



This is the 1st Affidavit  
of Alex En Hwa Ng in this case  
and was made on APRIL 6<sup>th</sup>, 2020

No. S-1913345  
Vancouver Registry

## IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

356746 HOLDINGS INC. doing business as  
THE GEORGE DAWSON INN  
507016 B.C. LTD.  
LUXOR HOLDINGS INC.  
UMEDALLI THOBANI also known as  
UMED THOBANI and TONY THOBANI  
THE ESTATE OF AMINA THOBANI  
MANOHAR ALEXANDER SAVUNDRANAYAGAM  
BLUESHORE LEASING LTD.  
ROYNAT INC.  
1156600 B.C. LTD.  
GROUPEX SYSTEMS CANADA INC.

Respondents

## AFFIDAVIT

I, Alex En Hwa Ng, Licensed Insolvency Trustee, and Chartered Insolvency and Restructuring Professional, of the City of Vancouver, in the Province of British Columbia,  
SWEAR THAT:

1. By engagement letter dated December 23, 2019, D. Manning & Associates Inc. (the "Monitor") was engaged by the Respondents, 356746 Holdings Ltd., 507016 B.C. Ltd., Luxor Holdings Inc., Umedalli Thobani, and the Estate of Amina Thobani (collectively the

"Debtors") for the purpose of reviewing the financial affairs of the Debtors as they relate to the operation of their hotel in Dawson Creek, British Columbia referred to as the "George Dawson Inn" or "GDI", a true copy of which engagement letter is attached hereto and marked Exhibit "A" to this, my Affidavit.

2. That I am advised by Frank Seminara, Manager, Special Accounts of the Petitioner that the engagement of the Monitor by the Debtors was a result of a forbearance agreement entered into between the Petitioner and the Debtors on or about December 16, 2019 ("Forbearance Agreement").
3. The Monitor was asked by Frank Seminara to review the Forbearance Agreement as to the accuracy of the representations contained therein and the financial viability of the George Dawson Inn as operated by the Debtors, attached hereto and marked Exhibit "B" to this, my Affidavit is a true copy of the Forbearance Agreement as presented to the Monitor, by the Petitioner.
4. The Monitor comments on certain of the Representations and finds the Debtors to be in breach of Paragraphs 3.1(b), 3.1(k) and 6.1(a) of the Forbearance Agreement as follows:

- a) **Representation** - Payables to Canada Revenue Agency are current, specifically corporation income taxes, GST and payroll source deductions

*Fact- GDI owed GST of \$90,096.58 as at December 31, 2019 (based on the Accounts Payable list, as the Financial Statements were not available at that time).*

*As at February 29, 2020, GDI owed GST \$54,168.92 based on both the Balance Sheet and the Accounts Payable list.*

*GDI owed source deductions of \$6,442.34 as at December 31, 2019.*

*As at February 29, 2020, there were source deductions owing of \$9,201.69.*

- b) **Representation** - PST payable is current

**Fact-** GDI owed Provincial Sales Tax of \$38,887.33 as at December 31, 2019 (based on the Accounts Payable list, as the Financial Statements were not available at that time).

As at February 29, 2020, GDI owed PST \$49,305.04 based on both the Balance Sheet and the Accounts Payable list.

- c) **Representation** -WorkSafeBC premiums are current

**Fact** -GDI owed \$4,940.13 to WorkSafeBC as at December 31, 2019.

As at February 29, 2020, GDI owed WorkSafeBC \$4,091.71.

- d) **Representation** - Trans Canada has contracted and booked 40 rooms at a discount rate of \$70 per night for 18 months commencing April 2020

**Fact-**The Company had offered to Coastal GasLink Pipeline Ltd. (not "Trans Canada") to provide housing for Coastal's employees at a discounted rate of \$70 per night. However, this offer was not a contract and could not be relied on. To date, no such contract has been entered into and no such bulk bookings have been made.

- e) **Representation** - Expected occupancy rate of 80% from now until "break-up" (usually in March)

**Fact** -Actual occupancy rates were:

December 2019	42%
January 2020	58%
February 2020	56%
March 2020	30% (estimated)

- f) **Representation-** George Dawson Inn Aged accounts payable as at October 31, 2019 – as attached "C-1"

**Fact-**The Monitor has identified many accounts payable that were not disclosed on the October 31, 2019 list, including but not limited to the following:



This is Exhibit "A" referred to in the Affidavit of ALEX EN HWA NG sworn before me at Vancouver, B.C., this 6<sup>th</sup> day of April, 2020.



*A Commissioner for taking Affidavits within  
British Columbia*

ENGAGEMENT OF D. Manning & Associates Inc. (the "Monitor") as Monitor to 356746 Holdings Inc. dba George Dawson Inn dba Quality Hotel and Conference Centre, Umedalli Thobani, Luxor Holdings Inc., and 507016 B.C. Ltd. (collectively the "Business Entities")

**WHEREAS:**

- A. Vancouver City Savings Credit Union (the "Secured Creditor") has made certain loans and advances to and holds guarantees, covenants and security from the Business Entities;
- B. The Loans and advances have not been paid in accordance with their terms;
- C. The affairs of the various Business Entities are inter-related as to require evaluation of all of the Business Entities;
- D. The Secured Creditor, the Business Entities, the principals of the Business Entities and their guarantors as evidenced by their consent hereto agree to the engagement of the Monitor on the terms which follow:

**1. Assessment Report**

The Business Entities hereby engage D. Manning & Associates Inc. to conduct a review of, and to report and provide their comments with respect to, all aspects of the financial affairs and operations of the Business Entities and all matters related thereto or connected therewith including the viability of the business and an assessment of the security value of the Business Entities' assets and the Business Entities' prospects for the future. Without limiting the generality of the terms of the engagement, the Monitor, is engaged to prepare reports in writing which may:

- (a) provide a general description of the various operations and businesses of the Business Entities, the management, the current businesses in which the Business Entities operate, their position in the industry and the business strategies they follow;
- (b) provide a review of historical operating results, including an assessment of divisional profitability and problems, a review of the presentation and acceptability of internal financial reports, a review of the current financial position of the Business Entities and an analysis of the circumstances contributing to that position including income taxation;
- (c) review and assess the Business Entities' financial controls and management practices, existing budgets, financial position and credit requirements, and ability to satisfy the covenants in security granted to creditors and assess the security position of the Secured Creditor;
- (d) evaluate the remuneration and benefits paid, or proposed to be paid, by the Business Entities to any of their employees, officers or directors;
- (e) assess management's monthly cash flow forecasts and supporting schedules, including projected profit and loss statements and realization balance sheets for such periods as the Monitor may consider appropriate;
- (f) review the various assets of the Business Entities and report the value and the benefit to the Business Entities of such assets;

- (g) provide the details of any proposed transaction or new investment contemplated by the Business Entities or involving the shares, property or assets of the Business Entities;
- (h) assess the existing agreements and proposed transactions between the Business Entities and all licensors, dealers, representatives, contractors and corporations with whom the Business Entities frequently contract;
- (i) report on allocations of expenditures between such Business Entities, inter-company transfers of assets including, without limitations, transfer of property, advances and payments of principal and interest in respect of such advances;
- (j) provide an assessment of the position of other creditors of the Business Entities and the priority of their ranking;
- (k) evaluate any pending or existing actions or proceedings against the Business Entities or the property and assets of the Business Entities or any proceedings affecting the rights of creditors which are commenced by or against the Business Entities;
- (l) review and assess the internal financial statements for the years ended July 31, 2018 and July 31, 2019 and year to date financial statements for both the George Dawson Inn and Quality Hotel and Conference Centre, and their combined financial statements;
- (m) review all representations of the Business Entities to the Secured Creditor; and
- (n) provide recommendations for consideration by the Secured Creditor and the Business Entities.

## **2. Access to Information**

The Business Entities agree to provide to the Monitor access to any and all information relative to the business, including without limitation, the Business Entities will disclose:

- (a) The relationship between the Business Entities and any subsidiary, affiliate or associate thereof and of any guarantors of the indebtedness of the Business Entities to the Secured Creditor.
- (b) Details of their banking relationships and the Business Entities by their consent hereto, authorize the Secured Creditor to release any and all information relative to the Business Entities to the Monitor.
- (c) Every record, document, instrument, account and voucher of the Business Entities and be entitled to require from the directors, officers and employees of the Business Entities and from all the persons subject to the direction of the Business Entities, information and explanations necessary or desirable, in the Monitor's opinion, to enable the Monitor to complete its review.
- (d) The Business Entities shall provide to the Monitor all required access to computer records used in whole or in part in the business and shall provide all necessary source and access codes and passwords to enable the Monitor to review the whole of the computer records including emails sent and received.
- (e) The Business Entities shall provide staff to assist the Monitor in its review, provide information requested by the Monitor and provide the Monitor with any and all information which is pertinent to this review whether or not requested by the Monitor.

- (f) The Business Entities shall direct the Business Entities' bankers, auditors, accountants and solicitors to assist the Monitor where necessary and to release to the Monitor all information required by the Monitor which would otherwise be of a privileged or confidential nature.
- (g) The Business Entities shall provide the Monitor with:
- (i) Federal and Provincial and Municipal licenses;
  - (ii) evidence of obligations pursuant to all taxes, Crown claims and Crown liens and will from time to time, at the request of the Monitor, execute and deliver a consent to provide information from the Federal or Provincial Crown or any agency of the Federal and Provincial Crown or municipal taxation authorities;
  - (iii) all licenses, privileges, agency agreements, distributorships;
  - (iv) written authority to speak to the owner of any property, real or personal, leased to the Business and details of municipal health, fire or work orders;
  - (v) proof of adequate insurance and coverage, payment of premiums when due and renewals;
  - (vi) monthly (within twenty (20) days after month-end) in house financial statements commencing on the expiry of the latest financial statements for the year ended July 31, 2019;
  - (vii) a budget and a business plan upon the appointment of the Monitor;
  - (viii) a list of cheques including the purpose for which each cheque is issued, on a biweekly basis, but not less than three (3) days before delivery of the cheques;
  - (ix) details of major individual capital expenditure of five thousand (\$5,000) dollars or more per individual transaction;
  - (x) monthly detailed listing of aged payables, aged receivables and reconciliations of bank accounts;
  - (xi) timely reports (at least once every two weeks) in respect of their cashflow including receipts and disbursements;
  - (xii) monthly cashflow reporting directly to the Secured Creditor which reporting shall include confirmation that disbursements are consistent with projections and reasonable;
  - (xiii) notice of any and all actions against any of the Business Entities or proceedings;
  - (xiv) particulars of all equipment leases including statements of account;
  - (xv) George Dawson Inn hotel statistics for the last twelve (12) months;
  - (xvi) Information on amounts due to/from related parties;
  - (xvii) Information on life insurance policies; and

(xviii) List of customer deposits.

- (h) The Monitor shall have reasonable access to the Business Entities' property, offices, and records, upon reasonable notice.

### **3. Reporting**

- (a) The reports of the Monitor and the information obtained by the Monitor shall be confidential. The Monitor shall provide periodic reports to the Secured Creditor partly in writing and partly oral pertaining to those elements of its assessment and report as it deems necessary.
- (b) The Business Entities agree that the Monitor will be permitted to engage in oral discussions with the Secured Creditor with respect to any and all findings prior to preparation of the written report.

### **4. Termination**

If at any time, during the course of this engagement, the Secured Creditor directs the Monitor to cease its investigations, the Monitor will be immediately relieved of any and all obligations to prepare a written assessment of the Business Entities pursuant to the terms of this engagement.

### **5. Fees and Disbursements**

The Monitor shall charge its normal charge-out-rate for the purposes of this review and any disbursements (plus applicable taxes) will be added to the loan balances outstanding by the Business Entities to the Secured Creditor. The Monitor's account will be paid by the Secured Creditor and the Business Entities agree to indemnify the Secured Creditor in respect of any amount charged by the Monitor.

### **6. Conflict of Interest**

The Business Entities agree that in the event that a Receiver, Receiver and Manager, Licensed Insolvency Trustee in a bankruptcy, Licensed Insolvency Trustee under a Proposal or Agent is to be appointed that the Monitor's status as Monitor will not preclude the Monitor, its partners, associates, employees, agents or any company controlled by or related to the Monitor from being appointed as Monitor by any other party or the court or as Receiver, Receiver and Manager, Licensed Insolvency Trustee in a bankruptcy or Licensed Insolvency Trustee under a Proposal or Agent in respect of the Business Entities following the termination of the engagement herein and the Business Entities expressly consent to the appointment of D. Manning & Associates Inc. in any such capacity.

### **7. Continuation of Credit Relationship**

The Business Entities acknowledge that the appointment of the Monitor by the Secured Creditor shall not be construed as a waiver of any rights which the Secured Creditor has under any security instrument or loan agreement. The Business Entities confirm that all loans from the Secured Creditor to the Business Entities are payable pursuant to the terms therein granted and that the Secured Creditor can continue to exercise its rights under any security instrument or loan agreement.

**8. Limitation and Indemnity**

The Business Entities acknowledge and agree that neither the Secured Creditor nor the Monitor shall be responsible to the Business Entities or their directors, employees, shareholders or creditors for any action or failure to act on any matter in connection with the Business Entities. The Business Entities acknowledge and agree that the Monitor is merely acting as a monitor in this matter and in connection therewith will assume no decision-making responsibilities nor have any management capacity.

**9. Management**

The Business Entities will conduct their own management. The Business Entities acknowledge and agree that the Secured Creditor and the Monitor cannot and will not be held responsible for any decisions and activities by the Business Entities during the term of the engagement and further the Business Entities agree to indemnify and save harmless the Secured Creditor and the Monitor from any claims or losses arising as a result of any act or omission of the Monitor done bonafide and in good faith in furtherance of the engagement.

**10. Enforcement Based on Report**

The Business Entities acknowledge that the Secured Creditor may, on the basis of the written report provided by the Monitor, or, on the basis of any information provided to the Secured Creditor by the Monitor during the course of the review, affirm their existing demand upon the Business Entities and the Guarantors pursuant to the security instruments for the immediate repayment by the Business Entities of all current indebtedness and liability to the Secured Creditor and take steps to enforce or otherwise realize upon the Secured Creditor's security.

**11. Miscellaneous**

Time is of the essence in this engagement. This engagement shall be construed in accordance with the laws of the Province of British Columbia. The parties agree to take such further steps and give such further assurances as are reasonably required for the purpose of giving force and effect to this engagement.

The Parties hereto by execution of these presents indicate their agreement with its terms.

The Monitor hereby accepts the engagement and the terms and conditions thereof.

Dated at Vancouver, this 23rd day of December, 2019.

D. MANNING & ASSOCIATES INC. )  
LICENSED INSOLVENCY TRUSTEE )  
*William Auld* )  
\_\_\_\_\_)  
Authorized Signatory )

The Borrower and the Guarantors acknowledge and agree that they have read and understood the terms of the above and that they engage the Monitor in accordance with the above terms and conditions and specifically acknowledge that each party has had the opportunity to seek the advice of such legal counsel as it required with respect to the engagement of the Monitor.

Dated at VANCOUVER, this 23 day of December, 2019.

356746 HOLDINGS INC. )  
dba GEORGE DAWSON INN )  
dba QUALITY HOTEL AND )  
CONFERENCE CENTRE )

Umedalli Thobani )  
Authorized Signatory )

UMEDALLI THOBANI )

Umedalli Thobani )  
Authorized Signatory )

LUXOR HOLDINGS INC. )

Umedalli Thobani )  
Authorized Signatory )

507016 B.C. LTD. )

Umedalli Thobani )  
Authorized Signatory )

Approved by: )  
VANCOUVER CITY SAVINGS )  
CREDIT UNION )

[Signature] )  
Per: Authorized Signatory )

This is Exhibit "B" referred to in the Affidavit of ALEX EN HWA NG sworn before me at Vancouver, B.C., this 6<sup>th</sup> day of April, 2020.



A Commissioner for taking Affidavits within  
British Columbia

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is dated as of December 16, 2019

AMONG:

**VANCOUVER CITY SAVINGS CREDIT UNION**, a Credit Union incorporated under the laws of the Province of British Columbia, having an address for service c/o 2900-595 Burrard Street, Vancouver, B.C. V7X 1J5

(the "Lender")

OF THE FIRST PART

AND:

**356746 HOLDINGS INC. doing business as The George Dawson Inn**, a company continued into the Province of British Columbia, with a registered and records office located at 300 – 10366 – 136A Street, Surrey, BC V3T 3R3

(the "Borrower")

OF THE SECOND PART

AND:

**507016 B.C. LTD. ("507016")** a B.C. company with a registered and records office located at 300 – 10366 – 136A Street, Surrey, BC V3T 3R3

**LUXOR HOLDINGS INC. ("Luxor")**, a B.C. company with a registered and records office located at 300 – 10366 – 136A Street, Surrey, BC V3T 3R3

**UMEDALLI THOBANI** also known as **UMED THOBANI** and **TONY THOBANI ("Umedalli")**, c/o 2400 – 200 Granville Street, Vancouver B.C. V6C 1S4

**THE ESTATE OF AMINA THOBANI ("Amina")**, c/o 2400 – 200 Granville Street, Vancouver B.C. V6C 1S4

OF THE THIRD PART

(507016, Luxor, Umedalli and Amina are collectively referred to as the "Guarantors")

(the Borrower and the Guarantors, are collectively, the "Debtors").

**WITNESSES THAT WHEREAS:**

A. Under the terms of a commitment letter with the Lender dated March 26, 2013 as amended by agreement dated March 20, 2018 (collectively the "**Commitment Letter**") and a Business Banking Promissory Note to the Lender from the Borrower dated June 18, 2008, (the "**Promissory Note**"), the Debtors agreed to repay to the Lender on or before March 20, 2019 the sum of \$2,109,216.36 plus interest, of which the sum of \$1,906,777.78, (exclusive of costs and the Administration Fee and the Professional Fee, each as defined below), remains outstanding and is fully due and payable by the Debtors to the Lender as at December 16, 2019, with per diem interest accruing thereafter currently at the rate of \$165.43 (the "**Loan**");

B. The Loan consists of two (2) credit facilities as follows:

- i. facility #1 with \$1,307,333.23 outstanding which accrues interest currently at the rate of 6.19% per annum, compounded monthly from and including December 17, 2019 ("**Facility #1**"); and
- ii. facility #2 with \$599,444.55 outstanding which accrues interest currently at the rate of 6.19% per annum, compounded monthly from and including December 17, 2019 ("**Facility #2**");

C. Pursuant to the Order of Mr. Justice Dley pronounced December 2, 2019 in the "**Proceeding**" (as hereafter defined) the Debtors have paid the sum of \$100,000.00 to the solicitors for the Lender which has not yet been applied on account of the Indebtedness (the "**Trust Funds**");

D. The Loan is secured by:

- i) the Commitment Letter;
- ii) the Promissory Note;
- iii) the Trust Funds;
- iv) an all indebtedness, unlimited mortgage and assignment of rents dated June 18, 2008, registered under nos. BB0680604 and BB0680605, respectively, at the Prince George Land Title Office on June 25, 2014 (together, the "**Mortgage**") and granted by the Borrower as mortgagor over lands legally described as:

The Corporation of the City of Dawson Creek

Parcel Identifier: 006-931-944

Lot 3 Section 10 Township 78 Range 15 West of the 6<sup>th</sup> Meridian Peace  
River District Plan 24114

Parcel Identifier: 006-931-952

Lot 4 Section 10 Township 78 Range 15 West of the 6<sup>th</sup> Meridian Peace  
River District Plan 24114

Parcel Identifier: 008-324-212

Parcel A (Plan 26555) of Lot 2 Section 10 Township 78 Range 15 West of the 6<sup>th</sup> Meridian Peace River District, Plan 24114

(collectively, the "Lands"), in favour of the Lender;

- v) an Acknowledgment of Receipt of Standard Mortgage Terms No. MT900380 dated June 18, 2008, and executed by the Borrower;
- vi) General Security Agreements, granted by the Borrower to the Lender and registered in the Personal Property Registry on June 25, 2008, under Base Registration Number 444674E, and registered in the Personal Property Registry on May 9, 2014 under base registration number 948049H and renewed;
- vii) a Guarantee and Postponement of Claim dated June 18, 2008 from 507016;
- viii) a Guarantee and Postponement of Claim dated June 18, 2008 from Luxor;
- ix) a Guarantee and Postponement of Claim dated June 18, 2008 from Umedalli and Amina;
- x) an Environmental Indemnity Agreement dated March 5, 2008 from the Debtors to the Lender;
- xi) Insurance for the Lands (with Standard Mortgage Clause and first loss payable to the Lender);

(collectively, with modifications thereto as contemplated by this Forbearance Agreement, the "Security");

E. The Borrower is in default of the Loan and its obligations to the Lender pursuant to the Security, the Loan is fully due and payable and the Security is fully enforceable without further notice;

F. The Guarantors are parties to valid and binding guarantees for the Loan pursuant to the Security, are liable to the Lender for the Loan and are in default of their obligations to the Lender pursuant to the Security, the Loan is fully due and payable and the Security is fully enforceable without further notice;

G. On November 22, 2019 the Lender commenced legal proceedings (numbered S1913345 in the Vancouver Registry of the Supreme Court of British Columbia) against the Debtors (and others) to appoint a receiver and manager over the Lands and property of the Borrower (the "Proceeding") which application to appoint a receiver and manager is set to be heard Thursday, December 19, 2019 on a peremptory basis;

H. In the Proceeding the following Orders have been pronounced:

- i. a Mareva Injunction as attached as Schedule "A" ("Mareva Injunction"); and

- ii. an Order respecting the proceeds of the sale of a liquor licence by the Borrower as attached as **Schedule "B" ("Freezing Order")**;

I. The Debtors have requested that the Lender forbear from proceeding to apply to appoint a receiver and manager and further realizing upon the Security, to allow the Debtors the opportunity to arrange either a sale or refinancing of the Borrower to pay out the Indebtedness and have made certain representations to the Lender as to the current state of the Borrower's business as representations are better particularized in **Schedule "C"** hereto (the **"Representations"**);

J. The Lender is concerned that the Borrower is insolvent and will not be able to proceed however based on the Representations and other representations by the Debtors as to the current state of accounts payable and receivable for the business of the Borrower and the viability of the business of the Borrower, the Lender is prepared to adjourn the application to appoint a receiver and manager in the Proceeding until January 23, 2020 (**"Initial Review Period"**) on the basis that the Lender obtains confirmation as to the accuracy of the Representations and the continued viability of the Borrower's business which confirmation will be by way of the Debtors agreeing to retain D. Manning & Associates Inc. (**"Manning"**) to review the information and Representations and report to the Lender. In the event that the Lender is satisfied as to the viability of the Borrower continuing with it's business during the Initial Review Period by Manning, the Lender will agree to release the Mareva Injunction and adjourn generally their application to appoint a receiver and manager during the currency of this agreement being maintained in good standing by the Debtors and the continued reporting by Manning;

K. For greater certainty the Debtors acknowledge and consent to the appointment of Manning pursuant to the terms of the engagement letter dated December 2019 (the **"Engagement Letter"**) attached hereto as **Schedule "D"**. Further, the Debtors:

- i) agree to the terms and conditions set out in the Engagement Letter, including but not limited to, the scope of services to be provided by Manning;
- ii) acknowledge and agree that they will be responsible for payment of Manning's fees and disbursements, in accordance with the Engagement Letter and **Schedule "F"**;
- iii) shall co-operate and shall cause their employees and agents to co-operate with Manning in all respects and shall promptly provide access and cause access to be provided to all information and documentation, as requested by Manning from time to time;
- iv) shall forthwith deliver to Manning and the Lender monthly cashflow projections to June 2020 and agree that Manning shall provide a summary and analysis of such cashflow projections as to the reasonableness thereof as well as a valuation of the assets and liabilities, including priority payables, of the Borrower;

- v) shall forthwith deliver to Manning full access to all with Canada Revenue Agency, and information regarding payables, currency of employer Payroll Source Deductions, WorkSafeBC, PST and GST (and any possible prior claims);
- vi) shall provide Manning with timely reports (at least once every two weeks) in respect of their cashflow including receipts and disbursements,
- vii) shall provide Manning with timely reports (at least once every two weeks) in respect of their refinancing activities;
- viii) shall provide monthly cashflow reporting directly to the Lender which reporting shall include confirmation that disbursements are consistent with projections and reasonable;
- ix) Manning shall have no obligation to report to the Debtors in respect of its work in connection with the Engagement Letter; and
- x) all reports and analysis delivered by the Debtors to the Lender shall be acceptable to the Lender, acting reasonably. In the event that any reporting is not acceptable to the Lender, acting reasonably, or if any reports or analysis delivered by Manning to the Lender indicate that the receipts or disbursements are inconsistent with the cashflow projections or are otherwise unreasonable given the Borrower's operations and assets and liabilities, such event will constitute an Event of Default under the Forbearance Agreement.

