For the period November 14, 2013 to April 7, 2014

Cash Receipts

Accounts receivable		\$ 28,344
Rental Income		5,714
GST collected		286
GST refund		216
Total cash receipts		<u>34,560</u>

Cash Disbursements

Operations

Condominium fees	3,638	
Operating costs	<u>3,128</u>	
		6,766

Priority Claims

Canada Revenue Agency - GST		587 ¹
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GST paid on disbursements

244

Total cash disbursements		<u>7,597</u>
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Excess of Cash Receipts over Cash Disbursements

26,963

Represented by

Cash in general account		26,963
		<u>\$ 26,963</u>

Note:

- ¹ Payment to Canada Revenue Agency for pre-receivership GST arrears.