L. During the Initial Review Period:

- i) the Mareva Injunction will be maintained;
- ii) the Freezing Order will be maintained with the permitted disbursements as contemplated hereby; and
- iii) Manning will report to the Lender as to the accuracy of the Representations and as otherwise contemplated hereby.

M. Following the Initial Review Period if Manning's report to the Lender is favorable:

- i) the Mareva Injunction will be released; and
- ii) Manning will continue their engagement pursuant to the Engagement Letter,

otherwise the application to appoint the receiver and manager will proceed without opposition from the Debtors.

N. In consideration of the Lender agreeing, solely on the basis that the Debtors representations (including without limitation the Representations) are true and accurate and that the Debtors strictly comply with the terms and conditions of this Forbearance Agreement, and the Security to the extent not modified by this Forbearance Agreement, to forbear from realizing

on the Security and/or the appointment of receiver and manager until the earlier of the Manning's advice during the Initial Review Period that the representations of the Debtor's state of accounts are not as represented and the expiry date hereof and any default or Event of Default hereunder:

- i) the Debtors have agreed to post the Additional Security (as defined below);
- ii) the Debtors have agreed to make the Required Payments (as defined below) to the Lender in accordance herewith;
- iii) the Debtors have agreed to waive any right that they or any of them may have to file a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*;
- iv) the Debtors agree that any foreclosure proceedings commenced by the Lender as against the Lands may be commenced in the Vancouver Registry of the British Columbia Supreme Court rather than any other registry;
- v) the Debtors have agreed to consent to the appointment of a receiver and manager of the Lands and the Borrower forthwith and an Order Nisi of Foreclosure with a redemption period of no more than one month and an Order for Conduct of Sale and both effective immediately (respectively, the "Receivership Order", "Order Nisi", and "Order for Conduct of Sale") and to consent to and support any application therefor, as well as any further or other applications that may be made by the Lender with respect to the Lands, Borrower and/or Security in accordance herewith; and
- vi) all of the other terms and conditions contained herein.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the Lender's forbearance in accordance herewith, the provisions, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

**1. Acknowledgement of Indebtedness and Security and Required Payments**

1.1 The Debtors hereby acknowledge and agree that they are each liable to the Lender under the Loan and the Security for the sum of \$1,906,777.78, as at December 16, 2019, the Professional Fee, and the Administration Fee (each as defined below), plus interest and costs (collectively, the "Indebtedness").

1.2 The Debtors represent to the Lender that none of them have any defences, set-offs or counterclaims which would entitle them to dispute the Indebtedness as being fully due and payable and the Security as being fully enforceable forthwith without further notice.

1.3 The Debtors hereby confirm and agree that the Security is valid and enforceable and constitutes security for all of the Indebtedness, and that the Security shall remain in full force and effect for the benefit of the Lender following the execution of this Forbearance Agreement.

1.4 The Debtors represent and warrant to the Lender and agree as follows:

- a) that all of the warranties and representations in the Security are true;
  - i) the Debtors shall cause to be paid, from the funds the subject of the Freezing Order:
    - a) to the Borrower the sum of \$50,000.00 as working capital and third party costs of maintenance and repairs to the improvements on the Lands ("Working Capital");
    - b) to the Lender's solicitors;
      - 1) \$550,000.00 which will be then paid to the Lender and applied as against the Indebtedness as follows:
        - A) sufficient funds to pay the monthly accrued interest on Facility #1 (as though Facility #1 was renewed) together with the amount that would pay the January 2020 payment which total amount is estimated to be \$142,500.00; and
        - B) the balance on account of Facility #2;
      - 2) \$200,000.00 to be retained in trust by the Lender's solicitors which monies are anticipated to be applied, during this agreement and subject to Manning's recommendations and the Lender's approval:
        - A) \$100,000.00 on account of third party professional fees to assist the Borrower in refinancing its business and paying out the Indebtedness in full which fees contemplated include:
          - i. appraisal costs;
          - ii. environmental assessment costs;
          - iii. professional fees for accounting; and
          - iii) such other costs as may be reasonable to achieve refinancing;

B) \$100,000.00 on account of Working Capital being diminished (anticipated to be \$25,000.00 monthly for 6 months) on account of third party costs of maintenance and repairs to the improvements on the Lands which will be paid to the Borrower against invoices and accounts diminishing Working Capital as approved by Manning in accordance with **Schedule "E"**;

- c) the Debtors authorize the Trust Funds to be used to pay professional fees to date and as additional security for further professional fees as may be approved by the Lender; and
- d) the Debtors shall repay to the Lender, on or before July 1, 2020, the Indebtedness together with interest, then outstanding.

1.5 Without limiting the foregoing, the Debtors hereby agree to make (and direct the following payments) to the Lender or as the Lender may direct:

- a) payments as follows in respect of, and to be applied to, the Indebtedness:
  - i) monthly interest accrued on Facility #1 commencing February 15, 2020 and continuing each month thereafter during the term of this agreement;
  - ii) monthly interest accrued on Facility #2 commencing January 2020 and continuing each month thereafter during the term of this agreement;
  - iii) the balance of the Indebtedness on or before July 1, 2020;
- b) \$80,000.00 from the Trust Funds, to be applied to the Professional Fee (as defined below);
- c) the Administration Fee;
- d) Manning's accounts as presented and as approved by the Lender pursuant to the Engagement Letter; and
- e) the Professional Fee as approved by the Lender from time to time;  
(collectively, the "**Required Payments**").

## 2. Term

2.1 This Forbearance Agreement shall automatically expire upon July 1, 2020, unless extended in writing or sooner terminated by the Lender.

## 3. Debtors' Covenants

3.1 The Debtors and each of them covenant and agree as follows:

- a) that all of the Recitals to this Forbearance Agreement are true and correct;
- b) that the Representations are true and accurate;
- c) to comply with all of the terms of this Forbearance Agreement;
- d) to comply with all of the terms of the Security except as those terms are expressly amended by this Forbearance Agreement;
- e) to make each of the Required Payments on or before the date applicable provided in this Forbearance Agreement;
- f) to forthwith proceed diligently to refinance the Borrower so as to be in a position to repay the Indebtedness before July 1, 2020;
- g) not to borrow monies from any person or persons on the security of any assets charged by the Security or any portion thereof;
- h) to take all reasonable steps, without causing a default under this Forbearance Agreement, to prevent any creditor of the Debtors from obtaining a judgment or from commencing any execution proceedings against them or any of the Debtors' real and personal property or any portion thereof;
- i) to in any event repay the Indebtedness in full on or before July 1, 2020;
  - i) to indemnify and reimburse the Lender, for all fees and expenses for legal or other professional services incurred by the Lender up to and including the execution hereof (estimated to be \$80,000.00 to date); and
  - ii) for all additional fees and expenses incurred by the Lender for legal or other professional services,  
  
including payment of the fees which the Lender incurs as a result of the preparation, negotiation, confirmation, implementation, or enforcement of this Forbearance Agreement or the realization upon all or part of the Security, all to be added to the principal of the Loan and included in the Indebtedness, plus interest at the rate set out above (the "Professional Fee");
  - iii) to pay to the Lender \$2,000.00 monthly on the 20th day of each month (commencing December 20, 2020) (the "Administration Fee");
- j) to carry on their business in the normal course and in compliance with all applicable laws;
- k) to pay all Priority Claims during the term of this Forbearance Agreement (where "Priority Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise which ranks in priority to the Security or otherwise in priority to any claim by the Lender for repayment of the

Indebtedness), excluding property taxes until July 2020, and without limiting the generality of the foregoing:

- i) pay all rent or strata payments required to be paid;
  - ii) pay all payroll source deductions required to be paid;
  - iii) pay all WorkSafeBC assessments required to be paid;
  - iv) pay all Canada Revenue Agency, GST, PST, and income tax remittances required to be paid;
  - v) pay all property taxes, water and sewer, and other charges, provided however that property taxes for the Lands may accrue until July 2020; and
- l) to provide the Lender with any other documents or information the Lender may from time to time require to assess its security position with respect to the Loan and the Security and all assets or any portion of the Security as the Lender may direct.

3.2 The Debtors and each of them covenant and agree that they shall not, without the prior written consent of the Lender:

- a) pay any dividend or make any other distribution to shareholders or repay shareholder or other non-arms' length loans;
- b) issue any unissued shares in the capital of the Borrower or any corporate Indemnitor or grant any option or right to acquire unissued shares;
- c) approve any transfer of shares in the Borrower or any corporate Indemnitor;
- d) pay any directors' fees;
- e) pay any new officers, managers or personnel or consultants or increase any remuneration to any present officers or consultants;
- f) enter into any material contracts, including sales contracts, equipment purchase or lease agreements;
- g) incur or commit to any cumulative capital or other expenditures;
- h) commence any litigation, other than for the purpose of collecting debts owed to them;
- i) transfer, assign, convey, mortgage, charge or otherwise dispose of any real or personal property or interest in real or personal property; or
- j) institute proceedings for bankruptcy, consent to the institution or filing of any petition or proceeding with respect thereto, or to the appointment of a Receiver,

receiver and manager, interim receiver or trustee in bankruptcy or similar officer of any of the Debtors and/or the lands and property of the Debtors.

3.3 By executing this Forbearance Agreement, the Debtors and each of them hereby consent to the Order Nisi (including, specifically, a redemption period not to exceed 1 day), the Receivership Order and the Order for Conduct of Sale.

3.4 The Debtors and each of them covenant and agree that should there be an Event of Default (as defined below) including but not limited to a failure of the Debtors to make any of the Required Payments on or before the applicable date, or to repay the Indebtedness in full together with interest accrued at the rate set out herein by July 1, 2020, the Lender shall be entitled to commence a foreclosure proceeding forthwith and obtain, enter and enforce the Order Nisi, Receivership Order and the Order for Conduct of Sale, and the Debtors shall not oppose but shall consent to the said orders and the Lender's application therefor, and to any additional or supplemental order the Lender may apply for, and agree not to interfere with any enforcement of the Security or any portion thereof as the Lender may choose.

#### **4. Debtors' Acknowledgements and Releases**

4.1 The Debtors acknowledge and agree that:

- a) absent the terms of this Forbearance Agreement, the Lender is entitled to repayment of the Loan and to immediately collect the Indebtedness and to enforce the Security;
- b) demand for Payment and Notices of Intention to Enforce Security under the *Bankruptcy and Insolvency Act* have been issued by the Lender in respect of the Loan, and receipt by the Debtors has been acknowledged, and no further demand or notice of any kind whatsoever shall be required under any circumstances including upon the expiration or termination of this Forbearance Agreement;
- c) they each waive any right to file a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*;
- d) no consents, waivers, or releases have been given by the Lender in connection with the Security or the Indebtedness;
- e) the Debtors and each of them have no, and shall not in the future claim any set-offs, defences, or counterclaims against the Lender or in relation to the enforcement of their obligations under this Forbearance Agreement and the enforcement of the Debtors' obligations under the Security;
- f) the Debtors and each of them have no claims or causes of action against the Lender of any kind, including but not limited to any with respect to the Loan, the Security, the Indebtedness or otherwise and, the Debtors and each of them:
  - i) hereby release, remise and forever discharge the Lender and each of its affiliates, associates, holdings bodies corporate and subsidiaries and all of

their officers, directors, employees, agents, successors and assigns and anyone claiming under or through them (collectively, the "Lender Parties") of and from all manner of actions, causes of action, suits, liabilities, debts, dues, sums of money, general damages, special damages, costs, claims and demands, of every nature and kind at law or in equity or under any statute (collectively, "Claims"), which any of the Debtors have or ever had in respect of or in any way arising out of or related to the Loan or the repayment of the Indebtedness and/or the enforcement of the Security by the Lender; and

- ii) if any Claims exist or arise for any matters as of the date hereof, hereby release, remise and forever discharge the Lender and Lender Parties from any and all Claims;
- g) except as set out herein, the Lender continues to reserve all of its rights with regard to the Security, and that all terms and conditions thereto, except as set out herein, remain in full force and effect;
- h) none of them has any Claims against the Lender, defences, or set-offs with respect to:
  - i) the right of the Lender to the repayment of the Indebtedness; or
  - ii) the right of the Lender to enforce the Security or any portion thereof;
- i) the Lender has entered into this Forbearance Agreement based upon the promises and representations contained herein and the release of the Lender, and at the request of the Debtors; and
- j) they hereby consent to the filing of any proceedings with respect to the Security or the Lands, or otherwise arising hereunder, in the Vancouver Registry of the B.C. Supreme Court, and waive any rights to have proceedings brought in any other jurisdiction or registry.

## 5. Lender's Covenants

5.1 During the term of this Forbearance Agreement, and provided that the Debtors are not in default hereunder and no Event of Default (as defined below) has occurred, the Lender shall:

- a) accrue interest on the Indebtedness and any additional monies at the rates set out herein;
- b) accept payment of Required Payments and apply them to the Indebtedness in accordance herewith;
- c) forbear from commencing foreclosure proceedings and obtaining, entering, and enforcing the Receiver Order, Order Nisi and Order for Conduct of Sale until after July 1, 2020; and

- d) forbear from realizing on the Security except as provided for herein.

Notwithstanding anything to the contrary herein, if an Event of Default occurs the Lender may commence proceedings, obtain, enter and enforce the Order Nisi, Receivership Order and Order for Conduct of Sale, and the Debtors shall not oppose and shall consent to any application therefor, and the Lender may realize on the Security, regardless of whether or not the forbearance period provided for herein and expiring July 1, 2020 has elapsed.

## 6. Events of Default and Termination

6.1 It shall be an event of default (an "Event of Default") under this Forbearance Agreement if, at any time after its execution:

- a) Manning determines that any of the Representations are not true and accurate;
- b) the Debtors, or any of them, as applicable, fail to duly perform or observe any term, covenant or obligation contained in the Security or this Forbearance Agreement;
- c) without limiting the generality of the foregoing, the Debtors, or any of them, fail to make any of the Required Payments or any other payments called for in this Forbearance Agreement, by the applicable date set out herein;
- d) any encumbrancer or creditor of the Debtors or any of them takes possession of, or take steps to realize or execute against any real or personal property of the Debtors or any of them, or makes an application for a Bankruptcy Order, or appoints or seeks to appoint a Receiver, Receiver-Manager or Interim Receiver; or
- e) the Debtors or any of them, without the prior written consent of the Lender:
  - i) institute proceedings for bankruptcy or consent to the filing of any petition or proceeding with respect thereto;
  - ii) seek or consent to the appointment of a Receiver, Receiver-Manager, Interim Receiver, Trustee in Bankruptcy or similar officer of or in relation to any of the Debtors and/or the lands or property of the Debtors;
  - iii) make an assignment or file a proposal for the benefit of their creditors;
  - iv) take any action in furtherance of any of the aforesaid purposes; or
  - v) fail to fully and completely comply with the reporting requirements herein and pursuant to the Security in a timely manner.

6.2 Upon the occurrence of any Event of Default or the expiry hereof, the Lender may, at its option, immediately commence foreclosure or other realization proceedings with respect to the Security or any portion thereof, appoint a Receiver or Receiver-Manager or Interim Receiver or Trustee in Bankruptcy or similar officer of any of the Debtors and/or the lands and property of

the Debtors, or any of them, including but not limited to the Lands, and pursue such other remedies as it deems appropriate, and, without limiting the foregoing, may immediately obtain, enter and enforce the Order Nisi and Order for Conduct of Sale, or otherwise seek an Order Nisi of Foreclosure with a redemption period of one day or less and immediate Conduct of Sale or Receivership Order or any other order, and the Debtors shall not oppose and shall consent to any such orders sought or applications by the Lender.

6.3 Notwithstanding the foregoing, the Debtors hereby covenant and agree that the Lender may, if it in its sole discretion in good faith determines that there has been a material adverse change in the affairs of the Debtors or in its security position, immediately declare this Forbearance Agreement to be of no further force and effect and may, without further notice, immediately take such steps as it deems necessary or advisable to realize on the Security, including commencing realization proceedings or appointing a Receiver or Receiver-Manager or Interim Receiver or Trustee in Bankruptcy or similar officer of any of the Debtors and/or the lands and property of the Debtors, or any of them, including but not limited to the Lands, and, without limiting the foregoing, may immediately obtain, enter and enforce the Order Nisi and Order for Conduct of Sale, or otherwise seek an Order Nisi of Foreclosure with a redemption period of one day or less and immediate Conduct of Sale or Receivership Order or any other order and the Debtors shall not oppose and shall consent to any such orders sought or applications by the Lender.

6.4 For greater certainty nothing set out in this Forbearance Agreement shall prejudice the ability of the Lender to seek an Order Nisi of Foreclosure with a redemption period of less than one day and the Debtors acknowledge and agree that the Lender is entitled to an abbreviated redemption period given the Lender's agreement to forbear for the period of time set out herein.

## 7. Indemnity

7.1 The Debtors hereby covenant and agree to indemnify and save harmless the Lender and the Lender Parties from and against any and all Claims arising out of this Forbearance Agreement or the performance of the Lender of its duties and obligations herein and, notwithstanding the generality of the foregoing, the Debtors shall indemnify the Lender and the Lender Parties for any and all legal (on a solicitor-client basis) and other professional service fees and disbursements, plus applicable taxes, incurred in connection with this Forbearance Agreement.

## 8. Notices

8.1 Any notices required hereunder shall be given in writing and delivered by courier to the parties at the addresses set out above, except in the case of the Lender notice shall be given to:

Vancouver City Credit Union  
PO Box 2120, Station Terminal  
Vancouver, B.C. V6B 5R8  
Attention: Frank Seminara

with a copy to:

Owen Bird Law Corporation  
2900 - 595 Burrard Street  
Vancouver, B.C. V7X 1J5  
Attention: Alan A. Frydenlund, O.C.

**9. General Provisions**

9.1 Time shall be of the essence hereof.

9.2 This Forbearance Agreement is binding upon and shall enure to the benefit of the Lender, the Debtors, and their respective heirs, personal representatives, successors and permitted assigns, as applicable.

9.3 This Forbearance Agreement and the rights given to the Lender hereunder are in addition to, and not in substitution for, any other security now or hereafter held by or rights granted to the Lender, in respect of the Debtors or the Indebtedness.

9.4 Any expiration or termination of this Agreement shall be without prejudice to any rights and obligations of the parties hereto arising or existing up to the effective date of such expiration or termination, or any remedies of the parties with respect thereto, and for greater certainty, Clauses 1, 3, 4, 6, 7, 8 and 9 shall survive any such termination or expiration and any Event of Default.

9.5 Any waiver of any breach or default of the Debtors, or any of them under this Forbearance Agreement shall only be effective if in writing signed by the Lender, and no waiver shall be implied by indulgence, delay or other act, omission or conduct. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

9.6 Should any provision of this Forbearance Agreement be declared or held invalid or unenforceable by a court of competent jurisdiction, then such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Forbearance Agreement which shall continue in full force and effect and be construed as if this Forbearance Agreement had been executed without the invalid and unenforceable provision.

9.7 The Debtors acknowledge that they have each received independent legal advice with respect to the execution of this Forbearance Agreement and all related documentation and confirm that they enter into this Forbearance Agreement of their own free will without any coercion or duress having been imposed upon them by the Lender or any other person.

9.8 The Debtors shall execute such other and further documents and assurances as may be necessary or shall do such other acts and things as may be required in order to carry out the transactions contemplated by this Forbearance Agreement.

9.9 In this Forbearance Agreement words importing a gender shall include either gender and words importing the singular shall include the plural and vice versa and words importing the person shall include persons, firms or corporations.

9.10 This Forbearance Agreement shall be governed by and construed in accordance with the laws of the province of British Columbia. In the event of any dispute arising out of this

Forbearance Agreement, the courts of the province of British Columbia shall have exclusive jurisdiction.

9.11 All covenants, representations and agreements of the Debtors herein contained shall be construed as being joint and several obligations of the Indemnitors and the Borrower.

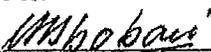
9.12 This Forbearance Agreement and the agreements referred to herein constitute the entire agreement between the parties hereof and supersede any prior agreements, undertakings, declarations representations and understandings, both written and verbal, in respect of the subject matter hereof. Any amendment hereof shall not be binding unless in writing and signed by all parties hereto. This Forbearance Agreement may be signed by the parties hereto in counterparts, and may be delivered by facsimile or electronic mail, each of which so signed and/or delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and the date of execution shall be deemed to be as of the date and year first above written.

IN WITNESS WHEREOF the parties have executed this Forbearance Agreement as of the date first above written.

**VANCOUVER CITY SAVINGS CREDIT UNION**

Per:  **Gregory J. Asai**  
Manager, Special Accounts - Business  
Vancity Group of Companies  
Authorized Signatory

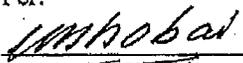
**356746 HOLDINGS INC. doing business as The George Dawson Inn**

Per:   
Authorized Signatory

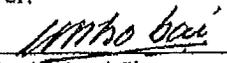
Executed in the presence of:   
Name  
Vancity Specialist  
Address/Occupation

)  
)   
) **UMEDALLI THOBANI**

**LUXOR HOLDINGS INC.**

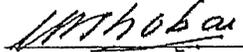
Per:   
Authorized Signatory

**507016 B.C. LTD.**

Per:   
Authorized Signatory

Executed in the Presence of:



  
**THE ESTATE OF AMINA THOBANI**

**Schedule "A"**



NO. S1913345  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

356746 HOLDINGS INC. doing business as  
THE GEORGE DAWSON INN  
507016 B.C. LTD.  
LUXOR HOLDINGS INC.  
UMEDALLI THOBANI also known as  
UMED THOBANI and TONY THOBANI  
THE ESTATE OF AMINA THOBANI  
MANOHAR ALEXANDER SAVUNDRANAYAGAM  
BLUESHORE LEASING LTD.  
ROYNAT INC.  
1156600 B.C. LTD.  
GROUPEX SYSTEMS CANADA INC.

Respondents

ORDER

BEFORE THE HONOURABLE MADAM )  
JUSTICE McDONALD ) 22 day of November, 2019  
)  
)

ON THE APPLICATION of the Petitioner made without notice, coming before me at Vancouver, British Columbia on this 22 day of November, 2019, and on hearing Brittney Dumanowski, articled student, appearing on behalf of the Petitioner, no other party having been served, and on reading:

Affidavit #1 of Alan Frydenlund

Affidavit #1 of Frank Seminara

AND ON the petitioner having undertaken to comply with the terms of the undertaking set out in Schedule "A" to this Order, which among other things requires <sup>service</sup> of the notice set out in Schedule "A" to this Order;

THIS COURT ORDERS <sup>on an interim basis</sup> AND DIRECTS THAT:

**FREEZING ORDER**

1. Except as permitted by this Order, 356746 Holdings Inc. must not:
  - a) remove from British Columbia or in any way dispose of or deal with or diminish the value of any of its liquor license for the liquor store at Dawson Creek Hotel; or
  - b) remove from British Columbia or in any way dispose of or deal with or diminish the value of any of its assets that are in British Columbia whether in its own name or not and whether solely or jointly owned.
2. If the total value of 356746 Holdings Inc.'s assets in British Columbia, net of all secured interests, exceeds \$ \_\_\_\_\_, the 356746 Holdings Inc. may remove any of those assets from British Columbia or may dispose of or deal with them so long as the total net value of its assets still in British Columbia remains above \$ \_\_\_\_\_.

**EXCEPTIONS TO THIS ORDER**

3. This Order does not prohibit 356746 Holdings Inc. from spending reasonable amounts on ordinary business expenses and reasonable amounts on legal advice and representation. Before spending any money on business or legal expenses, 356746 Holdings Inc. must advise the petitioner's solicitors in writing of the intended source of the funds.
4. This Order does not prohibit 356746 Holdings Inc. from dealing with or disposing of any of its assets as legitimate part of the business' operations
5. The 356746 Holdings Inc. may agree with the petitioner that the above spending limits should be increased or that this Order should be relaxed in any other respect but any such agreement will be effective only if confirmed in writing and signed by all parties.

**DURATION OF THIS ORDER**

6. This Order will remain in force up to and including the date of the hearing for the Petition to the Court (the "Return Date") unless before then it is varied or discharged by a further Order of this Court. The application in which this Order is made shall come back to the Court for further hearing on the Return Date.

### VARIATION OR DISCHARGE OF THIS ORDER

7. Anyone affected by this Order may apply to the Court at any time to vary or discharge it, or to request that the petitioner be required to post security for the undertaking, on giving no less than 24 hours' notice to the petitioner's solicitor of his or her intention to do so, but this Order will remain in force until further Order even if such an application is pending.
8. All applications to vary or discharge this Order, or arising out of the issuance or enforcement of this Order, shall be heard by the Judge who issued this Order with the exception of:
  - a). urgent matters for which the Judge is not available; or
  - b) as otherwise directed by the Judge.

### THIRD PARTIES

9. Except as permitted by this Order, no person or other legal entity with notice of this Order may deal with any bank or other accounts of 356746 Holdings Inc. (including money market, retirement savings plan accounts, investment certificates, treasury bills, and deposits) or with other assets of 356746 Holdings Inc. in its possession or control.
10. No person or other legal entity with notice of this Order shall breach or permit a breach of this Order.
11. To the extent that any person or other legal entity holds assets of 356746 Holdings Inc. in excess of \$ \_\_\_\_\_, that person or other legal entity is not restrained from dealing with that part of the assets held by that person or other legal entity which is in excess of \$ \_\_\_\_\_.
12. The terms of this Order do not affect any person or legal entity outside the jurisdiction of this Court unless and until this Order is declared enforceable or is enforced by a Court in the relevant jurisdiction, except that this Order is enforceable as against a person or other legal entity who or which:
  - a) is an officer or an agent of 356746 Holdings Inc.; or
  - b) is subject to the jurisdiction of this Court and has been given written notice of this Order.
13. This Order does not prevent any bank, financial institution or secured party from exercising any rights to claim interest, to levy service charges, to claim set off, to enforce security, or to enforce any other contractual right, arising from contracts made before being notified of this Order.

14. No bank or financial institution needs to enquire as to the application or proposed application of any money withdrawn by the 356746 Holdings Inc. if the withdrawal appears to be permitted by this Order.

15. This Order binds every party and every other person who is subject to this Order and obtains notice of the Order, as of the time such party first receives notice of the Order, and whether or not such party has been served with a copy of the Order.

B. Dumanowski  
Britney Dumanowski, Articled  
Student  
Appearing on behalf of counsel  
for the petitioner.

BY THE COURT

*[Signature]*

REGISTRAR

**Schedule "B"**

**Schedule "B"**



No. S-1913345  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

356746 HOLDINGS INC. doing business as  
THE GEORGE DAWSON INN  
507016 B.C. LTD.  
LUXOR HOLDINGS INC.  
UMEDALLI THOBANI also known as  
UMED THOBANI and TONY THOBANI  
THE ESTATE OF AMINA THOBANI  
MANOHAR ALEXANDER SAVUNDRANAYAGAM  
BLUESHORE LEASING LTD.  
ROYNAT INC.  
1156600 B.C. LTD.

Respondents

**ORDER MADE AFTER APPLICATION**

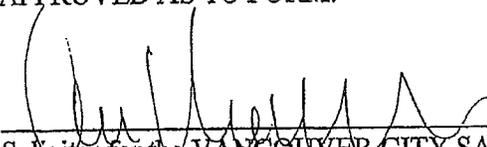
BEFORE ) THE HONOURABLE MADAM ) MONDAY, THE 9TH DAY  
) )  
) JUSTICE FORTH ) OF DECEMBER, 2019

THE APPLICATION of the Petitioner, VANCOUVER CITY SAVINGS CREDIT UNION, coming on for hearing on this day at Vancouver, British Columbia, and upon hearing Alan A. Frydenlund, Q.C., Counsel for the Petitioner, and on hearing John Fiddick, Counsel for the Respondent, 356746 B.C. Ltd. doing business as The George Dawson Inn, and no one else appearing, although given notice in accordance with the Rules of the Court, and on reading the material filed:

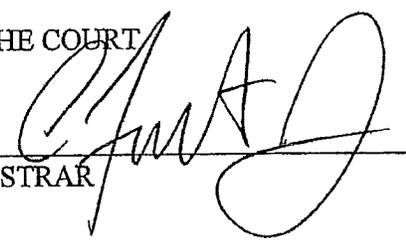
THIS COURT ORDERS that:

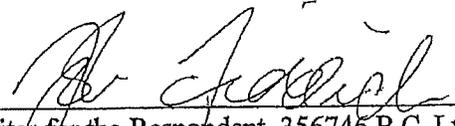
1. The matter be and the same is hereby adjourned to Thursday, December 19, 2019 on a peremptory basis.
2. The Respondent, 356746 B.C. Ltd. doing business as The George Dawson Inn, file and deliver their Response material to the Petitioner's Counsel on or before 4pm Tuesday, December 17, 2019.
3. The remaining \$750,000 from the proceeds of the sale of the liquor licence delivered to Fairmark Investments Inc. (as described in the Affidavit of Neil Davie, and filed herein) be frozen and held and preserved until the earlier of further Order of this Court or consent of the Petitioner.
4. Fairmark Investments Inc. and the Respondent, 356746 B.C. Ltd. doing business as The George Dawson Inn, account to the Petitioner, before the Hearing of the Petition, the use of the difference of the proceeds received from the sale of the liquor licence, being \$1,234,850.00, and the monies remaining and frozen by this Order.

APPROVED AS TO FORM:

  
Solicitor for the VANCOUVER CITY SAVINGS  
CREDIT UNION, Alan A. Frydenlund, Q.C.

BY THE COURT

  
REGISTRAR

  
Solicitor for the Respondent, 356746 B.C. Ltd.  
doing business as The George Dawson Inn, John  
Fiddick

---

No. S-1913345  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH  
COLUMBIA**

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION  
Petitioner

AND:

356746 HOLDINGS INC. doing business as  
THE GEORGE DAWSON INN  
507016 B.C. LTD.  
LUXOR HOLDINGS INC.  
UMEDALLI THOBANI also known as  
UMED THOBANI and TONY THOBANI  
THE ESTATE OF AMINA THOBANI  
MANOHAR ALEXANDER  
SAVUNDRANAYAGAM  
BLUESHORE LEASING LTD.  
ROYNAT INC.  
1156600 B.C. LTD.  
GROUPEX SYSTEMS CANADA INC.

Respondents

---

**ORDER MADE AFTER  
APPLICATION**

---

**OWEN BIRD LAW CORPORATION**  
P.O. Box 49130  
Three Bentall Centre  
2900 - 595 Burrard Street  
Vancouver, BC V7X 1J5  
Attention: Alan A. Frydenlund, Q.C.  
File No. 22868-0105

Aye & Durham

## Schedule "C"

### Representations

The Debtors represent to the Lender:

- Payables to Canada Revenue Agency are current, specifically corporation income taxes, GST and payroll source deductions;
- PST payable is current;
- WorkSafeBC premiums are current
- Trans Canada has contracted and booked 40 rooms at a discount rate of \$70 per night for 18 months commencing April 2020;
- Expected occupancy rate of 80% from now until "break-up" (usually in March);
- BlueShore equipment lease has 12 monthly payments of approximately \$9K remaining;
- Have engaged an accounting firm to prepare Review Engagement financial statements;
- 2<sup>nd</sup> mortgage of approximately \$250K and 3<sup>rd</sup> mortgage of \$40K, total monthly payment of \$6K;
- George Dawson Inn Aged accounts payable as at October 31, 2019 – as attached "C-1"
- George Dawson Inn Balance sheet as at November 6, 2019 – as attached "C-2"
- The City of Dawson Creek property taxes as at November 18, 2019 – as attached "C-3"
- BC Provincial sales tax payable for the month of October 2019 – as attached "C-4"
- 356746 Holdings Inc. financial statements for the year ended July 31, 2016 – as attached "C-5"
- 356746 Holdings Inc. financial statements for the year ended July 31, 2017 – as attached "C-6"
- George Dawson Inn payroll for the period November 24, 2019 to December 7, 2019 – as attached "C-7"

**Schedule "C-1"**

THE GEORGE DAWSON IIII, DAWSON CREEK, BC

A/P AGING SUMMARY

As of October 31, 2019

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
ATCHISON REFRIGERATION LTD			513.77	264.46	6,710.25	\$7,488.48
AV TECH HEATING			769.11	131.25	5,279.45	\$6,179.81
B C FIRE PROTECTION SERVICES			0.00			\$0.00
B C HYDRO			1,847.43	500.00		\$2,347.43
Bedell Enterprises					-127.05	\$ -127.05
BELL EXPRESS VU			361.93	1.39	78.19	\$441.51
Big Fish Ventures					8,400.00	\$8,400.00
Bosa Properties LRS			5,000.00		7,500.00	\$12,500.00 X
BREWERS DISTRIBUTORS-LRS					-131.20	\$ -131.20
BRITISH COLUMBIA HOTEL ASSOC					1,064.57	\$1,064.57
CANADIAN LINEN SUPPLY_(vend)		287.79	978.79	1,008.34	2,371.07	\$4,645.99
CITY OF DAWSON CREEK - PROPERTY TAXES					331,634.48	-\$331,634.48 X
CITY OF DAWSON CREEK. CLR CONCEPTS			7,434.92		37,517.59	\$44,952.51 X
COCA COLA REFRESHMENTS					884.80	\$884.80
CRYSTAL ACCOUNTING			149.98	147.77	199.64	\$199.64
D & T DISPOSALS LTD.					9,851.23	\$10,148.98
D C EXHIBITION ASSOC_					197.51	\$197.51
DAWSON CREEK CHAMBER					0.00	\$0.00
DAWSON CREEK CO-OP_(vend)			121.14	843.94	360.94	\$360.94
DELTEK BUSINESS MACHINES			140.00	140.00	1,118.73	\$2,083.81
GORDON FOOD SERVICE.		-3,987.18	-158.24	-111.78	140.00	\$420.00
HI TECH BUSINESS SYS			-300.72		38.97	\$ -4,218.23
IMPERIAL OIL			371.26		0.00	\$ -300.72
Innsoft Inc.					0.00	\$371.26
JADE CASH					343.63	\$343.63
JUBILEE HOSPITALITY ASSOC					252.00	\$252.00
Kerry Hanson					1,560.00	\$1,560.00
KIWANIS CLUB OF DAWSON CREEK					115.50	\$115.50
KONE INC			1,155.29		7,118.09	\$8,271.38
LEGACY SIGNS & GRAPHICS					5,555.20	\$5,555.20
LJ CONTRACTING INC			518.59	510.92	33,061.40	\$34,090.91
MILLER THOMSON					394.12	\$394.12
MIN OF FINANCE/PST			18,476.37		-5,444.09	\$13,032.28
MINIELY & TOWER					-1,260.00	\$ -1,260.00
MINISTRY OF HEALTH				112.50	362.50	\$475.00
MM & R Valuation Services					8,295.26	\$8,295.26
NORTHERN HEALTH AUTHORITY_(vend)					250.00	\$250.00
NORTHERN METALIC SALES LTD			1,710.87	179.87	303.53	\$2,194.27
PACIFIC NORTHERN GAS_(vend)			1,494.33	931.09		\$2,425.42
Peace FM					1,102.50	\$1,102.50
PEPSI COLA CANADA BEVERAGES			-657.23			\$ -657.23

ACCOUNT	1 00	01 00	01 00	01 00	01 00	TOTAL
PETERSON STARK					359.45	\$359.45
POLICE ADVOCATES JOURNAL					-313.95	\$ -313.95
RCAP LEASING	278.75					\$278.75
Receiver General ,(gst)	-3,000.00	-1,007.79	2,512.42		25,525.66	\$24,030.29 X
Regional Maple Leaf Communications					290.85	\$290.85
ROBELIX APPLIANCE & LOCK_	288.50					\$288.50
ROGERS WIRELESS		-250.00	115.03		26.45	\$ -108.52
SECURITY WEB ALARMS					326.41	\$326.41
SHAW CABLE	-1,000.00	-571.59	426.61		2,273.89	\$1,128.91
SOFTWARE EMPORIUM_(vend)					3,058.77	\$3,058.77
SOUTH PEACE ART SOCIETY					560.00	\$560.00
SQUIRREL SYSTEMS CANADA					1,243.87	\$1,243.87
Swamp Donkey Oilfield Services Ltd					7,623.00	\$7,623.00
Technical Safety BC		169.53			407.53	\$577.06
TELUS MOBILITY	-306.66	-305.70	1.94			\$ -610.42
TELUS_		1,880.73	1,886.84		657.95	\$4,425.52
THE BRICK					-10.00	\$ -10.00
Tyco Simplex Grinnell					3,504.76	\$3,504.76
VAN HOUTTE INC		1,220.18	365.08			\$1,585.26
WALTER HEES CONSTRUCTION					0.00	\$0.00
WASTE MANAGEMENT		799.26	100.00			\$899.26
WINLAND TRACEY					0.00	\$0.00
WORKERS COMPENSATION BOARD	1,968.99	24.63	24.41		2,651.32	\$4,669.35 X
WRIGHT'S COLD STORAGE		5,244.74	1,929.67			\$7,174.41
TOTAL	\$0.00	\$ -5,469.81	\$47,131.58	\$12,021.75	\$513,282.77	\$566,966.29

**Schedule "C-2"**

THE GEORGE DAWSON INN, DAWSON CREEK, BC

BALANCE SHEET

As of November 6, 2019

	TOTAL
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalent	
1010 General Cash	7,438.96
1015 Cash on Hand	4,400.00
1016 Cash ATM	-720.00
1020 Bank # 1 ( Royal Bank)	37,288.55
1025 Bank # 2 ( Savings )	78.67
1030 Bank # 3 ( Montreal )	60,951.24
1031 Bank #3(Montreal ATM)	-40,151.21
1032 Atm Surcharge	-9,001.77
1035 Bank - GST Account	-36,466.40
1040 VAN CITY CREDIT UNION	15.00
1105 Clearing Account	-10,010.98
1011 Unentered Deposits	-1,234.78
<b>Total Cash and Cash Equivalent</b>	<b>\$12,587.28</b>
Accounts Receivable (A/R)	
1100 Accts Rec - Trade (Billed)	224,857.61
<b>Total Accounts Receivable (A/R)</b>	<b>\$224,857.61</b>
1070 Term Deposit	0.00
1075 GIC-BMO	0.00
1110 Accts Rec - Inhouse (Unbill)	-18,588.56
1130 Accts Rec - Amer Express	252.07
1150 Accts Rec - Diners Club	27.88
1160 Accts Rec - GDI Bistro	46,942.29
1165 Accts Rec-Groupex	1,000.00
1216 Interest Receivable	0.00
1240 Inventory - Food	0.00
1245 Inventory - Beer On	1,597.49
1250 Inventory - Beer Off	0.00
1255 Inventory - Draught Beer	0.00
1260 Inventory - Wine	186.82
1265 Inventory - Liquor	2,009.06
1270 BEER-LIQ STORE INVENTORY	5,844.90
1275 COOL/CIDER-LIQ STORE INVENTORY	1,692.82
1280 LIQUOR-LIQ STORE INVENTORY	9,562.68
1285 WINE-LIQ STORE INVENTORY	6,973.51
1385 Prepaid Exp.-Property Taxes	0.00
1390 Prepaid Expenses - Other	0.00
1392 License Sale-Due from Bosa	-320,000.00
Properties	
1396 Prepaid other - Lease Deposits	7,341.05
1400 VANCITY EQUITY	5.80
<b>Total Current Assets</b>	<b>\$ -17,707.30</b>

	TOTAL
<b>Non-current Assets</b>	
Property, plant and equipment	
1530 Accum-building-Gdl	-1,209,701.51
1560 Computer equipment	15,980.37
1580 Equipment	1,220,948.31
1590 Accum Amort Equipment	-1,108,236.24
1591 Accum. deprec.-Computer equip	-9,581.36
1600 Land	205,000.00
1610 Building	2,336,131.52
1611 Building - Capital Lease	490,258.60
1625 Automobile	76,810.95
1630 Accumm Dep Automobile	-76,452.94
1700 DUE TO/FROM INARA	60,073.90
<b>Total Property, plant and equipment</b>	<b>\$2,001,231.60</b>
1592 Accum. Deprac.-Capital Lease	-47,472.73
<b>Assets</b>	
1915 HST Paid	0.00
1920 Goods & Services/HST PAID	3,646.53
1925 Shareholder Loan Receivable- tony	2,033,908.11
1930 Loan Rec - Sunbird Enterpris	0.00
1935 Loan Rec. - Days Inn	0.00
1936 Inn On The Creek	-97,815.81
1937 HI-Low Motor inn	0.00
1938 Pardes Investments	0.00
1940 DUE TO/FROM HIGHPARK	3,270.39
1941 LUXOR TO/FROM	5,843.38
Swan Hills Loan Rec	377.60
<b>Total Non Current Assets</b>	<b>\$3,902,989.07</b>
<b>Total Assets</b>	<b>\$3,885,281.77</b>
<b>Liabilities and Equity</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable (A/P)</b>	
2150 Accts Payable - Trade	559,415.72
<b>Total Accounts Payable (A/P)</b>	<b>\$559,415.72</b>
<b>Credit Card</b>	
2020 ROYAL BANK VISA PAYABLE	13,197.26
2021 DUE FROM HEAD OFFICE - CORP. VISA	-12,116.86
2049 PERSONAL PORTION OF TD VISA- T. WINLAND	-6,033.27
2050 TRACEY WINLAND VISA	19,800.00
2051 Tracey Winland - TD BANK	-30,291.57
<b>Total Credit Card</b>	<b>\$ -15,444.44</b>
2155 Clearing - Accounts Payable	0.00
2170 Accts Payable - Accrued Interest	4,025.25
2180 Accts Payable - Year End	0.00
2205 Property Taxes Payable	0.00
2210 Corporate Taxes Payable	0.00

2220 Accrued Wages Payable_	0.00
2270 UI Payable	0.00
2280 CPP Payable	0.00
2290 Income Tax Payable	0.00
2410 Accrued Severence Pay	5,868.85
2412 Accrued Severence - Prepaid	0.00
2420 WCB Payable	0.00
2430 GST/HST CHARGED ON SALES	39,466.62
2440 Social Services Tax Payable	29,374.23
2450 Hotel Room Tax Payable	0.00
2463 Loan Payable - M.A. Savundranayagam	187,645.24
2467 Loan Payable - 428895 BC Ltd.	0.00
2471 Royal Bank #2/ ELSHEBA PROPERTIES	-43,354.14
2472 Restaurant Deposit	0.00
2473 WHITECOURT HOTEL LOAN	51,374.13
2474 MARLBOROUGH INN LOAN	-2,992.89
2475 VAN CITY LOAN #1	1,273,068.10
2477 Lease Payable - BlueShore/ reno supplies	35,024.67
2478 BlueShore Lease - air unit	43,453.23
2479 Lease Payable - BlueShore	76,187.11
2481 Lease payable- sign lease_	62,507.36
2491 Lease Payable-National leasing/BLUESHORE	142,110.86
2493 Less current portion of capital lease	-81,663.94
2494 Current portion of capital lease	81,663.94
2499 Shareholder Loan Payable	-300,270.01
2500 Due to Head Office	-9,165,812.43
2501 DUE TO/FROM NO-RAY	-5,933.99
2502 LOAN PAYABLE -TONY THOBANI	173,653.34
2520 Accrued Expenses - Other	0.02
2601 MARLBORO INN DUE TO GST/HST Payable	-3,057,601.53
PST Payable (BC)	37,078.64
<b>Total Current Liabilities</b>	<b>\$ -9,871,156.06</b>
<b>Total Liabilities</b>	<b>\$ -9,871,156.06</b>
Equity	
Retained Earnings	13,776,352.61
Profit for the year	-19,914.78
<b>Total Equity</b>	<b>\$13,756,437.83</b>
<b>Total Liabilities and Equity</b>	<b>\$3,885,281.77</b>

**Schedule "C-3"**



Nov 18, 2019

356746 HOLDINGS INC

11705 8 ST

DAWSON CREEK, BC V1G 4N9

Dear Sir or Madam:

Roll Number: 004454.040  
Civic Address: 11705 8 ST

Please be advised that our records indicate the following property taxes remain outstanding for the above-referenced property.

Balance as of Nov 18, 2019

2017	Delinquent	\$0.00	*A per diem of \$30.72 will be added for each day after Nov 18, 2019
	Delinquent Interest *	\$0.00	
2018	Arrears	\$191,669.63	*The interest rate on delinquent and arrears amounts is subject to change effective January 1, 2020
	Arrears Interest *	\$2,408.74	
2019	Current	\$142,928.02	
	Total Outstanding	<u>\$337,006.39</u>	

If you are eligible for the 2019 Home Owner Grant and have not filed your application, please submit to our office prior to December 31, 2019. Home Owner Grant Applications can be filed online at <https://webhogs.dawsoncreek.ca/hoglogin.aspx>

If payment has been made after the date of this letter please disregard this notice.

Did you know that you can sign up to receive your property tax notice by email? You will never have to worry about losing your property tax notice and you will receive an email reminder so that you won't forget the deadline.

Should you require further information, you may reach me at (250) 784-3608 or email [tax\\_dept@dawsoncreek.ca](mailto:tax_dept@dawsoncreek.ca).

Yours truly,

Sarah Falys, Tax Clerk  
per: Flavia Rossi Donovan, Chief Financial Officer

**Schedule "C-4"**



BRITISH COLUMBIA

eTaxBC

Need Help?

31-Oct-2019

Welcome, Fayo Francis

Settings

Log Off

Home Account: PST-1012-9085 31-Oct-2019



Period

386746 HOLDINGS INC.  
12247 3515

Provincial Sales Tax  
GEORGE DAWSON INN  
PST-1012-9085

31-Oct-2019

Balance: \$7,878.35



Period Alerts

▲ Pay outstanding balance: \$7,878.35

📧 There are 3 unread web messages

✉ There is 1 unread letter



I Want To

File or amend a return

Make a payment

Contact the Ministry



Summary

Tax	\$7,158.42
Penalty	\$718.84
Interest	\$4.09
Balance	\$7,878.35



Period Activity

05-Dec-2019	Completed	PST Return
03-Dec-2019	Letter	NOFA R76 Estimated
29-Nov-2019	Message	Reminder! You have 1 day to file and pay your PST.
26-Nov-2019	Message	Reminder! You have 5 days left to file and pay your PST.
01-Nov-2019	Message	You can now file and pay your PST for the period ending t

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eTaxBC questions? Contact 1-877-388-4440 (option 1)

**Schedule "C-5"**

**356746 HOLDINGS INC.**  
**Financial Statements**  
**Year Ended July 31, 2016**  
*(Unaudited)*

356746 HOLDINGS INC.  
Index to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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FINANCIAL STATEMENTS	
Statement of Loss and Retained Earnings	3
Balance Sheet	4 - 5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 17
Schedule of Operations - George Dawson Inn ( <i>Schedule 1</i> )	18
Schedule of Operations - Quality Hotel and Conference Centre ( <i>Schedule 2</i> )	19

# Miniely Tower Hughes & Associates

CHARTERED ACCOUNTANTS

FORWARD THINKING. PLAIN SPEAKING.

www.miniely.ca

\*Kevin D. Tower, BCOMM, CPA, CA - Partner  
\*Jean Hughes, CPA, CGA, CA - Partner  
\*Derek W. Banman, BCOMM, CPA, CA - Partner  
\*Kyle Westerlund, BCOMM, CPA, CA - Partner

\*Gordon T. Miniely, FCPA, FCA - Retired Partner  
Carmelle Nickel, BCOMM, CPA, CA - Associate  
Breanne Walker, BCOMM, CPA, CA - Associate  
Mona Huang, BCOMM, CPA, CA - Associate

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## REVIEW ENGAGEMENT REPORT

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To the Shareholders of 356746 Holdings Inc.

We have reviewed the balance sheet of 356746 Holdings Inc. as at July 31, 2016 and the statements of loss and retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

*Miniely Tower Hughes + Associates LLP*

Edmonton, Alberta  
January 31, 2017

MINIELY TOWER HUGHES & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS

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\*Denotes Professional Corporation

Statement of Loss and Retained Earnings  
Year Ended July 31, 2016  
(Unaudited)

	2016	2015
<b>REVENUE</b>		
Schedule of Operations - George Dawson Inn (Schedule 1)	\$ 2,516,557	\$ 3,762,167
Schedule of Operations - Quality Hotel and Conference Centre (Schedule 2)	<u>762,579</u>	<u>1,056,310</u>
	3,279,136	4,818,477
<b>COST OF SALES</b>		
Schedule of Operations - George Dawson Inn (Schedule 1)	<u>889,934</u>	<u>1,003,108</u>
<b>GROSS PROFIT</b>	<u>2,389,202</u>	<u>3,815,369</u>
<b>EXPENSES</b>		
Schedule of Operations - George Dawson Inn (Schedule 1)	1,723,082	1,809,319
Schedule of Operations - Quality Hotel and Conference Centre (Schedule 2)	1,468,502	1,549,047
Interest on long term debt	40,922	45,689
Life insurance	32,924	31,072
Professional fees	29,603	32,479
Interest and bank charges	<u>900</u>	<u>-</u>
	3,295,933	3,467,606
<b>EARNINGS FROM OPERATIONS</b>	<u>(906,731)</u>	<u>347,763</u>
<b>OTHER INCOME</b>		
Life insurance proceeds	-	315,000
Interest income	-	<u>6,054</u>
	-	321,054
<b>EARNINGS BEFORE INCOME TAXES</b>	<u>(906,731)</u>	<u>668,817</u>
<b>INCOME TAXES (RECOVERED)</b>		
Current (Note 18)	(60,521)	48,313
Future (Note 18)	<u>(20,513)</u>	<u>(22,464)</u>
	(81,034)	25,849
<b>NET EARNINGS</b>	(825,697)	642,968
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>1,848,158</u>	<u>1,205,190</u>
	1,022,461	1,848,158
<b>DIVIDENDS DECLARED</b>	<u>(315,005)</u>	<u>-</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>\$ 707,456</u>	<u>\$ 1,848,158</u>

See accompanying notes to the financial statements.

## 356746 HOLDINGS INC.

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## Balance Sheet

July 31, 2016

*(Unaudited)*

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash <i>(Notes 11, 14)</i>	\$ 288,651	\$ 114,423
Term deposits <i>(Notes 5, 11, 14)</i>	1,000,000	1,322,353
Accounts receivable <i>(Notes 11, 14)</i>	154,154	482,297
Inventory <i>(Notes 6, 11, 14)</i>	49,922	89,436
Income taxes recoverable	60,521	-
Interest receivable	15,966	-
Prepaid expenses	7,341	20,460
Due from related party <i>(Note 9)</i>	18,035	-
	<u>1,594,590</u>	<u>2,028,969</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Notes 7, 11, 14, 15, 16)</i>	4,376,346	4,468,761
LONG TERM INVESTMENT <i>(Notes 8, 11, 14)</i>	445,738	450,038
DUE FROM RELATED PARTIES <i>(Note 9)</i>	1,727,574	1,727,574
DUE FROM SHAREHOLDERS <i>(Note 10)</i>	-	<u>275,969</u>
	<u>\$ 8,144,248</u>	<u>\$ 8,961,311</u>

See accompanying notes to the financial statements.

## 356746 HOLDINGS INC.

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## Balance Sheet

July 31, 2016

*(Unaudited)*

	2016	2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness <i>(Note 11)</i>	\$ 40,809	\$ 48,589
Accounts payable <i>(Note 12)</i>	994,615	565,066
Income taxes payable	-	48,313
Interest payable	6,633	7,124
Goods and services tax payable	57,408	72,516
Provincial sales tax payable	145,186	134,830
Wages payable	56,432	52,792
Employee deductions payable	11,193	7,366
Due to related parties <i>(Note 9)</i>	97,816	116,387
Short term debt <i>(Note 13)</i>	-	62,500
Current portion of obligations under capital lease <i>(Note 16)</i>	27,703	81,664
Vancity loans <i>(Note 14)</i>	2,559,177	2,865,423
	3,996,972	4,062,570
Callable debt <i>(Note 15)</i>	1,388,163	1,267,474
	5,385,135	5,330,044
DUE TO SHAREHOLDERS <i>(Note 10)</i>	302,088	-
DUE TO RELATED PARTY <i>(Note 9)</i>	444,894	444,894
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 16)</i>	359,283	362,310
FUTURE INCOME TAXES <i>(Note 18)</i>	695,099	715,612
	7,186,499	6,852,860
<b>SHAREHOLDERS' EQUITY</b>		
Share capital <i>(Note 17)</i>		
Preferred shares		
500,000 Class "G" shares redeemable for \$5.82 per share (total redemption amount - \$2,910,000; 2015 - \$2,910,000)	50	50
429,553 Class "H" shares redeemable for \$5.82 per share (total redemption amount - \$2,499,998; 2015 - \$2,499,998)	43	43
250,000 Class "I" shares redeemable for \$1.00 per share (total redemption amount - \$250,000; 2015 - \$250,000)	250,000	250,000
1 Class "J" shares redeemable for \$100.00 per share (total redemption amount - \$100; 2015 - \$100)	100	100
Common shares	100	100
	250,293	250,293
Retained earnings	707,456	1,848,158
	957,749	2,098,451
	\$ 8,144,248	\$ 8,951,311

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

See accompanying notes to the financial statements.

356746 HOLDINGS INC.  
Statement of Cash Flows  
Year Ended July 31, 2016  
(Unaudited)

6

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ (825,697)	\$ 642,968
Items not affecting cash:		
Amortization	215,411	212,115
Future income taxes	(20,513)	(22,464)
	(630,799)	832,619
Changes in non-cash working capital (Note 19)	687,748	(68,709)
Cash flow from operating activities	56,949	763,910
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposit	-	(822,353)
Purchase of property, plant and equipment	(122,996)	(481,413)
Proceeds from long term investments	4,300	-
Proceeds from term deposits	322,353	-
Cash flow from (used by) investing activities	203,657	(1,303,766)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(315,005)	-
Advances to related parties	(36,606)	(1,430)
Advances from (to) shareholders	578,057	(187,627)
Proceeds from callable debt financing	300,000	336,000
Repayment of Vancity loans	(306,246)	(294,132)
Repayment of callable debt	(179,311)	(90,592)
Repayment of obligations under capital lease	(56,987)	(46,286)
Proceeds from short term debt financing	-	62,500
Repayment of short term debt	(62,500)	-
Proceeds from life insurance	-	685,000
Cash flow from (used by) financing activities	(78,598)	463,433
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>182,008</b>	<b>(76,423)</b>
Cash and cash equivalents - beginning of year	65,834	142,257
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 247,842</b>	<b>\$ 65,834</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 370,050	\$ 254,798
Income taxes paid (recovered)	\$ 48,313	\$ (2,661)
<b>CASH CONSISTS OF:</b>		
Cash	\$ 288,651	\$ 114,423
Bank indebtedness	(40,809)	(48,589)
	\$ 247,842	\$ 65,834

See accompanying notes to the financial statements.

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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1. DESCRIPTION OF BUSINESS

The company is incorporated under the laws of Saskatchewan and British Columbia. Its principal activity is operating hotels in Prince Albert, Saskatchewan and in Dawson Creek, British Columbia.

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2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash in the bank, cash on hand and bank indebtedness. The bank indebtedness consists of a line of credit.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives using the declining balance at the following rates:

Buildings	4%
Furniture and fixtures	20%
Motor vehicles	30%
Computer equipment	45%

Assets under capital leases

Assets under capital leases are stated at cost less accumulated amortization. Assets under capital leases are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
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*(continues)*

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income taxes are reported using the future income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and future income taxes reflect:

- the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;
- the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Future income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which future income taxes assets are likely to be realized, or future income tax liabilities settled. The effect of a change in tax rates on future income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Revenue recognition

Room and banquet revenue is recognized when the services have been rendered and collection is reasonably assured. Revenue from the sale of liquor, lottery and cigarette and tobacco is recognized at the time of the sale to the consumer. Restaurant rental, interest income, life insurance proceeds, commission and miscellaneous revenue is recognized as it is earned.

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

(continues)

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments. The following analysis provides information about the company's risk exposure and concentration as of July 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

At July 31, 2016, accounts receivable is presented net of an allowance for impairment of \$48,857 (2015 - \$33,007).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable, interest payable, wages payable, callable debt and capital lease obligations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities by investing in fixed interest rate term deposits and credit facilities.

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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5. TERM DEPOSIT

	2016	2015
Term deposit bearing interest at 1.8% and matures on September 12, 2016	\$ 1,000,000	\$ -
Term deposit bearing interest at 1.68% and matures on September 10, 2015	-	1,022,353
Term deposits bearing interest at 0.8% and mature on August 31, 2015	-	300,000
	\$ 1,000,000	\$ 1,322,353

6. INVENTORY

	2016	2015
Liquor	\$ 47,076	\$ 83,738
Supplies	2,846	5,700
	\$ 49,922	\$ 89,436

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 815,149	\$ -	\$ 815,149	\$ 815,149
Buildings	5,074,088	1,850,582	3,223,506	3,258,413
Furniture and fixtures	2,199,886	1,871,535	328,350	394,028
Motor vehicles	81,872	81,187	685	979
Computer equipment	14,789	6,133	8,656	192
	\$ 8,185,783	\$ 3,809,437	\$ 4,376,346	\$ 4,468,761

The following assets included above are held under capital lease (Note 16):

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 490,259	\$ 29,023	\$ 461,236	\$ 480,454

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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8. LONG TERM INVESTMENTS

	2016	2015
Investment in life insurance	\$ 439,400	\$ 439,400
Credit Union share account	6,332	10,632
Vancity share account	6	6
	\$ 445,738	\$ 450,038

The investment in life insurance represents a \$1,000,000 life policy purchased from the shareholder in 2010. The fair market value is determined by an independent actuary.

9. DUE TO (FROM) RELATED PARTIES

Due from related parties

	2016	2015
Current portion		
Inara Investments Inc.	\$ 18,035	\$ -
Long term portion		
Elsheba Properties Inc.	1,718,370	1,718,370
No-Ray Holdings Ltd.	5,934	5,934
Highpark Properties Ltd.	3,270	3,270
	1,727,574	1,727,574
	\$ 1,745,609	\$ 1,727,574

The related parties are companies controlled by a shareholder of 356746 Holdings Inc. Amounts due from related parties are non-interest bearing and have no set terms of repayment.

Due to related parties

Current portion		
Inn on the Creek Inc.	\$ 97,816	\$ 97,816
Inara Investments Inc.	-	18,571
	97,816	116,387
Long term portion		
507016 B.C. Ltd.	444,894	444,894
	\$ 542,710	\$ 561,281

Inn on the Creek Inc. is a company controlled by a group of parties related to the shareholders of 356746 Holdings Inc.

507016 B.C. Ltd. and Inara Investments Inc are companies with common shareholders of 356746 Holdings Inc.

Advances to related parties are non-interest bearing and have no set terms of repayment. The amount due to 507016 B.C. Ltd. is postponed in favour of the Vancity callable debt, and therefore the balance is presented as long term.

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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10. DUE TO (FROM) SHAREHOLDERS

The amounts due to and from shareholders are non-interest bearing and have no set repayment terms. The shareholders' loans are postponed in favour of the Vancity callable debt, and therefore the balance is presented as long term.

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11. BANK INDEBTEDNESS

The company has a line of credit with an authorized limit of \$50,000. The line of credit bears interest at prime plus 3.6% and is secured by a general security agreement.

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12. ACCOUNTS PAYABLE

At July 31, 2016, accounts payable includes property taxes in the amount of \$243,878 for the George Dawson Inn and \$173,947 for the Quality Hotel and Conference Centre.

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13. SHORT TERM DEBT

Short term debt is non-interest bearing and has no set terms of repayment.

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14. VAN CITY LOANS

Vancity loan bearing interest at 4.57% per annum, repayable in monthly blended payments of \$22,280. The loan matures on March 25, 2017 and is secured by a promissory note, general security agreement and guarantees and postponements by shareholders.

2016	2015
\$ 1,656,303	\$ 1,843,086

Vancity loan bearing interest at 4.25% per annum, repayable in monthly blended payments of \$13,369. The loan matures on May 28, 2018 and is secured by a promissory note, general security agreement and guarantees and postponements by shareholders and 507016 B.C. Ltd.

902,874	1,022,337
\$ 2,559,177	\$ 2,865,423

The company is required to maintain the following financial covenants:

- a) Debt to equity ratio not exceeding 2.5:1;
- b) Debt service coverage of a minimum of 1.3:1;
- c) Debt service coverage of a minimum of 1.3:1 for the George Dawson Inn individually.

At July 31, 2016, the company was not in compliance with the debt service coverage covenant per (b) above, and consequently the balance is presented as current.

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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15. CALLABLE DEBT

	<u>2016</u>	<u>2015</u>
Conexus Credit Union loan bearing interest at 4.8% per annum, repayable in monthly blended payments of \$11,100. The loan matures on July 1, 2017 and is secured by property and equipment related to the subject property under the financing agreement and a personal guarantee and postponement by a shareholder in the amount of the loan.	<u>\$ 1,388,163</u>	<u>\$ 1,267,474</u>

Principal repayment terms are approximately:

2017	<u>\$ 1,388,163</u>
	<u>\$ 1,388,163</u>

Since the bank has the unilateral right to demand repayment of these loans at any time, the balance is presented as callable.

The credit facilities were renegotiated February 25, 2016.

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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16. OBLIGATIONS UNDER CAPITAL LEASE

	2016	2015
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$1,137. The lease matures on July 11, 2020 and is secured by equipment under the contract with a net book value of \$62,206.	\$ 47,282	\$ 55,136
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$1,829. The lease matures on November 15, 2020 and is secured by equipment under the contract with a net book value of \$100,029.	82,122	94,499
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$3,057. The lease matures on May 11, 2021 and is secured by equipment under the contract with a net book value of \$167,222.	152,030	172,329
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$847. The lease matures on November 15, 2020 and is secured by equipment under the contract with a net book value of \$46,301.	37,941	43,742
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$1,563. The lease matures on September 3, 2020 and is secured by equipment under the contract with a net book value of \$85,477.	67,611	78,268
Amounts payable within one year	386,986 (27,703)	443,974 (81,664)
	\$ 359,283	\$ 362,310
Future minimum capital lease payments are approximately:		
2017	\$ 46,002	
2018	101,194	
2019	101,194	
2020	107,419	
2021	84,497	
Total minimum lease payments	440,306	
Less: amount representing interest at various rates	53,320	
	\$ 386,986	

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

17. SHARE CAPITAL

Authorized:  
Unlimited Class "A", "B", "C", and "K" common voting shares  
Unlimited Class "D", "E", "F", "G", "H", "I", and "J" non-voting redeemable, retractable, preferred shares

	2016			2015		
	Number Issued	Stated Capital	Redemption Value	Number Issued	Stated Capital	Redemption Value
Issued:						
Class "B" common shares	100	\$ 100	\$ 100	100	\$ 100	\$ 100
Class "G" preferred shares	500,000	50	2,910,000	500,000	50	2,910,000
Class "H" preferred shares	429,553	43	2,499,998	429,553	43	2,499,998
Class "I" preferred shares	250,000	250,000	250,000	250,000	250,000	250,000
Class "J" preferred shares	1	100	100	1	100	100
		<u>\$ 250,293</u>	<u>\$ 5,660,198</u>		<u>\$ 250,293</u>	<u>\$ 5,660,198</u>

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
(Unaudited)

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18. INCOME TAXES

The balance of the future income tax liability represents the future costs of temporary differences between the tax and accounting basis of property, plant and equipment and other assets. The accounting basis of property, plant and equipment and other assets is higher than the tax basis, resulting in a future tax liability, presented as long term on the balance sheet.

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 13.34% (2015 - 13.34%) to the income for the year and is reconciled as follows:

	2016	2015
Loss before income taxes	\$ (906,731)	\$ 668,817
Income tax expense at the combined basic federal and provincial tax rate:	\$ (120,943)	\$ 89,220
Increase (decrease) resulting from:		
Non-deductible expenses	4,828	(37,864)
Reduction in future taxes resulting from reduction in the tax rate	-	(25,538)
Non-capital losses carried forward	35,081	-
Effective tax expense	\$ (81,034)	\$ 25,818

The company has non-capital losses carried forward in the amount of \$263,012 for tax purposes, which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the current income tax provision in the year realized.

19. CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015
Accounts receivable	\$ 328,143	\$ (293,361)
Interest receivable	(15,966)	-
Inventory	39,514	(9,628)
Prepaid expenses	13,119	(2,282)
Work in progress	(1)	(2)
Accounts payable	429,549	161,265
Income taxes payable	(108,834)	50,974
Interest payable	(491)	928
Goods and services tax payable	(15,108)	1,057
Provincial sales tax payable	10,356	43,196
Wages payable	3,640	(14,403)
Employee deductions payable	3,827	(6,473)
	\$ 687,748	\$ (68,709)

20. FRANCHISE FEES

The company is committed to paying a 3.5% - 5.25% royalty fee on gross room revenue to Choice Hotels Canada. Additional marketing and reservation fees of approximately 2.25% - 4.0% of revenue are paid to Choice Hotels Canada.

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2016  
*(Unaudited)*

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21. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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356746 HOLDINGS INC.  
Schedule of Operations - George Dawson Inn  
Year Ended July 31, 2016  
(Unaudited)

18  
(Schedule 1)

	2016	2015
<b>REVENUE</b>		
Room revenue	\$ 1,163,599	\$ 2,133,567
Liquor sales	1,129,994	1,421,375
Restaurant revenue	66,062	-
Restaurant rental	57,662	138,043
Catering revenue	39,263	-
Miscellaneous income	21,084	14,057
Interest income	16,568	17,528
Lottery sales	8,853	9,782
Cigarette and tobacco sales	8,460	19,034
Commissions	5,012	8,781
	<u>2,516,557</u>	<u>3,762,167</u>
<b>COST OF SALES</b>	<u>889,934</u>	<u>1,003,108</u>
	<u>1,626,623</u>	<u>2,759,059</u>
<b>EXPENSES</b>		
Salaries and wages	780,465	829,213
Utilities	164,159	185,524
Property taxes	122,341	87,836
Amortization	91,719	77,759
Bank charges and interest	86,066	50,879
Interest on callable debt	79,131	87,928
Repairs and maintenance	70,868	93,456
Advertising and promotion	48,912	81,292
Supplies	45,006	86,527
Professional fees	37,114	12,026
Commissions	35,221	42,954
Bad debts	28,202	2,401
Telephone	25,878	24,686
Office	22,620	31,839
Insurance	19,585	16,743
Interest on capital leases	19,438	10,508
Equipment rental	17,836	17,534
Licenses and dues	11,828	36,264
Vehicle	9,684	15,208
Travel	7,009	18,743
	<u>1,723,082</u>	<u>1,809,319</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>\$ (96,459)</u>	<u>\$ 949,740</u>

See accompanying notes to the financial statements.

356746 HOLDINGS INC. 19  
 Schedule of Operations - Quality Hotel and Conference Centre (Schedule 2)  
 Year Ended July 31, 2016  
 (Unaudited)

	2016	2015
<b>REVENUE</b>		
Room revenue	\$ 687,519	\$ 991,996
Miscellaneous income	59,501	28,707
Restaurant rental	15,559	35,607
	<u>762,579</u>	<u>1,056,310</u>
<b>EXPENSES</b>		
Salaries and wages	480,915	559,934
Utilities	210,817	229,711
Repairs and maintenance	152,991	96,643
Property taxes	126,062	110,578
Amortization	123,692	134,356
Franchise fees (Note 20)	79,296	86,444
Bank charges and interest	76,921	73,624
Interest on callable debt	66,179	58,374
Supplies	59,020	83,689
Insurance	30,981	13,169
Telephone	22,639	29,508
Bad debts	15,095	(195)
Advertising and promotion	7,818	13,859
Travel	6,020	2,904
Office	5,181	41,966
Vehicle	2,281	2,253
Equipment rental	2,069	1,322
Licenses and dues	525	1,430
Professional fees	-	9,578
	<u>1,468,502</u>	<u>1,549,047</u>
<b>LOSS FROM OPERATIONS</b>	<u>\$ (705,923)</u>	<u>\$ (492,737)</u>

See accompanying notes to the financial statements.

**Schedule "C-6"**

**356746 HOLDINGS INC.**  
**Financial Statements**  
**Year Ended July 31, 2017**  
*(Unaudited)*

356746 HOLDINGS INC.  
Index to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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Schedule of Operations - George Dawson Inn (Schedule 2)	18

# Miniely Tower Hughes Associates

CHARTERED ACCOUNTANTS

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FORWARD THINKING. PLAIN SPEAKING.

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Mona Huang, BCOMM, CPA, CA - Associate

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## REVIEW ENGAGEMENT REPORT

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To the Shareholders of 356746 Holdings Inc.

We have reviewed the balance sheet of 356746 Holdings Inc. as at July 31, 2017 and the statements of loss and retained earnings and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

Edmonton, Alberta  
January 31, 2018

*Miniely Tower Hughes Associates LLP*

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356746 HOLDINGS INC.  
Statement of Loss and Retained Earnings  
Year Ended July 31, 2017  
(Unaudited)

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	2017	2016
<b>REVENUES</b>		
Schedule of Operations - George Dawson Inn (Schedule 2)	\$ 3,002,812	\$ 2,516,557
Schedule of Operations - Quality Hotel and Conference Centre (Schedule 1)	<u>699,535</u>	<u>762,579</u>
	3,702,347	3,279,136
<b>SCHEDULE OF OPERATIONS - GEORGE DAWSON INN (Schedule 2)</b>	<u>777,835</u>	<u>889,934</u>
<b>GROSS PROFIT</b>	<u>2,924,512</u>	<u>2,389,202</u>
<b>EXPENSES</b>		
Schedule of Operations - George Dawson Inn (Schedule 2)	2,017,934	1,764,004
Schedule of Operations - Quality Hotel and Conference Centre (Schedule 1)	1,168,268	1,468,502
Life insurance	45,288	32,924
Professional fees	24,746	29,600
Licenses and dues	74	-
Interest and bank charges	<u>(2)</u>	<u>903</u>
	3,256,308	3,295,933
<b>EARNINGS FROM OPERATIONS</b>	(331,796)	(906,731)
<b>OTHER INCOME</b>		
Interest income	<u>233</u>	<u>-</u>
<b>EARNINGS BEFORE INCOME TAXES (RECOVERED)</b>	<u>(331,563)</u>	<u>(906,731)</u>
<b>INCOME TAXES (RECOVERED)</b>		
Current (Note 18)	(17)	(60,521)
Future (Note 18)	<u>(73,198)</u>	<u>(20,513)</u>
	(73,215)	(81,034)
<b>NET EARNINGS</b>	(258,348)	(825,697)
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>707,456</u>	<u>1,848,158</u>
	449,108	1,022,461
<b>DIVIDENDS DECLARED</b>	<u>-</u>	<u>(315,005)</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>\$ 449,108</u>	<u>\$ 707,456</u>

See accompanying notes to the financial statements.

## 356746 HOLDINGS INC.

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## Balance Sheet

July 31, 2017

(Unaudited)

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Notes 11, 13, 14, 16)	\$ 25,290	\$ 288,651
Term deposits (Notes 5, 11, 13, 14, 16)	-	1,000,000
Accounts receivable (Notes 11, 13, 14, 16)	447,477	154,154
Inventory (Notes 8, 11, 13, 14, 16)	22,962	49,922
Income taxes recoverable	-	60,521
Interest receivable	-	15,966
Prepaid expenses	55,887	7,341
Due from related parties (Note 9)	18,035	18,035
	<u>569,651</u>	<u>1,594,590</u>
PROPERTY, PLANT AND EQUIPMENT (Notes 7, 11, 13, 14, 15, 16)	4,247,552	4,376,346
LONG TERM INVESTMENT (Notes 8, 11, 13, 14, 16)	445,738	445,738
DUE FROM RELATED PARTIES (Note 9)	1,722,574	1,727,574
DUE FROM SHAREHOLDERS (Note 10)	402,712	-
	<u>\$ 7,388,227</u>	<u>\$ 8,144,248</u>

See accompanying notes to the financial statements.

## 356746 HOLDINGS INC.

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## Balance Sheet

July 31, 2017

(Unaudited)

	2017	2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 11)	\$ 47,770	\$ 40,809
Accounts payable (Note 12)	916,772	994,615
Interest payable	7,266	6,633
Wages payable	48,968	56,432
Employee deductions payable	11,054	11,193
Goods and services tax payable	96,053	57,408
Provincial sales tax payable	197,682	145,186
Current portion of obligations under capital lease (Note 15)	85,820	27,703
Current portion of long term debt (Note 16)	37,335	-
Vancity loans (Note 13)	2,281,455	2,559,177
Due to related parties (Note 9)	97,816	97,816
	<u>3,827,991</u>	<u>3,996,972</u>
Callable debt due thereafter (Note 14)	1,313,645	1,388,163
	5,141,636	5,385,135
LONG TERM DEBT (Note 16)	206,932	-
OBLIGATIONS UNDER CAPITAL LEASE (Note 15)	273,463	359,283
FUTURE INCOME TAXES (Note 18)	621,901	695,099
DUE TO RELATED PARTIES (Note 9)	444,894	444,894
DUE TO SHAREHOLDERS (Note 10)	-	302,088
	<u>6,688,826</u>	<u>7,186,499</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 17)		
Preferred shares		
500,000 Class "G" shares redeemable for \$5.82 per share (total redemption amount - \$2,910,000; 2016 - \$2,910,000)	50	50
429,553 Class "H" shares redeemable for \$5.82 per share (total redemption amount - \$2,499,998; 2016 - \$2,499,998)	43	43
250,000 Class "I" shares redeemable for \$1.00 per share (total redemption amount - \$250,000; 2016 - \$250,000)	250,000	250,000
1 Class "J" shares redeemable for \$100.00 per share (total redemption amount - \$100; 2016 - \$100)	100	100
Common Shares	100	100
	<u>250,293</u>	<u>250,293</u>
Retained earnings	449,108	707,456
	<u>699,401</u>	<u>957,749</u>
	<u>\$ 7,388,227</u>	<u>\$ 8,144,248</u>

ON BEHALF OF THE BOARD

Director

See accompanying notes to the financial statements.

356746 HOLDINGS INC.  
Statement of Cash Flow  
Year Ended July 31, 2017  
(Unaudited)

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	2017	2016
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ (258,348)	\$ (825,697)
Items not affecting cash:		
Amortization	201,845	215,411
Future Income taxes	(73,198)	(20,613)
	(129,701)	(630,799)
Changes in non-cash working capital (Note 19)	(232,093)	687,748
Cash flow from (used by) operating activities	(361,794)	56,949
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(73,053)	(122,996)
Proceeds from long term investments	-	4,300
Proceeds from term deposits	1,000,000	322,353
Cash flow from investing activities	926,947	203,657
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	(316,006)
Advances from (to) related parties	5,000	(36,606)
Advances from (to) shareholders	(704,800)	578,057
Proceeds from callable debt financing	-	300,000
Proceeds from long term financing	250,000	-
Repayment of callable debt	(74,518)	(179,311)
Repayment of Vancity loans	(277,721)	(306,246)
Repayment of long term debt	(5,733)	-
Repayment of obligations under capital lease	(27,703)	(56,987)
Repayment of short term debt	-	(62,500)
Cash flow used by financing activities	(835,475)	(78,598)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	(270,322)	182,008
Cash - beginning of year	247,842	65,834
<b>CASH (DEFICIENCY) - END OF YEAR</b>	\$ (22,480)	\$ 247,842
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ (18,808)	\$ (602)
Interest paid	\$ 279,581	\$ 370,050
Income taxes paid (recovered)	\$ (60,538)	\$ 48,313
<b>CASH (DEFICIENCY) CONSISTS OF:</b>		
Cash	\$ 25,290	\$ 288,651
Bank indebtedness	(47,770)	(40,809)
	\$ (22,480)	\$ 247,842

See accompanying notes to the financial statements.

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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1. DESCRIPTION OF BUSINESS

The company is incorporated under the laws of Saskatchewan and British Columbia. Its principal activity is operating hotels in Prince Albert, Saskatchewan and in Dawson Creek, British Columbia.

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2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash in the bank, cash on hand and bank indebtedness. The bank indebtedness consists of a line of credit.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives using the declining balance at the following rates:

Buildings	4%
Furniture and fixtures	20%
Motor vehicles	30%
Computer equipment	45%

Assets under capital leases

Assets under capital leases are stated at cost less accumulated amortization. Assets under capital leases are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
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*(continues)*

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income taxes are reported using the future income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and future income taxes reflect:

- the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;
- the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Future income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which future income taxes assets are likely to be realized, or future income tax liabilities settled. The effect of a change in tax rates on future income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Revenue recognition

Room and banquet revenue is recognized when the services have been rendered and collection is reasonably assured. Revenue from the sale of liquor, lottery and cigarette and tobacco is recognized at the time of the sale to the consumer. Restaurant rental, interest income, life insurance proceeds, commission and miscellaneous revenue is recognized as it is earned.

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments. The following analysis provides information about the company's risk exposure and concentration as of July 31, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

At July 31, 2017, accounts receivable is presented net of an allowance for impairment of \$33,474 (2016 - \$48,857).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable, interest payable, wages payable, callable debt and capital lease obligations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities by investing in fixed interest rate term deposits and credit facilities.

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5. TERM DEPOSIT

	2017	2016
Term deposit bearing interest at 1.8% and matures on September 12, 2016	\$ -	\$ 1,000,000

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356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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6. INVENTORY

	2017	2016
Liquor	\$ 20,824	\$ 47,076
Supplies	2,138	2,846
	\$ 22,962	\$ 49,922

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 815,149	\$ -	\$ 815,149	\$ 815,149
Buildings	5,126,227	1,980,565	3,145,662	3,223,506
Furniture and fixtures	2,220,798	1,939,297	281,501	328,350
Motor vehicles	81,872	81,393	479	685
Computer equipment	14,789	10,028	4,761	8,656
	\$ 8,258,835	\$ 4,011,283	\$ 4,247,552	\$ 4,376,346

The following assets included above are held under capital lease (Note 15):

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 490,259	\$ 47,473	\$ 442,786	\$ 461,236

8. LONG TERM INVESTMENTS

	2017	2016
Investment in life insurance	\$ 439,400	\$ 439,400
Credit Union share account	6,332	6,332
Vancity share account	6	6
	\$ 445,738	\$ 445,738

The investment in life insurance represents a \$1,000,000 life policy purchased from the shareholder in 2010. The fair market value was determined by an independent actuary at the time of the purchase.

**356746 HOLDINGS INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2017**  
*(Unaudited)*

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**9. DUE TO (FROM) RELATED PARTIES**

**Due from related parties**

	2017	2016
Current portion		
Inara Investments Inc.	\$ 18,035	\$ 18,035
Long term portion		
Elsheba Properties Inc.	1,713,370	1,718,370
No-Ray Holdings Ltd.	5,934	5,934
Highpark Properties Ltd.	3,270	3,270
	1,722,574	1,727,674
	\$ 1,740,609	\$ 1,745,609

The related parties are companies controlled by a shareholder of 356746 Holdings Inc. Amounts due from related parties are non-interest bearing and have no set terms of repayment.

**Due to related parties**

Current portion		
Inn on the Creek Inc.	\$ 97,816	\$ 97,816
Long term portion		
507016 B.C. Ltd.	444,894	444,894
	\$ 542,710	\$ 542,710

Inn on the Creek Inc. is a company controlled by a group of parties related to the shareholders of 356746 Holdings Inc.

507016 B.C. Ltd. and Inara Investments Inc are companies with common shareholders of 356746 Holdings Inc.

Advances to related parties are non-interest bearing and have no set terms of repayment. The amount due to 507016 B.C. Ltd. is postponed in favour of the Vancity callable debt, and therefore the balance is presented as long term.

**10. DUE FROM (TO) SHAREHOLDERS**

The amounts due to and from shareholders are non-interest bearing and have no set repayment terms. The shareholders' loans are postponed in favour of the Vancity callable debt, and therefore the balance is presented as long term.

**11. BANK INDEBTEDNESS**

The company has a line of credit with an authorized limit of \$50,000. The line of credit bears interest at prime plus 3.5% and is secured by a general security agreement.

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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12. ACCOUNTS PAYABLE

At July 31, 2017, accounts payable includes outstanding property taxes in the amount of \$112,677 for the George Dawson Inn and \$295,300 for the Quality Hotel and Conference Centre. Subsequent to year end, \$100,000 has been paid for the property taxes of the Quality Hotel and Conference Centre.

Included in accounts payable is \$64,945 to Heritage Contracting & Interiors Ltd. under a court settlement agreement made on October 7, 2016. The settlement is non-interest bearing and repayable in semi-monthly payments of \$2,750. The settlement will be repaid in full by July 20, 2018.

13. VANCITY LOANS

	2017	2016
<p>Vancity loan bearing interest at prime plus 2% per annum, repayable in monthly blended payments of \$17,070. The loan matures on March 25, 2018 and is secured by a promissory note, general security agreement and guarantees and postponements by shareholders.</p>	\$ 1,492,573	\$ 1,656,303
<p>Vancity loan bearing interest at 4.25% per annum, repayable in monthly blended payments of \$13,369. The loan matures on May 28, 2018 and is secured by a promissory note, general security agreement and guarantees and postponements by shareholders and 507016 B.C. Ltd.</p>	788,882	902,874
	\$ 2,281,455	\$ 2,559,177

The company is required to maintain the following financial covenants:

- a) Debt to equity ratio not exceeding 2.5:1;
- b) Debt service coverage of a minimum of 1.3:1;
- c) Debt service coverage of a minimum of 1.3:1 for the George Dawson Inn individually.

At July 31, 2017, the company was not in compliance with the debt service coverage covenant per (b) and (c) above, and consequently the balance is presented as current.

14. CALLABLE DEBT

	2017	2016
<p>Conexus Credit Union loan bearing interest at 6.3% per annum, repayable in monthly blended payments of \$12,144. The loan matures on July 1, 2018 and is secured by property and equipment related to the subject property under the financing agreement and a personal guarantee and postponement by a shareholder in the amount of the loan.</p>	\$ 1,313,645	\$ 1,388,163

Since the bank has the unilateral right to demand repayment of these loans at any time, the balance is presented as callable.

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

15. OBLIGATIONS UNDER CAPITAL LEASE

	2017	2016
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$1,137. The lease matures on July 11, 2020 and is secured by equipment under the contract with a net book value of \$59,717.	\$ 43,453	\$ 47,282
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$1,829. The lease matures on November 15, 2020 and is secured by equipment under the contract with a net book value of \$96,027.	76,187	82,122
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$3,057. The lease matures on May 11, 2021 and is secured by equipment under the contract with a net book value of \$160,534.	142,111	162,030
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$847. The lease matures on November 15, 2020 and is secured by equipment under the contract with a net book value of \$44,449.	35,025	37,941
Blueshore leasing lease bearing interest at 4.8% per annum, repayable in monthly blended payments of \$1,563. The lease matures on September 3, 2020 and is secured by equipment under the contract with a net book value of \$82,058.	62,507	67,611
	359,283	386,986
Amounts payable within one year	(85,820)	(27,703)
	\$ 273,463	\$ 359,283
Future minimum capital lease payments are approximately:		
2018	\$ 101,194	
2019	101,194	
2020	107,419	
2021	84,497	
	394,304	
Total minimum lease payments	394,304	
Less: amount representing interest at various rates	35,021	
	\$ 359,283	

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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16. LONG TERM DEBT

Manorhar Alexander Savundranayagam loan bearing interest at 14% per annum, repayable in monthly blended payments of \$5,768. The loan matures on May 1, 2022 and is secured by a promissory note, mortgages registered against the corporation's properties, and guarantees and postponements by the indemnifiers.

Amounts payable within one year

	2017	2016
	\$ 244,267	\$ -
	(37,335)	-
	\$ 206,932	\$ -

Principal repayment terms are approximately:

2018	\$ 37,335
2019	42,911
2020	49,319
2021	56,685
2022	58,017
	\$ 244,267

17. SHARE CAPITAL

Authorized:

Unlimited Class "A", "B", "C", and "K" common voting shares

Unlimited Class "D", "E", "F", "G", "H", "I", and "J" non-voting redeemable, retractable, preferred shares

	2017			2016		
	Number Issued	Stated Capital	Redemption Value	Number Issued	Stated Capital	Redemption Value
Issued:						
Class "B" common shares	100	\$ 100	\$ 100	100	\$ 100	\$ 100
Class "G" preferred shares	500,000	50	2,910,000	500,000	50	2,910,000
Class "H" preferred shares	429,553	43	2,499,998	429,553	43	2,499,998
Class "I" preferred shares	250,000	250,000	250,000	250,000	250,000	250,000
Class "J"						

(continues)

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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17. SHARE CAPITAL (continued)

preferred shares	1	100	100	1	100	100
		\$ 250,293	\$ 5,660,198		\$ 250,293	\$ 5,660,198

18. INCOME TAXES

The balance of the future income tax liability represents the future costs of temporary differences between the tax and accounting basis of property, plant and equipment and other assets. The accounting basis of property, plant and equipment and other assets is higher than the tax basis, resulting in a future tax liability, presented as long term on the balance sheet.

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 13.34% (2016 - 13.34%) to the income for the year and is reconciled as follows:

	2017	2016
Loss before income taxes	\$ (331,563)	\$ (906,731)
Income tax expense at the combined basic federal and provincial tax rate:	\$ (44,225)	\$ (120,958)
Increase (decrease) resulting from:		
Non-deductible expenses	6,108	4,828
Non-capital losses carried forward	(35,081)	35,081
Difference between assessed amount and provision in 2016	(17)	-
Effective tax expense	\$ (73,215)	\$ (81,049)

The company has non-capital losses carried forward in the amount of \$374,912 for tax purposes, which are available to reduce future taxable income. The future benefit of these amounts is included in the Future Income Taxes liability.

19. CHANGES IN NON-CASH WORKING CAPITAL

	2017	2016
Accounts receivable	\$ (293,323)	\$ 328,143
Interest receivable	15,966	(15,966)
Inventory	26,960	39,514
Prepaid expenses	(48,546)	13,119
Accounts payable	(77,842)	429,548
Income taxes payable	60,521	(108,834)
Interest payable	633	(491)
Goods and services tax payable	38,645	(15,108)
Provincial sales tax payable	52,496	10,356
Wages payable	(7,464)	3,640
Employee deductions payable	(139)	3,827
	\$ (232,093)	\$ 687,748

356746 HOLDINGS INC.  
Notes to Financial Statements  
Year Ended July 31, 2017  
(Unaudited)

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20. FRANCHISE FEES

The company is committed to paying a 3.5% - 5.25% royalty fee on gross room revenue to Choice Hotels Canada. Additional marketing and reservation fees of approximately 2.25% - 4.0% of revenue are paid to Choice Hotels Canada.

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21. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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## 356746 HOLDINGS INC.

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## Schedule of Operations - Quality Hotel and Conference Centre (Schedule 1)

Year Ended July 31, 2017

(Unaudited)

	2017	2016
<b>REVENUE</b>		
Room revenue	\$ 679,746	\$ 687,519
Restaurant rental	19,155	15,559
Commissions	457	-
Miscellaneous income	177	59,501
	<u>699,535</u>	<u>762,579</u>
<b>EXPENSES</b>		
Salaries and wages	423,047	480,915
Utilities	207,584	210,817
Property taxes	146,696	126,062
Amortization	111,359	123,692
Franchise fees (Note 20)	62,690	79,296
Interest on callable debt	57,057	66,179
Bank charges and interest	49,472	76,921
Supplies	43,559	59,020
Repairs and maintenance	24,943	152,991
Telephone	14,221	22,639
Insurance	11,888	30,981
Advertising and promotion	11,139	7,818
Travel	6,956	6,020
Professional fees	4,000	-
Office	3,812	5,181
Vehicle	1,652	2,281
Licenses and dues	1,437	526
Equipment rental	1,407	2,069
Bad debts	(14,651)	15,095
	<u>1,168,268</u>	<u>1,468,502</u>
<b>LOSS FROM OPERATIONS</b>	<u>\$ (468,733)</u>	<u>\$ (705,923)</u>

See accompanying notes to the financial statements.

356746 HOLDINGS INC.  
Schedule of Operations - George Dawson Inn  
Year Ended July 31, 2017  
(Unaudited)

18  
(Schedule 2)

	2017	2016
<b>REVENUE</b>		
Room revenue	\$ 1,788,162	\$ 1,163,599
Liquor sales	812,255	1,129,994
Restaurant revenue	326,689	66,062
Catering revenue	38,408	39,263
Miscellaneous income	17,881	21,084
Restaurant rental	13,683	57,662
Commissions	3,686	5,012
Interest income	2,408	16,568
Cigarette and tobacco sales	-	8,460
Lottery sales	(360)	8,853
	<u>3,002,812</u>	<u>2,516,557</u>
<b>COST OF SALES</b>	<u>777,835</u>	<u>889,934</u>
	<u>2,224,977</u>	<u>1,626,623</u>
<b>EXPENSES</b>		
Salaries and wages	985,900	780,465
Utilities	180,217	164,159
Property taxes	119,745	122,341
Advertising and breakfast	112,599	48,912
Interest on callable debt	100,897	120,053
Amortization	90,486	91,719
Repairs and maintenance	68,603	70,868
Supplies	59,175	45,006
Commissions	50,808	35,221
Bank charges and interest	46,431	86,066
Telephone	32,225	25,878
Equipment rental	30,225	17,836
Bad debts	26,366	28,202
Travel	18,980	7,009
Interest on capital leases	18,300	19,438
Office	17,417	22,620
Professional fees	16,762	37,114
Insurance	16,566	19,586
Vehicle	12,267	9,684
Interest on long term debt	8,059	-
Licenses and dues	5,906	11,828
	<u>2,017,934</u>	<u>1,764,004</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>\$ 207,043</u>	<u>\$ (137,381)</u>

See accompanying notes to the financial statements.

**Schedule "C-7"**

# RISE

10TH Floor • 1055 West Georgia Street  
Canada  
Vancouver, British Columbia  
V6E 3P3

Tel: 1-888-393-3483  
Email: support@risepeople.com  
GST# R46124485

## The George Dawson Inn

Customer Number:	100159-122013
Payment Method:	Direct Deposit
Payroll:	25
Pay Date:	13-Dec-2019
Pay Period:	24-Nov-2019 to 07-Dec-2019

	Units		Total
<b>Payroll Service Charges</b>			
All inclusive fees	41	\$5.25	\$215.25
Subtotal			\$215.25
GST			\$10.76
HST			\$0.00
PST			\$0.00
<b>Total Payroll Service Charges</b>			<b>\$226.01</b>
<b>Payroll</b>			
Net Payroll			\$25,753.61
Subtotal			\$25,753.61
<b>Total Payroll</b>			<b>\$25,753.61</b>
<b>Remittances</b>			
CPP			\$1,056.69
EI			\$386.14
Employer CPP			\$1,056.69
Employer EI			\$540.59
Tax			\$3,912.79
Subtotal			\$6,952.90
<b>Total Remittances</b>			<b>\$6,952.90</b>
<b>Withdrawal from account scheduled for 11-Dec-2019</b>			<b>\$32,932.52</b>

\* This includes - Approx \$3000 in holiday pay -  
As well as 4 banquets - so kitchen labour is higher



1088 West Georgia Tel: 1-888-393 3483  
Email support@nspeople.com

Vancouver, British Columbia  
V6P 4P3

### The George Dawson Inn

Customer Number:	100150-122013
Payment Method:	Direct Deposit
Payroll:	25
Pay Date:	13-Dec-2019
Pay Period:	24-Nov-2019 to 07-Dec-2019

Royal Bank									
Department	Net Pay	Employee CPP	Employee EI	Employer CPP	Employer EI	Tax	TPP	QC Remit	Total
Admin	\$8,432.68	\$233.50	\$53.33	\$233.50	\$74.86	\$1,875.78	\$0.00	\$0.00	\$10,803.45
Front Desk	\$4,781.53	\$261.37	\$83.87	\$261.37	\$131.42	\$826.83	\$0.00	\$0.00	\$6,156.39
Housekeeping	\$5,342.13	\$232.59	\$108.61	\$232.59	\$149.24	\$899.80	\$0.00	\$0.00	\$6,962.96
Lounge	\$1,361.69	\$53.88	\$23.66	\$53.88	\$33.12	\$21.27	\$0.00	\$0.00	\$1,547.50
Restaurant	\$5,836.58	\$275.35	\$108.67	\$275.35	\$152.15	\$488.11	\$0.00	\$0.00	\$7,138.21
Payroll Service Charges									\$228.01
	\$26,753.81	\$1,056.69	\$388.14	\$1,056.69	\$540.69	\$3,912.79	\$0.00	\$0.00	\$32,932.52

Export to PDF

**Schedule "D"**

ENGAGEMENT OF D. Manning & Associates Inc. (the "Monitor") as Monitor to 356746 Holdings Inc. dba George Dawson Inn dba Quality Hotel and Conference Centre, Umedalli Thobani, Luxor Holdings Inc., and 507016 B.C. Ltd. (collectively the "Business Entities")

**WHEREAS:**

- A. Vancouver City Savings Credit Union (the "Secured Creditor") has made certain loans and advances to and holds guarantees, covenants and security from the Business Entities;
- B. The Loans and advances have not been paid in accordance with their terms;
- C. The affairs of the various Business Entities are inter-related as to require evaluation of all of the Business Entities;
- D. The Secured Creditor, the Business Entities, the principals of the Business Entities and their guarantors as evidenced by their consent hereto agree to the engagement of the Monitor on the terms which follow:

**1. Assessment Report**

The Business Entities hereby engage D. Manning & Associates Inc. to conduct a review of, and to report and provide their comments with respect to, all aspects of the financial affairs and operations of the Business Entities and all matters related thereto or connected therewith including the viability of the business and an assessment of the security value of the Business Entities' assets and the Business Entities' prospects for the future. Without limiting the generality of the terms of the engagement, the Monitor, is engaged to prepare reports in writing which may:

- (a) provide a general description of the various operations and businesses of the Business Entities, the management, the current businesses in which the Business Entities operate, their position in the industry and the business strategies they follow;
- (b) provide a review of historical operating results, including an assessment of divisional profitability and problems, a review of the presentation and acceptability of internal financial reports, a review of the current financial position of the Business Entities and an analysis of the circumstances contributing to that position including income taxation;
- (c) review and assess the Business Entities' financial controls and management practices, existing budgets, financial position and credit requirements, and ability to satisfy the covenants in security granted to creditors and assess the security position of the Secured Creditor;
- (d) evaluate the remuneration and benefits paid, or proposed to be paid, by the Business Entities to any of their employees, officers or directors;
- (e) assess management's monthly cash flow forecasts and supporting schedules, including projected profit and loss statements and realization balance sheets for such periods as the Monitor may consider appropriate;
- (f) review the various assets of the Business Entities and report the value and the benefit to the Business Entities of such assets;

- (g) provide the details of any proposed transaction or new investment contemplated by the Business Entities or involving the shares, property or assets of the Business Entities;
- (h) assess the existing agreements and proposed transactions between the Business Entities and all licensors, dealers, representatives, contractors and corporations with whom the Business Entities frequently contract;
- (i) report on allocations of expenditures between such Business Entities, inter-company transfers of assets including, without limitations, transfer of property, advances and payments of principal and interest in respect of such advances;
- (j) provide an assessment of the position of other creditors of the Business Entities and the priority of their ranking;
- (k) evaluate any pending or existing actions or proceedings against the Business Entities or the property and assets of the Business Entities or any proceedings affecting the rights of creditors which are commenced by or against the Business Entities;
- (l) review and assess the internal financial statements for the years ended July 31, 2018 and July 31, 2019 and year to date financial statements for both the George Dawson Inn and Quality Hotel and Conference Centre, and their combined financial statements;
- (m) review all representations of the Business Entities to the Secured Creditor; and
- (m) provide recommendations for consideration by the Secured Creditor and the Business Entities.

## **2. Access to Information**

The Business Entities agree to provide to the Monitor access to any and all information relative to the business, including without limitation, the Business Entities will disclose:

- (a) The relationship between the Business Entities and any subsidiary, affiliate or associate thereof and of any guarantors of the indebtedness of the Business Entities to the Secured Creditor.
- (b) Details of their banking relationships and the Business Entities by their consent hereto, authorize the Secured Creditor to release any and all information relative to the Business Entities to the Monitor.
- (c) Every record, document, instrument, account and voucher of the Business Entities and be entitled to require from the directors, officers and employees of the Business Entities and from all the persons subject to the direction of the Business Entities, information and explanations necessary or desirable, in the Monitor's opinion, to enable the Monitor to complete its review.
- (d) The Business Entities shall provide to the Monitor all required access to computer records used in whole or in part in the business and shall provide all necessary source and access codes and passwords to enable the Monitor to review the whole of the computer records including emails sent and received.
- (e) The Business Entities shall provide staff to assist the Monitor in its review, provide information requested by the Monitor and provide the Monitor with any and all information which is pertinent to this review whether or not requested by the Monitor.

- (f) The Business Entities shall direct the Business Entities' bankers, auditors, accountants and solicitors to assist the Monitor where necessary and to release to the Monitor all information required by the Monitor which would otherwise be of a privileged or confidential nature.
- (g) The Business Entities shall provide the Monitor with:
  - (i) Federal and Provincial and Municipal licenses;
  - (ii) evidence of obligations pursuant to all taxes, Crown claims and Crown liens and will from time to time, at the request of the Monitor, execute and deliver a consent to provide information from the Federal or Provincial Crown or any agency of the Federal and Provincial Crown or municipal taxation authorities;
  - (iii) all licenses, privileges, agency agreements, distributorships;
  - (iv) written authority to speak to the owner of any property, real or personal, leased to the Business and details of municipal health, fire or work orders;
  - (v) proof of adequate insurance and coverage, payment of premiums when due and renewals;
  - (vi) monthly (within twenty (20) days after month-end) in house financial statements commencing on the expiry of the latest financial statements for the year ended July 31, 2019;
  - (vii) a budget and a business plan upon the appointment of the Monitor;
  - (viii) a list of cheques including the purpose for which each cheque is issued, on a biweekly basis, but not less than three (3) days before delivery of the cheques;
  - (ix) details of major individual capital expenditure of five thousand (\$5,000) dollars or more per individual transaction;
  - (x) monthly detailed listing of aged payables, aged receivables and reconciliations of bank accounts;
  - (xi) timely reports (at least once every two weeks) in respect of their cashflow including receipts and disbursements;
  - (xii) monthly cashflow reporting directly to the Secured Creditor which reporting shall include confirmation that disbursements are consistent with projections and reasonable;
  - (xiii) notice of any and all actions against any of the Business Entities or proceedings;
  - (xiv) particulars of all equipment leases including statements of account;
  - (xv) George Dawson Inn hotel statistics for the last twelve (12) months;
  - (xvi) Information on amounts due to/from related parties;
  - (xvii) Information on life insurance policies; and

(xviii) List of customer deposits.

- (h) The Monitor shall have reasonable access to the Business Entities' property, offices, and records, upon reasonable notice.

### **3. Reporting**

- (a) The reports of the Monitor and the information obtained by the Monitor shall be confidential. The Monitor shall provide periodic reports to the Secured Creditor partly in writing and partly oral pertaining to those elements of its assessment and report as it deems necessary.
- (b) The Business Entities agree that the Monitor will be permitted to engage in oral discussions with the Secured Creditor with respect to any and all findings prior to preparation of the written report.

### **4. Termination**

If at any time, during the course of this engagement, the Secured Creditor directs the Monitor to cease its investigations, the Monitor will be immediately relieved of any and all obligations to prepare a written assessment of the Business Entities pursuant to the terms of this engagement.

### **5. Fees and Disbursements**

The Monitor shall charge its normal charge-out-rate for the purposes of this review and any disbursements (plus applicable taxes) will be added to the loan balances outstanding by the Business Entities to the Secured Creditor. The Monitor's account will be paid by the Secured Creditor and the Business Entities agree to indemnify the Secured Creditor in respect of any amount charged by the Monitor.

### **6. Conflict of Interest**

The Business Entities agree that in the event that a Receiver, Receiver and Manager, Licensed Insolvency Trustee in a bankruptcy, Licensed Insolvency Trustee under a Proposal or Agent is to be appointed that the Monitor's status as Monitor will not preclude the Monitor, its partners, associates, employees, agents or any company controlled by or related to the Monitor from being appointed as Monitor by any other party or the court or as Receiver, Receiver and Manager, Licensed Insolvency Trustee in a bankruptcy or Licensed Insolvency Trustee under a Proposal or Agent in respect of the Business Entities following the termination of the engagement herein and the Business Entities expressly consent to the appointment of D. Manning & Associates Inc. in any such capacity.

### **7. Continuation of Credit Relationship**

The Business Entities acknowledge that the appointment of the Monitor by the Secured Creditor shall not be construed as a waiver of any rights which the Secured Creditor has under any security instrument or loan agreement. The Business Entities confirm that all loans from the Secured Creditor to the Business Entities are payable pursuant to the terms therein granted and that the Secured Creditor can continue to exercise its rights under any security instrument or loan agreement.

**8. Limitation and Indemnity**

The Business Entities acknowledge and agree that neither the Secured Creditor nor the Monitor shall be responsible to the Business Entities or their directors, employees, shareholders or creditors for any action or failure to act on any matter in connection with the Business Entities. The Business Entities acknowledge and agree that the Monitor is merely acting as a monitor in this matter and in connection therewith will assume no decision-making responsibilities nor have any management capacity.

**9. Management**

The Business Entities will conduct their own management. The Business Entities acknowledge and agree that the Secured Creditor and the Monitor cannot and will not be held responsible for any decisions and activities by the Business Entities during the term of the engagement and further the Business Entities agree to indemnify and save harmless the Secured Creditor and the Monitor from any claims or losses arising as a result of any act or omission of the Monitor done bonafide and in good faith in furtherance of the engagement.

**10. Enforcement Based on Report**

The Business Entities acknowledge that the Secured Creditor may, on the basis of the written report provided by the Monitor, or, on the basis of any information provided to the Secured Creditor by the Monitor during the course of the review, affirm their existing demand upon the Business Entities and the Guarantors pursuant to the security instruments for the immediate repayment by the Business Entities of all current indebtedness and liability to the Secured Creditor and take steps to enforce or otherwise realize upon the Secured Creditor's security.

**11. Miscellaneous**

Time is of the essence in this engagement. This engagement shall be construed in accordance with the laws of the Province of British Columbia. The parties agree to take such further steps and give such further assurances as are reasonably required for the purpose of giving force and effect to this engagement.

The Parties hereto by execution of these presents indicate their agreement with its terms.

The Monitor hereby accepts the engagement and the terms and conditions thereof.

Dated at Vancouver, this \_\_\_ day of December, 2019.

**D. MANNING & ASSOCIATES INC.** )  
**LICENSED INSOLVENCY TRUSTEE** )  
 )  
 )  
\_\_\_\_\_)  
Authorized Signatory )

The Borrower and the Guarantors acknowledge and agree that they have read and understood the terms of the above and that they engage the Monitor in accordance with the above terms and conditions and specifically acknowledge that each party has had the opportunity to seek the advice of such legal counsel as it required with respect to the engagement of the Monitor.

Dated at \_\_\_\_\_, this \_\_\_\_ day of December, 2019.

**356746 HOLDINGS INC.** )  
**dba GEORGE DAWSON INN** )  
**dba QUALITY HOTEL AND** )  
**CONFERENCE CENTRE** )

\_\_\_\_\_  
Authorized Signatory )

**UMEDALLI THOBANI** )

\_\_\_\_\_  
Authorized Signatory )

**LUXOR HOLDINGS INC.** )

\_\_\_\_\_  
Authorized Signatory )

**507016 B.C. LTD.** )

\_\_\_\_\_  
Authorized Signatory )

Approved by:  
**VANCOUVER CITY SAVINGS** )  
**CREDIT UNION** )

\_\_\_\_\_  
Per: Authorized Signatory )

**Schedule "E"**

**Working Capital**

Working Capital will begin with the Borrower being paid \$50,000.00 from the monies the subject of the Freezing Order and will be replenished to a level not to exceed \$50,000.00, in \$25,000.00 increments (once reduced to below \$25,000.00 of Working Capital) as against payments approved by Manning within Three (3) business days of request.

Failure of Manning to reply within 3 business days will be deemed an approval.

For a request (and consideration) Manning will require:

- a. a list of cheques or wire transfers that the Debtor wants to pay 3 days in advance of payment to be made on a spreadsheet;
- b. Column headings;
- c. Date of Cheque or wire transfer;
- d. Payee name;
- e. Amount \$;
- f. Date of invoice/ period covered;
- g. Purpose of payment.

On a monthly basis, Manning is to be provided with a copy of the general ledger cash account which shows a list of cheques or wire transfers made.

**Schedule "F"**

Manning's accounts to December 2, 2019 have been approved by the Debtors.

The Debtors approve the following anticipated costs of Manning (plus 10% if explained);

For the period December 3, 2019 to December 20, 2019 ( Pre-monitoring ) \$8,000 plus GST

For the period December 21, 2019 to January 17, 2020 ( Initial looksee) \$25,550 plus GST

For the period January 18, 2020 to February 17, 2020 ( Monthly ) \$12,500 plus GST

For the period February 18, 2020 to March 17, 2020 ( Monthly ) \$12,500 plus GST

For the period March 18, 2020 to April 17, 2020 ( Monthly ) \$12,500 plus GST

For the period April 18, 2020 to May 17, 2020 ( Monthly ) \$12,500 plus GST

For the period May 18, 2020 to June 17, 2020 ( Monthly ) \$12,500 plus GST

For the period June 18, 2020 to June 30, 2020 ( 13 days) \$6,325.00 plus GST

Any costs of Manning in excess of the forgoing are subject to assessment in the Proceeding as though they were Court appointed.

This is Exhibit "C" referred to in the Affidavit of ALEX EN HWA NG sworn before me at Vancouver, B.C., this 6<sup>th</sup> day of April, 2020.



A Commissioner for taking Affidavits within  
British Columbia

## **D. MANNING & ASSOCIATES INC.**

**Licensed Insolvency Trustee**

Suite 520  
625 Howe Street  
Vancouver, B.C.  
V6C 2T6

Telephone: (604) 683-8030  
Facsimile: (604) 683-8327  
<http://www.manning-trustee.com>

March 24, 2020

Vancouver City Savings Credit Union  
Suite 710 - 815 West Hastings Street  
Vancouver, B.C. V6C 1B4

**Attention: Mr. Frank Seminara**  
**Account Manager - Special Accounts Department**

Dear Mr. Seminara:

**RE: 356746 HOLDINGS INC. dba GEORGE DAWSON INN**  
**dba QUALITY HOTEL & CONFERENCE CENTRE,**  
**UMEDALLI THOBANI, LUXOR HOLDINGS INC. and 507016 B.C. LTD.**

### **1) INTRODUCTION**

This is the Fourth Report of D. Manning & Associates Inc. as Monitor ("**the Monitor**") of 356746 Holdings Inc. dba George Dawson Inn dba Quality Hotel & Conference Centre ("**GDI**" or "**the Company**"), Umedalli Thobani, Luxor Holdings Inc. and 507016 B.C. Ltd. ("**the Business Entities**"). Our First Report was dated January 15, 2020, our Second Report was dated February 13, 2020, and our Third Report was dated March 12, 2020.

GDI is the owner and operator of an 80 room Hotel located at 11705 – 8<sup>th</sup> Street, Dawson Creek, British Columbia V1G 4N9 ("**the Hotel**"). It is also the owner and operator of a Quality Inn Hotel located at 3863 - 2 Ave West, Prince Albert, Saskatchewan S6W 1A1 ("**the Prince Albert Hotel**") that is not a principal subject of this Monitoring Engagement.

In conducting our review, we have relied on information provided by GDI and Vancouver City Savings Credit Union ("**Vancity**"). We have not performed any audit, review or other verification procedures on any information provided to us or contained within this report, and accordingly we make no representation as to its accuracy.

**This report is not to be given to or relied upon by any persons other than Vancity and its solicitors, without our prior written consent.**

## 2) FINANCIAL POSITION

GDI has not provided the Monitor with its actual versus projected Cash Flow figures for the period December 23, 2019 to February 29, 2020, and it has not provided a date when they expect to do so.

The Monitor has reviewed GDI's payments for ongoing expenses and payables and has found them to be acceptable.

## 3) ROOM REVENUES

GDI's occupancy rate for February 2020 was 56%, with an Average Daily Rate of \$94.13. Room revenues were \$118,138.

GDI's occupancy rate for March 2020 is projected to be only 30%, with an Average Daily Rate of \$92.77. For the period March 1, 2020 to March 19, 2020, room revenue was \$51,181 and the Company projects further room revenue from March 20, 2020 to March 31, 2020 of \$17,819. Accordingly, room revenues for March 2020 are projected to be \$69,000 (a 41.6% drop from the February revenues).

## 4) ACCOUNTS RECEIVABLE

The list of collectible Accounts Receivable as at February 29, 2020 is attached as **Schedule "A"**. Aged balances 31 days and under past due total \$78,603.57.

The list of collectible Accounts Receivable as at March 20, 2020 is attached as **Schedule "B"**. Aged balances 31 days and under past due total \$73,023.75, subject to adjustments. The balance will decline rapidly as these monies will be used to pay some past due urgent payables by GDI, and fund some current operations.

## 5) OUTSTANDING INFORMATION REQUESTS

Attached as **Schedule "C"** is an updated list of information has been requested from Mr. Shah Thobani and Ms. Tracey Winland, and remains outstanding as of the date of this Report.

## 6) STATUS OF REFINANCING

On January 29, 2020, the Company signed a Commitment Letter with Stewart Mortgage Corporation for a new mortgage in the amount of \$2,810,000, for a one year term, at an interest rate of 10%, compounded monthly. There is a non-refundable processing fee of \$112,400, of which \$25,000 has already been paid as a good faith deposit.

It is a condition of the new mortgage that existing mortgages be paid out in full and that property taxes be brought current.

Mr. Shah Thobani had advised that \$300,000 of the funds being refinanced through the mortgage are allocated towards a proposed settlement with Conexus Credit Union 2006 ("**Conexus**") regarding Conexus' mortgage over the Prince Albert Hotel. On February 5, 2020, Conexus obtained two default judgments against the Company, in the amounts of \$1,335,521.55 and \$51,399.08, both of which were

registered against the GDI Hotel Property on February 6, 2020 under registration numbers CA8023458 and CA8023461. Conexus' counsel has put Vancity on notice that "pursuant to section 28 of the *Property Law Act*, R.S.B.C. 1996, ch. 377, our client takes the position that any future advances that Vancouver City Savings Credit Union makes to 356746 Holdings Inc. will rank in priority behind our client's judgment".

The Company's lawyers in Saskatoon wrote to Conexus regarding the proposed settlement. Conexus responded, requesting additional information from the Company in order to assess the viability of the settlement offer made by the Company.

Due to Conexus' filing of their judgment against the GDI Property, the Company had requested that its mortgage broker, Dominion Lending, approach Stewart Mortgage Corporation with a request to extend its refinancing commitment letter from March 15, 2020 to March 31, 2020. The commitment letter has now been extended to April 1, 2020, but Mr. Harry Tyson of Dominion Lending wrote to Mr. Shah Thobani on March 20, 2020 as follows:

*"Original funding date was no later than March 15, 2020.*

*We had the funding date extended until April 1, 2020 (via an email)*

*I must STRESS the lender does NOT have to extend the funding date again. If the loan does not fund on or before April 1, the commitment letter becomes invalid and funding can be cancelled.*

*I believe that if we do not fund this loan in time, that a new source of funds at the \$2,810,000 level will not be obtained. I am unsure if ANY loan, at this time will be obtained for this property due to the global pandemic and the economic instability."*

On March 19, 2020 (prior to receiving the above e-mail from Mr. Harry Tyson), Mr. Shah Thobani wrote to Vancity's counsel (Mr. Alan Frydenlund of Owen Bird Law Corporation) as follows:

*"Alan,*

*This is our formal request for leniency in this Coronavirus pandemic times. We have worked through our financial troubles legally, however, considering these fearful times and considering that this healthcare crisis - we will be impacted by delayed financing, expanded timelines for completions, increased legal expenses, and an unforeseen drop in business. We understand that Vancity has starting discussing options in regards to mortgage deferrals and waiving interest payments in order to provide relief and support for business effected especially hospitality and restaurants.*

*It is our understanding that the six largest banking institutions in Canada have made a commitment to work with personal and business banking customers on a case-by-case basis to provide flexible solutions to help them manage through various challenges. As a first step, this support will include up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products. And we understand that Vancity has now also been included in providing the same level of support in these challenging times."*

Mr. Alan Frydenlund responded to Mr. Shah Thobani later on March 19, 2020 as follows:

*"Shah:*

*Vancity applied to appoint a Receiver prior to, and when we met with you and your lawyer, Mr. Fiddick. Rather than proceeding at that time, Vancity allowed you more time to refinance. Vancity is not prepared to consider any deferral of loan payments. Your financial situation pre-dates the current situation.*

*Please govern yourself accordingly."*

## 7) ANALYSIS

GDI was doing poorly financially even before the current COVID-19 situation. It was losing money in nearly every month, and in the the seven months ended February 29, 2020 (August 2019 to February 2020) (Profit and Loss Statement for this period attached as **Schedule "D"**) the Hotel showed a loss of \$(170,126.87) on revenues of \$1,059,834.60, subject to adjustments.

GDI would require a serious cash injection to survive the next six months. If the current refinancing attempt with Stewart Mortgage Corporation is unsuccessful, there does not appear to be any viable alternative on the table.

For the last few months, the Hotel has averaged about 55% occupancy and an Average Daily Rate of about \$92.00. With those numbers it would be impossible for the Hotel to support the mortgages.

The General Manager is still using her personal credit card to cover costs that the Hotel cash flow cannot support. The owners have not put any cash into the business. The Hotel is a failing business and was long before COVID-19.

There has been an occupancy dropoff to about 17 rooms per night or 22% occupancy. However, this has mostly to do with the drop in oil and gas prices. The North, and Dawson Creek in particular, are very dependent on oil and gas for business. At that level of business, the Hotel will be drastically losing money and will not make it long before being forced to close.

The COVID-19 virus has only affected business in the North of the Province in the last few days. The manager is anticipating dropping to 10 rooms per night for another three weeks. After that, it is a guessing game if there will be any additional business. The lounge is closed, the restaurant is closing this week, and 90% of all staff are being laid off. The bookkeeper has been let go, and after the layoffs only six staff members will remain working on site (not including Mr. Shah Thobani).

There are (as yet unsubstantiated) rumours that a nearby Coastal GasLink employee camp will shut down with staff moved into hotels, which could assist with room revenues.

The GDI Balance Sheet as at February 29, 2020 is attached as **Schedule "E"** and the Aged GDI Accounts Payable List as at February 29, 2020 is attached as **Schedule "F"**. An Aged GDI Accounts Payable List as at March 20, 2020 is attached as **Schedule "G"**, and is subject to adjustments.

The Hotel is seriously delinquent in paying its statutory secured creditors, totalling \$181,568.30 as at February 29, 2020, as follows:

Creditor	Accounts Payable List (\$)	Balance Sheet (\$)	Total (\$)
Provincial Sales Tax	14,216.19	35,088.85	49,305.04
Goods and Services Tax	10,938.26	43,230.66	54,168.92
WorkSafeBC	4,091.71		4,091.71

Wages/Holiday Pay		28,775.64	28,775.64
Bonuses		30,156.45	30,156.45
Source Deductions		9,201.69	9,201.69
Severance Pay		5,868.85	5,868.85
		<b>TOTAL</b>	<b>181,568.30</b>

As of February 29, 2020, the City of Dawson Creek was owed \$382,777.40 for outstanding 2018 and 2019 property taxes, and a further \$14,304.95 for water/sewer charges. There will be further property taxes owing for 2020 of approximately \$130,000.

Utility invoices, which are attached as **Schedule "H"**, show that certain utility accounts are seriously in arrears. Waste Management is owed \$1,604.33, Shaw Cable \$137.71 and \$1,979.84, Pacific Northern Gas \$21,062.72, B.C. Hydro \$13,058.16, and Telus \$3,382.06. The Company has only been making partial payments towards utility arrears when cash becomes available, and the Monitor is concerned that some of these utilities may cut off service if not paid their arrears. The Company also owes the Ministry of Health \$7,658.71 for the Employer Health Tax.

The Company has had a history of garnishing orders against their operating bank account from the Minister of Finance regarding Provincial Sales Tax arrears, including as recently as January 2020.

It is the Monitor's opinion that any deferral of enforcement of the mortgage will only delay the inevitable, and that Vancity should apply to Court for the appointment of a Receiver and Manager ("**Receiver**") over the assets, undertakings and property of the Company located in the Province of British Columbia. This would include the GDI and the life insurance policy on the life of Umedallii Thobani, but would exclude the Prince Albert Hotel.

The Court appointment of a Receiver would implement a Stay of Proceedings against claims from creditors, including subordinate mortgage holders and encumbrance holders. It would allow for the continuation of utilities despite the Hotel being in arrears on those accounts.

A Receivership appointment should include the authority to borrow funds to cover operating losses going forward, critical payables, repairs and maintenance, and outstanding and current property taxes.

## 8) QUALIFICATIONS

The above comments assume the accuracy and completeness of the information provided to us.

## 9) RECOMMENDED COURSES OF ACTION

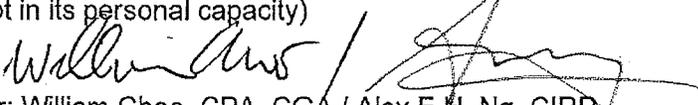
The Monitor recommends the following course of action:

- That in the event that the Company is unable to settle with Conexus and refinance through Stewart Mortgage Corporation by April 1, 2020, Vancity should apply to Court for the appointment of a Receiver and Manager over all of the assets, undertakings and property of 356746 Holdings Inc. located in the Province of British Columbia, with the authority to borrow funds to cover operating losses going forward, critical payables, and outstanding and current property taxes.

We would welcome an opportunity to review the contents of this report with you at your convenience, once you have had sufficient time to consider its contents.

Yours truly,

**D. MANNING & ASSOCIATES INC.**  
**MONITOR FOR VANCOUVER CITY SAVINGS CREDIT UNION**  
**OVER 356746 HOLDINGS INC. dba GEORGE DAWSON INN**  
**dba QUALITY HOTEL & CONFERENCE CENTRE,**  
**UMEDALLI THOBANI, LUXOR HOLDINGS INC. and 507016 B.C. LTD.**  
(not in its personal capacity)

  
Per: William Choo, CPA, CGA / Alex E.H. Ng, CIRP

Attachments

cc. Mr. Alan Frydenlund, Owen Bird Law Corporation  
Mr. Greg Asai, Vancouver City Savings Credit Union

SCHEDULE "A"

GDI AGED ACCOUNTS RECEIVABLE LIST  
AS AT FEBRUARY 29, 2020

# The George Dawson Inn, Dawson Creek, BC

## A/R AGING SUMMARY

As of February 29, 2020

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
A.S.A.P. HEATING & WELL SERVICING					226.00	\$226.00
AGAT LABORATORIES					0.00	\$0.00
ALL PEACE PROTECTION					1,478.04	\$1,478.04
ALLTECK					1,256.56	\$1,256.56
ALLWEST HERITAGE GLASS					134.47	\$134.47
ALMAC METAL INDUSTRIES LTD.					395.50	\$395.50
B C G E U					5,087.26	\$5,087.26
BADGER DAY LIGHTING LP.					856.85	\$856.85
BANQUETS					-105.00	\$ -105.00
100 WOMAN CARE					-841.15	\$ -841.15
ANIMAL WELFARE TRAINING					0.00	\$0.00
Axis Family Resources					184.14	\$184.14
B C Ambulance					689.08	\$689.08
B C E H S					495.18	\$495.18
B C GEU					105.00	\$105.00
B C NURSES UNION					1,027.39	\$1,027.39
Becky Hann					0.00	\$0.00
Campus Energy					0.00	\$0.00
CDK Global					0.00	\$0.00
Clearstream Energy					409.13	\$409.13
Craft Sale - Tammy					0.00	\$0.00
Dawson Creek Chamber of Commerce					3,931.93	\$3,931.93
Dawson Creek Community Living					1,480.84	\$1,480.84
Dawson Creek Hospital Auxillary					0.00	\$0.00
Deramore					120.75	\$120.75
DOMINION CITY				1,449.00	1,401.75	\$2,850.75
DOUGLAS LAKE EQUIPMENT					2,021.39	\$2,021.39
Emergency Management					2,502.26	\$2,502.26
Encana			120.75		1,108.96	\$1,229.71
Eneathed Bling Craft Sale					0.00	\$0.00
Essential Oils					0.00	\$0.00
F M Installation					478.06	\$478.06
FLAMAN SALES					0.00	\$0.00
Havlick Metcs Ltd.					1,964.60	\$1,964.60
I B E W LOCAL 258				0.00	144.78	\$144.78
I.U.O.E.		105.00			358.28	\$463.28
INTERIOR HEALTH AUTHORITY					1,449.00	\$1,449.00
Investors Group					577.56	\$577.56
JAMIE TAYLOR				0.00		\$0.00
Jaydee Cornish		0.00				\$0.00
Leucrotta Exploration					2,245.83	\$2,245.83
M O T I					316.31	\$316.31
Mark Moxness					0.00	\$0.00
Midwest Pipeline					1,030.47	\$1,030.47
Mile Zero Jitterbugs			-181.12			\$ -181.12
MINISTRY OF FOREST					1,071.00	\$1,071.00
Mountainview Safety				0.00		\$0.00
MSC SAFETY					141.23	\$141.23

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Murphy Oil					550.99	\$550.99
Nathan Bauder Law					157.50	\$157.50
Native Housing					191.11	\$191.11
P C OILFIELD					157.50	\$157.50
Pembina					0.00	\$0.00
Peter Bros.					105.00	\$105.00
Pizza Hut				0.00		\$0.00
POST & ROW					0.00	\$0.00
Poulsen Law Services					105.00	\$105.00
Real Estate Institute of BC					179.49	\$179.49
Ruhal Nahhar		200.00	-200.00			\$0.00
SafetyBoss					273.39	\$273.39
Smokey River Team Roping Assoc.			120.75			\$120.75
SOUTH PEACE GRAIN					1,824.03	\$1,824.03
Steelworkers					118.22	\$118.22
Strike Group Safety Meeting					0.00	\$0.00
Triple J			-479.81		1,526.18	\$1,046.37
UFCW LOCAL 247					262.89	\$262.89
Winco Ltd.					2,855.83	\$2,855.83
World Financial Group					241.50	\$241.50
<b>Total BANQUETS</b>		<b>123.88</b>	<b>-438.31</b>	<b>1,449.00</b>	<b>32,857.40</b>	<b>\$33,991.97</b>
BC NURSES UNION					403.41	\$403.41
Bosa Properties Inc.					861.11	\$861.11
Brett Anderson					654.00	\$654.00
BRIDGE BRAND					113.00	\$113.00
CALFRAC WELL SERVICE					113.00	\$113.00
CAM CARRUTHERS					1,562.46	\$1,562.46
CANADIAN MENTAL HEALTH					96.05	\$96.05
CANADIAN RED CROSS SOCIETY					1,017.00	\$1,017.00
CERTEK					18,309.20	\$18,309.20
CLEAN HARBORS					1,038.47	\$1,038.47
CN RAIL/PRINCE GEORGE					988.75	\$988.75
College Heights Basketball					452.00	\$452.00
DC Exhibition Rodeo			113.00			\$113.00
DC FAIR & EXHIBITION BOARD					0.00	\$0.00
DFI Corporation					678.00	\$678.00
DIVERSIFIED TRANS-NHC	2,486.00	226.00			4,904.20	\$7,616.20
DUZ CHO CONSTRUCTION					474.20	\$474.20
ENSIGN DRILLING					113.00	\$113.00
ENTREC CORP. - CLAIRMT		3,051.00		5,876.00	1,921.00	\$10,848.00
ESSENTIAL WELL SERVICE					5,701.35	\$5,701.35
F I OILFIELD SERVICES					113.00	\$113.00
FERUS TRANSPORT					1,797.83	\$1,797.83
FORT NELSON FIRST NATION					-145.77	\$ -145.77
FRAC SHACK	226.00	1,356.00				\$1,582.00
GRANT PRODUCTION	247.47	236.17	-134.47	1,344.70		\$1,693.87
GREAT NORTH WELLHEAD AND FRAC	4,280.44				8,471.61	\$12,752.05
HD Energy Rentals Ltd					2,040.78	\$2,040.78
HIGH ARCTIC ENERGY SERV					-10.00	\$ -10.00
INLINE PRODUCTION TESTING	904.00					\$904.00
ISOLATION EQUIPMENT SERVICES		1,210.23			1,770.71	\$2,980.94
IUOE LOCAL 115	113.00				1,582.00	\$1,695.00
JARDIN FOODS	565.00				246.00	\$811.00
JAW TRANSPORT					739.02	\$739.02

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
JEREMY SIGGS					5,528.62	\$5,528.62
KETEK GROUP		2,034.00				\$2,034.00
LAPRAIRIE CRANE LTD					21.47	\$21.47
LAPRAIRIE WORKS GRIMSHAW					291.54	\$291.54
LOCKHART OILFIELD					437.31	\$437.31
LPS CRANE	14,712.00	1,017.00	1,243.00	565.00	7,774.00	\$25,311.00
LYONS PRODUCTION SERVICES	26,738.00	2,712.00	1,130.00		1,582.00	\$32,162.00
Maximum Safety	1,582.00					\$1,582.00
MINISTRY OF SOCIAL DEVELOPMENT					268.94	\$268.94
MISC. FROM FRONT DESK					1,508.00	\$1,508.00
MOUNTAIN COIL					314.14	\$314.14
Northern Lights College	268.94					\$268.94
PAUL'S HAULING					123.17	\$123.17
PEACE RIVER REGIONAL DISTRICT					406.80	\$406.80
PRECISION WELL SERVICING,DIV OF PLP					1,995.58	\$1,995.58
RAZOR BACK GRIZZLY					4,496.27	\$4,496.27
REMOTE OTS LP					1,237.40	\$1,237.40
ROSENAU TRANSPORTATION					16.42	\$16.42
SAFETY BOSS INC	862.19	268.94	5,994.65	739.02	22,146.02	\$30,010.82
SANCON COMMISSIONING					437.31	\$437.31
SCOTT SAFETY SUPPLY		268.94			134.47	\$403.41
STERLING CRANE	7,797.00					\$7,797.00
STEWART,WEIR & CO.					0.00	\$0.00
TERVITA(formally Newalta)					686.96	\$686.96
TIER 1 ENERGY SOLUTIONS					291.54	\$291.54
TOTAL OILFIELD RENTALS					1,718.73	\$1,718.73
TREELINE WELL SERVICE					537.88	\$537.88
TRICAN WELL SERVICE					3,621.65	\$3,621.65
UFCW #247					113.00	\$113.00
UNITED STEEL WORKERS					113.00	\$113.00
Versatile Energy	2,712.00					\$2,712.00
Vold Jones Vold	2,266.37	339.00			3,555.79	\$6,161.16
WorkSafeBC - Payment Services					3,469.10	\$3,469.10
<b>TOTAL</b>	<b>\$65,760.41</b>	<b>\$12,843.16</b>	<b>\$7,907.87</b>	<b>\$9,973.72</b>	<b>\$161,124.57</b>	<b>\$257,609.73</b>

SCHEDULE "B"

GDI AGED ACCOUNTS RECEIVABLE LIST  
AS AT MARCH 20, 2020

# The George Dawson Inn, Dawson Creek, BC

## A/R AGING SUMMARY

As of March 20, 2020

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
A.S.A.P. HEATING & WELL SERVICING					226.00	\$226.00
AGAT LABORATORIES					0.00	\$0.00
ALL PEACE PROTECTION					1,478.04	\$1,478.04
ALLTECK					1,256.56	\$1,256.56
ALLWEST HERITAGE GLASS					134.47	\$134.47
ALMAC METAL INDUSTRIES LTD.					395.50	\$395.50
B C G E U					5,087.26	\$5,087.26
BADGER DAY LIGHTING LP.					856.85	\$856.85
BANQUETS					-105.00	\$ -105.00
100 WOMAN CARE					-841.15	\$ -841.15
ANIMAL WELFARE TRAINING					0.00	\$0.00
Axis Family Resources					184.14	\$184.14
B C Ambulance					689.08	\$689.08
B C E H S					495.18	\$495.18
B C GEU					105.00	\$105.00
B C NURSES UNION					1,027.39	\$1,027.39
Becky Hann					0.00	\$0.00
Campus Energy					0.00	\$0.00
CDK Global					0.00	\$0.00
Clearstream Energy					409.13	\$409.13
Craft Sale - Tammy					0.00	\$0.00
Dawson Creek Chamber of Commerce					3,931.93	\$3,931.93
Dawson Creek Community Living					1,480.84	\$1,480.84
Dawson Creek Hospital Auxilary					0.00	\$0.00
Deramore					120.75	\$120.75
DOMINION CITY					2,850.75	\$2,850.75
DOUGLAS LAKE EQUIPMENT					2,021.39	\$2,021.39
Emergency Management					2,502.26	\$2,502.26
Encana			120.75		1,108.96	\$1,229.71
Enearthed Bling Craft Sale					0.00	\$0.00
Essential Oils					0.00	\$0.00
F M Installation					478.06	\$478.06
FLAMAN SALES					0.00	\$0.00
Havlick Metcs Ltd.					1,964.60	\$1,964.60
I B E W LOCAL 258					144.78	\$144.78
I.U.O.E.			105.00		358.28	\$463.28
INTERIOR HEALTH AUTHORITY					1,449.00	\$1,449.00
Investors Group					577.56	\$577.56
JAMIE TAYLOR					0.00	\$0.00
Jaydee Cornish			0.00			\$0.00
Leucrotta Exploration					2,245.83	\$2,245.83
M O T I					316.31	\$316.31
Mark Moxness					0.00	\$0.00
Midwest Pipeline					1,030.47	\$1,030.47
Mile Zero Jitterbugs			-181.12			\$ -181.12
MINISTRY OF FOREST					1,071.00	\$1,071.00
Mountianview Safety					0.00	\$0.00
MSC SAFETY					141.23	\$141.23

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Murphy Oil					550.99	\$550.99
Nathan Bauder Law					157.50	\$157.50
Native Housing					191.11	\$191.11
P C OILFIELD					157.50	\$157.50
Pembina					0.00	\$0.00
Peter Bros.					105.00	\$105.00
Pizza Hut					0.00	\$0.00
POST & ROW					0.00	\$0.00
Poulsen Law Services					105.00	\$105.00
Real Estate Institute of BC					179.49	\$179.49
Ruhal Nahhar			0.00			\$0.00
SafetyBoss					273.39	\$273.39
Smokey River Team Roping Assoc.				120.75		\$120.75
SOUTH PEACE GRAIN					1,824.03	\$1,824.03
Steelworkers					118.22	\$118.22
Strike Group Safety Meeting					0.00	\$0.00
Triple J				-479.81	1,526.18	\$1,046.37
UFCW LOCAL 247					262.89	\$262.89
Winco Ltd.					2,855.83	\$2,855.83
World Financial Group					241.50	\$241.50
<b>Total BANQUETS</b>			<b>44.63</b>	<b>-359.06</b>	<b>34,306.40</b>	<b>\$33,991.97</b>
BC NURSES UNION					403.41	\$403.41
Bosa Properties Inc.					861.11	\$861.11
Brett Anderson					654.00	\$654.00
BRIDGE BRAND					113.00	\$113.00
CALFRAC WELL SERVICE					113.00	\$113.00
CAM CARRUTHERS					1,562.46	\$1,562.46
CANADIAN MENTAL HEALTH					96.05	\$96.05
CANADIAN RED CROSS SOCIETY					1,017.00	\$1,017.00
CERTEK					18,309.20	\$18,309.20
CLEAN HARBORS					1,038.47	\$1,038.47
CN RAIL/PRINCE GEORGE					988.75	\$988.75
College Heights Basketball					452.00	\$452.00
DC Exhibition Rodeo				113.00		\$113.00
DC FAIR & EXHIBITION BOARD					0.00	\$0.00
DFI Corporation					678.00	\$678.00
DIVERSIFIED TRANS-NHC	1,582.00	113.00				\$1,695.00
DUZ CHO CONSTRUCTION					474.20	\$474.20
ENSIGN DRILLING					113.00	\$113.00
ENTREC CORP. - CLAIRMT	339.00	3,051.00			7,797.00	\$11,187.00
ESSENTIAL WELL SERVICE					5,701.35	\$5,701.35
F I OILFIELD SERVICES					113.00	\$113.00
FERUS TRANSPORT					1,797.83	\$1,797.83
FORT NELSON FIRST NATION					-145.77	\$ -145.77
FRAC SHACK	226.00		1,356.00			\$1,582.00
GRANT PRODUCTION	2,095.02	236.17	-21.47	268.94	1,075.76	\$3,654.42
GREAT NORTH WELLHEAD AND FRAC	3,541.67	4,145.97			8,471.61	\$16,159.25
HD Energy Rentals Ltd					2,040.78	\$2,040.78
HIGH ARCTIC ENERGY SERV					-10.00	\$ -10.00
INLINE PRODUCTION TESTING	2,034.00					\$2,034.00
ISOLATION EQUIPMENT SERVICES	268.94				1,770.71	\$2,039.65
IUOE LOCAL 115					1,582.00	\$1,582.00
JARDIN FOODS	565.00	226.00			246.00	\$1,037.00
JAW TRANSPORT					739.02	\$739.02

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
JEREMY SIGGS					5,528.62	\$5,528.62
LAPRAIRIE CRANE LTD					21.47	\$21.47
LAPRAIRIE WORKS GRIMSHAW					291.54	\$291.54
LOCKHART OILFIELD					437.31	\$437.31
LPS CRANE	14,351.00		226.00	1,469.00	7,887.00	\$23,933.00
LYONS PRODUCTION SERVICES	339.00	28,998.00	113.00		1,582.00	\$31,032.00
Maximum Safety		1,582.00				\$1,582.00
MINISTRY OF SOCIAL DEVELOPMENT					268.94	\$268.94
MISC. FROM FRONT DESK					1,508.00	\$1,508.00
MOUNTAIN COIL					314.14	\$314.14
Northern Lights College		268.94				\$268.94
PAUL'S HAULING					123.17	\$123.17
PEACE RIVER REGIONAL DISTRICT					406.80	\$406.80
PRECISION WELL SERVICING,DIV OF PLP					1,995.58	\$1,995.58
RAZOR BACK GRIZZLY					4,496.27	\$4,496.27
REMOTE OTS LP					1,237.40	\$1,237.40
ROSENAU TRANSPORTATION					16.42	\$16.42
SAFETY BOSS INC	862.19	268.94	492.68	6,240.99	22,146.02	\$30,010.82
SANCON COMMISSIONING					437.31	\$437.31
SCOTT SAFETY SUPPLY					134.47	\$134.47
STEWART,WEIR & CO.					0.00	\$0.00
TERVITA(formally Newalta)					686.96	\$686.96
TIER 1 ENERGY SOLUTIONS					291.54	\$291.54
TOTAL OILFIELD RENTALS					1,718.73	\$1,718.73
TREELINE WELL SERVICE					537.88	\$537.88
TRICAN WELL SERVICE					3,621.65	\$3,621.65
UFCW #247					113.00	\$113.00
UNITED STEEL WORKERS					113.00	\$113.00
Versatile Energy	2,712.00					\$2,712.00
Vold Jones Vold	3,795.80	1,422.11	339.00		3,555.79	\$9,112.70
WorkSafeBC - Payment Services					3,469.10	\$3,469.10
<b>TOTAL</b>	<b>\$32,711.62</b>	<b>\$40,312.13</b>	<b>\$2,549.84</b>	<b>\$7,732.87</b>	<b>\$164,734.13</b>	<b>\$248,040.59</b>

SCHEDULE "C"

LIST OF OUTSTANDING INFORMATION  
AS OF MARCH 23, 2020

**D. MANNING & ASSOCIATES INC.**

**Licensed Insolvency Trustee**

Suite 520  
625 Howe Street  
Vancouver, B.C. V6C 2T6  
Telephone: (604) 683-8030  
Facsimile: (604) 683-8327  
<http://www.manning-trustee.com>

**356746 HOLDINGS INC.**

**LIST OF OUTSTANDING INFORMATION AND DOCUMENTS**

**AS OF MARCH 23, 2020**

1. Pricing and value of the life insurance policy on the life of Umedalli Thobani to assess disposition viability.
2. Tax memo to be prepared by External accountant to determine estimated corporate income tax payable for the year ending July 31, 2020 reflecting the sale of the liquor license.
3. 356746 Holdings Inc. combined financial statements and corporate income tax return for the years ended July 31, 2018 and July 31, 2019.
4. Prince Albert Hotel financial statements for the years ended July 31, 2018 and July 31, 2019.
5. Property taxes owing on the Prince Albert Hotel.

SCHEDULE "D"

GDI PROFIT AND LOSS STATEMENT FOR THE  
PERIOD AUGUST 1, 2019 TO FEBRUARY 29, 2020

# The George Dawson Inn, Dawson Creek, BC

## PROFIT AND LOSS

August 2019 - February 2020

	TOTAL
<b>INCOME</b>	
4010 Room Revenue	772,488.44
4012 Rental Income	28,500.00
4015 Catering Revenue	9,495.00
4016 Service/Fee Income	5,853.82
4020 Food Revenue	205,202.90
4030 Liquor Revenue	22,230.12
4040 Beer In Revenue	13,398.99
4060 Wine Revenue	1,040.40
4070 Draught Beer Revenue	1,190.68
4110 Miscellaneous Revenue	549.81
4112 Lottery Revenue	-75.00
4135 ATM	84.75
4140 Cash Over/ (Short)	-125.31
<b>Total Income</b>	<b>\$1,059,834.60</b>
<b>COST OF GOODS SOLD</b>	
5020 Food Cost of Sales	103,334.61
5030 Liquor Cost of Sales	10,924.18
5040 Beer On Cost of Sales	6,629.63
5060 Wine Cost of Sales	959.64
5070 Draught Beer Cost of Sales	232.56
5110 Misc. Cost of Sales	-1,734.39
5130 Vending Cost Of Sales	1,605.25
<b>Total Cost of Goods Sold</b>	<b>\$121,951.48</b>
<b>GROSS PROFIT</b>	<b>\$937,883.12</b>
<b>EXPENSES</b>	
5500 Accounting & Legal Expense	1,200.00
5600 Advertising Expense	1,395.00
5605 FRANCHISE FEES	5,000.00
5615 Bad Debt Expense	2,662.44
5620 Bank Service Charges	6,649.33
5625 Cable Expense	10,195.51
5630 Credit Card Commissions	16,234.18
5650 Donations	1,203.73
5670 Electricity	36,863.09
5690 Equipment Rent/Lease	76,300.42
5710 Fuel Expense	31,629.06
5720 Garbage Disposal	5,630.84
5740 Insurance Expense	11,192.44
5750 Interest and Penalty Chgs	18,402.81
5760 Interest Expense	4,039.84
5761 VANCITY MORTG INTEREST	52,906.20
5762 Interest on long term debt	13,612.42
5764 Internet Expense	470.80
5770 Laundry/Drycleaning	166.34
5790 Licences	733.03

# The George Dawson Inn, Dawson Creek, BC

## PROFIT AND LOSS

August 2019 - February 2020

	TOTAL
5800 Litter Deposits	368.90
5810 Miscellaneous Expense	6,657.31
5820 Office Expense	13,415.92
5830 Promotion Expense - Man	5,400.06
5835 Promtion, bed & breakfast	59,798.04
5840 Promotlon Expense - Other	1,451.00
5850 Property Taxes	54,466.47
5860 Repairs & Maintenance	25,284.24
5870 Storage	5,931.19
5875 Supplies Expense	18,441.23
5880 Telephone Expense	15,824.13
5881 Travel Agent Commission	11,124.88
5882 Travel Expense	10,948.34
5883 Uniforms	240.51
5884 Vehicle Expense	14,997.64
5886 Water/Sewer Expense	23,694.87
5910 Wages - ADMINISTRATION	185,481.62
5920 Wages - FRONT DESK	105,488.36
5930 Wages - HOUSEKEEPING	90,489.28
5950 Wages - SERVICE	130,907.97
5960 Wages	5,457.50
5965 Staff Bonus	4,400.00
5974 WCB Expense	3,912.95
5976 Employee Benefits	9,681.39
5980 BC Employer Health Tax	7,658.71
<b>Total Expenses</b>	<b>\$1,108,009.99</b>
<b>PROFIT</b>	<b>\$ -170,126.87</b>

SCHEDULE "E"

GDI BALANCE SHEET AS AT FEBRUARY 29, 2020

# The George Dawson Inn, Dawson Creek, BC

## BALANCE SHEET

As of February 29, 2020

	TOTAL
<b>Assets</b>	
<b>Current Assets</b>	
<b>Cash and Cash Equivalent</b>	
1010 General Cash	2,239.31
1015 Cash on Hand	3,400.00
1016 Cash ATM_	0.00
1020 Bank # 1 ( Royal Bank)	7,279.98
1025 Bank # 2 ( Savings )	3,790.77
1030 Bank # 3 ( Montreal )	57,475.28
1031 Bank #3(Montreal ATM)	-38,607.12
1032 Atrn Surcharge	-12,672.44
1035 Bank - GST Account	16,766.96
1040 VAN CITY CREDIT UNION	6,888.66
1041 OWENBIRD TRUST ACCOUNT	250,000.00
1105 Clearing Account	0.00
1011 Unentered Deposits	0.00
<b>Total Cash and Cash Equivalent</b>	<b>\$296,561.40</b>
<b>Accounts Receivable (A/R)</b>	
1100 Accts Rec - Trade (Billed)	257,609.73
<b>Total Accounts Receivable (A/R)</b>	<b>\$257,609.73</b>
1070 Term Deposit	0.00
1075 GIC-BMO	0.00
1110 Accts Rec - Inhouse (Unbill)	42,602.00
1130 Accts Rec - Amer Express	2.43
1150 Accts Rec - Diners Club	27.88
1160 Accts Rec - GDI Bistro	46,942.29
1165 Accts Rec-Groupex	1,000.00
1216 Interest Receivable	0.00
1240 Inventory - Food	4,150.00
1245 Inventory - Beer On	1,163.97
1250 Inventory - Beer Off	0.00
1255 Inventory - Draught Beer	664.44
1260 Inventory - Wine	1,062.09
1265 Inventory - Liquor	3,714.75
1270 BEER-LIQ STORE INVENTORY	0.00
1275 COOL/CIDER-LIQ STORE INVENTORY	0.00
1280 LIQUOR-LIQ STORE INVENTORY	0.00
1285 WINE-LIQ STORE INVENTORY	0.00
1385 Prepaid Exp.-Property Taxes	0.00
1390 Prepaid Expenses - Other	25,000.00
1392 License Sale-Due from Bosa Properties	0.00
1393 DUE FROM FAIRMARK INVESTMENTS	247,867.38
1396 Prepaid other - Lease Deposits	7,341.05
1400 VANCITY EQUITY	5.80
<b>Total Current Assets</b>	<b>\$935,715.21</b>

# The George Dawson Inn, Dawson Creek, BC

## BALANCE SHEET

As of February 29, 2020

	TOTAL
<b>Non-current Assets</b>	
Property, plant and equipment	
1530 Accum-building-Gdl	-1,209,701.51
1560 Computer equipment	15,980.37
1580 Equipment	1,220,948.31
1590 Accum Amort Equipment	-1,108,236.24
1591 Accum. deprec.-Computer equip	-9,581.36
1600 Land	205,000.00
1610 Building	2,336,131.52
1611 Building - Capital Lease	490,258.60
1625 Automobile	76,810.95
1630 Accum Dep Automobile	-76,452.94
1700 DUE TO/FROM INARA	60,353.57
<b>Total Property, plant and equipment</b>	<b>\$2,001,511.27</b>
1592 Accum. Deprec.-Capital Lease Assets	-47,472.73
1915 HST Paid	0.00
1920 Goods & Services/HST PAID	2,514.87
1925 Shareholder Loan Receivable-tony	2,033,908.11
1930 Loan Rec - Sunbird Enterpris	0.00
1935 Loan Rec. - Days Inn	0.00
1936 Inn On The Creek	-97,815.81
1937 Hi-Low Motor inn	0.00
1938 Pardes Investments	0.00
1940 DUE TO/FROM HIGHPARK	3,270.39
1941 LUXOR TO/FROM	6,304.98
Swan Hills Loan Rec	377.60
<b>Total Non Current Assets</b>	<b>\$3,902,598.88</b>
<b>Total Assets</b>	<b>\$4,838,313.89</b>
<b>Liabilities and Equity</b>	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
2150 Accts Payable - Trade	533,974.89
<b>Total Accounts Payable (A/P)</b>	<b>\$533,974.89</b>
Credit Card	
2020 ROYAL BANK VISA PAYABLE	14,854.10
2021 DUE FROM HEAD OFFICE - CORP. VISA	-12,116.86
2049 PERSONAL PORTION OF TD VISA- T. WINLAND	-2,577.03
2050 TRACEY WINLAND VISA	15,232.72
2051 Tracey Winland - TD BANK	12,609.93
<b>Total Credit Card</b>	<b>\$28,002.86</b>
2155 Clearing - Accounts Payable	0.00
2170 Accts Payable - Accrued Interest	4,025.25
2180 Accts Payable - Year End	0.00
2205 Property Taxes Payable	0.00

# The George Dawson Inn, Dawson Creek, BC

## BALANCE SHEET As of February 29, 2020

	TOTAL
2210 Corporate Taxes Payable	0.00
2220 Accrued Wages Payable_	28,775.64
Bonus Payable	30,156.45
<b>Total 2220 Accrued Wages Payable_</b>	<b>58,932.09</b>
2270 UI Payable	1,351.99
2280 CPP Payable	3,189.28
2290 Income Tax Payable	4,660.42
2410 Accrued Severance Pay	5,868.85
2412 Accrued Severance - Prepaid	0.00
2420 WCB Payable	0.00
2430 GST/HST CHARGED ON SALES	45,745.53
2440 Social Services Tax Payable	35,088.85
2450 Hotel Room Tax Payable	0.00
2463 Loan Payable - M.A. Savundranayagam	167,300.91
2467 Loan Payable - 428895 BC Ltd.	0.00
2471 Royal Bank #2/ ELSHEBA PROPERTIES	-45,968.64
2472 Restaurant Deposit	0.00
2473 WHITECOURT HOTEL LOAN	51,374.13
2474 MARLBOROUGH INN LOAN	-2,992.89
2475 VAN CITY LOAN #1	1,181,638.34
2477 Lease Payable - BlueShore/ reno supplles	35,024.67
2478 BlueShore Lease - air unit	43,453.23
2479 Lease Payable - BlueShore	76,187.11
2481 Lease payable- sign lease_	62,507.36
2491 Lease Payable-National leasing/BLUESHORE	142,110.86
2493 Less current portion of capital lease	-81,663.94
2494 Current portion of capital lease	81,663.94
2499 Shareholder Loan Payable	-299,596.65
2500 Due to Head Office	-9,180,731.78
2501 DUE TO/FROM NO-RAY	-5,933.99
2502 LOAN PAYABLE -TONY THOBANI	173,653.34
2520 Accrued Expenses - Other	181.93
2601 MARLBORO INN DUE TO	-3,479,513.66
GST/HST Payable	37,197.62
PST Payable (BC)	0.00
<b>Total Current Liabilities</b>	<b>\$ -10,323,268.10</b>
<b>Total Liabilities</b>	<b>\$ -10,323,268.10</b>
Equity	
Retained Earnings	15,331,708.86
Profit for the year	-170,126.87
<b>Total Equity</b>	<b>\$15,161,581.99</b>
<b>Total Liabilities and Equity</b>	<b>\$4,838,313.89</b>

SCHEDULE "F"

GDI AGED ACCOUNTS PAYABLE LIST  
AS OF FEBRUARY 29, 2020

# The George Dawson Inn, Dawson Creek, BC

## A/P AGING SUMMARY

As of February 29, 2020

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
ALEC HARTNEY					27,802.27	\$27,802.27
ATCHISON REFRIGERATION LTD			1,680.00		4,488.48	\$6,168.48
AV TECH HEATING		718.65	131.25			\$849.90
B C FIRE PROTECTION SERVICES		655.74			0.00	\$655.74
B C HYDRO		6,886.82	1,260.32			\$8,147.14
BELL EXPRESS VU		354.65				\$354.65
Big Fish Ventures		2,887.50	598.50		4,226.00	\$7,712.00
BRITISH COLUMBIA HOTEL ASSOC					1,064.57	\$1,064.57
CANADIAN LINEN SUPPLY_(vend)		1,285.81	969.48			\$2,255.29
CITY OF DAWSON CREEK - PROPERTY TAXES		44,931.61		839.40	337,006.39	\$382,777.40
CITY OF DAWSON CREEK.		7,789.11	-1,975.00		8,490.84	\$14,304.95
CLR CONCEPTS		134.18			432.40	\$566.58
D C EXHIBITION ASSOC_					0.00	\$0.00
DAWSON CREEK CHAMBER					360.94	\$360.94
FAYE FRANCIS					8,301.21	\$8,301.21
GORDON FOOD SERVICE.		-25.19	-31.35			\$ -56.54
HARTNEY, ALEC					7,406.80	\$7,406.80
HI TECH BUSINESS SYS		296.13				\$296.13
IMPERIAL OIL		687.26	687.18			\$1,374.44
KIWANIS CLUB OF DAWSON CREEK					115.50	\$115.50
KONE INC				1,155.29	8,271.38	\$9,426.67
LEGACY SIGNS & GRAPHICS					5,555.20	\$5,555.20
MILLER THOMSON					-6,069.33	\$ -6,069.33
Min of Finance - EMPLOYER HEALTH TAX		7,658.71				\$7,658.71
MIN OF FINANCE/PST	10,825.55	3,878.82	-488.18			\$14,216.19
MINIELY & TOWER				-10,000.00		\$ -10,000.00
MINISTRY OF HEALTH		1.81	1.93	1.56	323.87	\$329.17
MM & R Valuation Services				-1,950.00		\$ -1,950.00
NORTHERN METALIC SALES LTD		472.70	181.75			\$654.45
Oscar's Disposal Ltd.	130.69	156.42	130.69			\$417.80
PACIFIC NORTHERN GAS_(vend)		7,962.91	7,806.86	3,292.95		\$19,062.72
Peace FM		315.00				\$315.00
PETERSON STARK		-477.25				\$ -477.25
PRAXAIR				19.51		\$19.51
Receiver General ,(gst)	5,085.48	534.92	3,367.56		1,950.30	\$10,938.26
ROGERS WIRELESS			100.80	-118.00		\$ -17.20
SECURITY WEB ALARMS					326.41	\$326.41
SHAW CABLE		-161.05	1,114.56	164.32	22.38	\$1,140.21
Shaw Internet		128.13	123.20	246.40		\$497.73
SOUTH PEACE ART SOCIETY					560.00	\$560.00
TELUS_		1,682.06				\$1,682.06
THE BRICK					-10.00	\$ -10.00
Tyco Simplex Grinnell					3,504.76	\$3,504.76
VAN HOUTTE INC	449.72		365.08			\$814.80
WALTER HEES CONSTRUCTION					0.00	\$0.00
WASTE MANAGEMENT		809.88				\$809.88
WINLAND TRACEY					0.00	\$0.00
WORKERS COMPENSATION BOARD		429.59	1,721.99	45.06	1,895.07	\$4,091.71

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
WRIGHT'S COLD STORAGE		19.98				\$19.98
TOTAL	\$16,491.44	\$90,014.90	\$17,746.62	\$ -6,303.51	\$416,025.44	\$533,974.89

SCHEDULE "G"

GDI AGED ACCOUNTS PAYABLE LIST  
AS OF MARCH 20, 2020

# The George Dawson Inn, Dawson Creek, BC

## A/P AGING SUMMARY

As of March 20, 2020

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
ALEC HARTNEY					27,802.27	\$27,802.27
ATCHISON REFRIGERATION LTD				1,680.00	4,488.48	\$6,168.48
AV TECH HEATING			718.65	131.25		\$849.90
B C FIRE PROTECTION SERVICES			655.74		0.00	\$655.74
B C HYDRO			6,886.82	1,260.32		\$8,147.14
BELL EXPRESS VU		354.65				\$354.65
Big Fish Ventures			2,887.50	598.50	4,226.00	\$7,712.00
BRITISH COLUMBIA HOTEL ASSOC					1,064.57	\$1,064.57
CANADIAN LINEN SUPPLY_(vend)		757.66	974.41	759.25		\$2,491.32
CITY OF DAWSON CREEK - PROPERTY TAXES			44,931.61		337,845.79	\$382,777.40
CITY OF DAWSON CREEK.			7,789.11	-1,975.00	8,490.84	\$14,304.95
CLR CONCEPTS			134.18		432.40	\$566.58
D C EXHIBITION ASSOC_					0.00	\$0.00
DAWSON CREEK CHAMBER					360.94	\$360.94
FAYE FRANCIS					8,301.21	\$8,301.21
GORDON FOOD SERVICE.		2.72	-59.26			\$ -56.54
HARTNEY, ALEC					7,406.80	\$7,406.80
HI TECH BUSINESS SYS			296.13			\$296.13
IMPERIAL OIL			687.26	687.18		\$1,374.44
KIWANIS CLUB OF DAWSON CREEK					115.50	\$115.50
KONE INC		1,155.29			1,155.29	\$2,310.58
LEGACY SIGNS & GRAPHICS					5,555.20	\$5,555.20
MILLER THOMSON					-6,069.33	\$ -6,069.33
Min of Finance - EMPLOYER HEALTH TAX			7,658.71			\$7,658.71
MIN OF FINANCE/PST		11,630.07	3,074.30	-488.18		\$14,216.19
MINIELY & TOWER					-10,000.00	\$ -10,000.00
MINISTRY OF HEALTH		1.81	1.93		325.43	\$329.17
MM & R Valuation Services					-1,950.00	\$ -1,950.00
NORTHERN METALIC SALES LTD		219.35	253.35	181.75		\$654.45
Oscar's Disposal Ltd.		130.69	156.42	130.69		\$417.80
PACIFIC NORTHERN GAS_(vend)		7,962.91	7,806.86	3,292.95		\$19,062.72
Peace FM		157.50	157.50			\$315.00
PETERSON STARK			-477.25			\$ -477.25
PRAXAIR				19.51		\$19.51
RCAP LEASING		278.75				\$278.75
Receiver General .(gst)		5,085.48	534.92	3,367.56	1,950.30	\$10,938.26
ROGERS WIRELESS				100.80	-118.00	\$ -17.20
SECURITY WEB ALARMS					326.41	\$326.41
SHAW CABLE		-862.29	838.95	1,114.56	48.99	\$1,140.21
Shaw Internet		128.13		123.20	246.40	\$497.73
SOUTH PEACE ART SOCIETY					560.00	\$560.00
TELUS_			1,682.06			\$1,682.06
THE BRICK					-10.00	\$ -10.00
Tyco Simplex Grinnell					3,504.76	\$3,504.76
VAN HOUTTE INC		449.72	365.08			\$814.80
WALTER HEES CONSTRUCTION					0.00	\$0.00
WASTE MANAGEMENT		809.88				\$809.88
WINLAND TRACEY					0.00	\$0.00

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
WORKERS COMPENSATION BOARD		257.27	1,894.31	45.06	1,895.07	\$4,091.71
WRIGHT'S COLD STORAGE		180.91				\$180.91
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$28,700.50</b>	<b>\$89,849.29</b>	<b>\$11,029.40</b>	<b>\$397,955.32</b>	<b>\$527,534.51</b>

SCHEDULE "H"  
UTILITY INVOICES



# INVOICE

Customer ID:  
Customer Name:  
Service Period:  
Invoice Date:  
Invoice Number:

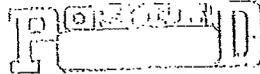
13-12593-33005  
THE GEORGE DAWSON INN  
03/01/20-03/31/20  
02/25/2020  
0725911-0616-5

How To Contact Us	Your Payment Is Due	Your Total Due
<p>Visit <b>wm.com</b></p> <p>To setup your online profile, sign up for paperless statements, manage your account, view holiday schedules, pay your invoice, or schedule a pickup</p>  <p>Customer Service: (877) 784-7336</p>	<p><b>Mar 26, 2020</b></p> <p>If full payment of the invoiced amount is not received within your contractual terms, you may be charged a monthly late charge of 2.5% of the unpaid amount, with a minimum monthly charge of \$5, or such late charge allowed under applicable law, regulation or contract.</p>	<p><b>\$1,604.33</b></p> <p>If payment is received after 03/26/2020: \$ 1,644.17</p> <p>See Reverse for Important Messages</p>

Previous Balance	Payments	Adjustments	Current Charges	Total Due
1,644.45	(850.00)	0.00	809.88	<b>1,604.33</b>

Details for Service Location: George Dawson Inn, 11705 8 St, Dawson Creek Bc V1g 4n9 Customer ID: 13-12593-33005

Description	Date	Ticket	Quantity	Amount
Container service plan msw	03/01/20		1.00	19.90
4 Yard dumpster service msw	03/01/20		1.00	212.31
6 Yard dumpster service msw	03/01/20		1.00	307.66
Fuel / environmental charge				179.88
Regulatory cost recovery chrg				25.92
Administrative charge				6.50
Gst tax 876294844				37.62
Late payment charge for 12/26/2019 invoice 724711	01/25/20			20.09
<b>Total Current Charges</b>				<b>809.88</b>



----- Please detach and send the lower portion with payment --- (no cash, or staples) -----

**Waste Management**  
WASTE MANAGEMENT OF CANADA CORPORATION  
4668 25TH STREET SE  
CALGARY, AB T2B 3M2  
(877) 784-7336

Invoice Date	Invoice Number	Customer ID <i>(Include with your payment)</i>
02/25/2020	0725911-0616-5	13-12593-33005
Payment Terms	Total Due	Amount
Total Due by 03/26/2020	\$1,604.33	
If Received after 03/26/2020	\$1,644.17	



0616000131259333005007259110000008098800000160433 00152596

0011068 FR \*\*SINCLP H 4036 4199 -C01-P11029-11 00611003

THE GEORGE DAWSON INN  
11705 8 ST  
DAWSON CREEK BC V1G 4N9

Remit To: WASTE MANAGEMENT OF CANADA CORPORATION  
PO BOX 15259  
STATION A  
TORONTO, ON M5W 1C1

THINK GREEN.



0011068-0000001-0011205

207-0000167-0616-0

Business services delivered by:  
Shaw Cablesystems G.P.

**GEORGE DAWSON INN**

YOUR ACCOUNT: 018-8039-0689  
SERVICE ADDRESS: OFFICE-11705 8 ST  
DAWSON CREEK, BC

INVOICE DATE: February 21, 2020  
DUE DATE: March 21, 2020

This invoice reflects your service charges for 21-Mar-20 to 20-Apr-20. This invoice was prepared on 21-Feb-20. Any payments or changes made on or after this invoice date will be reflected in future billing.

How to Contact Us:  
Email inquiries @shawbusiness.ca or visit us at business.shaw.ca/support



## Your Shaw Business Invoice

**SUMMARY OF YOUR ACCOUNT**

**Previous Charges and Payments**

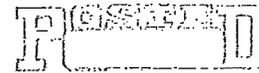
Amount of Previous Invoice		275.14
Payment Received - Thank You	18-Feb-20	-275.14
<b>Balance Carried Forward</b>		<b>\$0.00</b>

**Current Charges (21-Mar-20 to 20-Apr-20) - see following pages for details**

Current Monthly Services	168.95
Promotions	-46.00
Net GST (873690457RT)	6.15
Net PST	8.61

**Total Current Charges due 21-Mar-20 \$137.71**

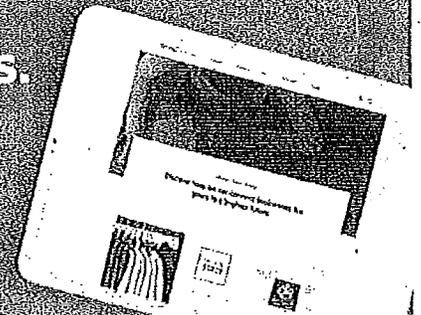
**TOTAL AMOUNT DUE \$137.71**



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[business.shaw.ca/smart-partners](http://business.shaw.ca/smart-partners)



JTA5075510-0001-495-00375-0002-0001-00

Please do not staple for ease of processing.

If you're paying by mail, tear off this slip and send it with your payment. Please make your cheque payable to Shaw Cablesystems G.P.

YOUR ACCOUNT: 018-8039-0689  
AMOUNT DUE: \$137.71  
DATE DUE: March 21, 2020

AMOUNT ENCLOSED:



JTA5075510 E D 00375  
GEORGE DAWSON INN  
OFFICE-11705 8 ST  
DAWSON CREEK BC V1G 4N9



Shaw Cable Payment Centre  
Po Box 2468 Stn Main  
Calgary, Alberta  
T2P 4Y2

1880390689 000013771 9

100706 9001

96

Business services delivered by:  
Shaw Cablesystems G.P.

**GEORGE DAWSON INN**

YOUR ACCOUNT: 018-2401-5834  
SERVICE ADDRESS: 11705 8 ST  
DAWSON CREEK, BC

INVOICE DATE: February 1, 2020  
DUE DATE: March 1, 2020

This invoice reflects your service charges for 01-Mar-20 to 31-Mar-20. This invoice was prepared on 01-Feb-20. Any payments or changes made on or after this invoice date will be reflected in future billing.

How to Contact Us:  
Email [Inquiries@shawbusiness.ca](mailto:Inquiries@shawbusiness.ca) or visit us at [business.shaw.ca/support](http://business.shaw.ca/support)



## Your Shaw Business Invoice

### SUMMARY OF YOUR ACCOUNT

#### Previous Charges and Payments

Amount of Previous Invoice		2,003.46
Payment Received - Thank You	27-Jan-20	-1,000.00
Balance Carried Forward	Due Now	\$1,003.46

#### Current Charges (01-Mar-20 to 31-Mar-20) - see following pages for details

Late Payment Charges	0.55
Current Monthly Services	919.30
Net GST (873690457R1)	45.97
Net PST	10.56

Total Current Charges due 01-Mar-20 \$976.38

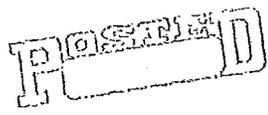
**TOTAL AMOUNT DUE \$1,979.84**

Your account is overdue. If payment has been made, thank you and please disregard the following message.

Outstanding Balance	\$1,003.46	Due Now
Current Charges	\$976.38	Due March 1, 2020

To avoid any interruption in services and late fees, please pay immediately. If immediate payment is not received a \$20.00 processing fee may be applied to your account.

Immediate payment can be made through MyShaw.ca, the My Shaw app, by phone with credit card or Visa Debit, or in person at a Shaw retail location. Expect a delay of between 2 to 5 days for payments made through your financial institution.



JTA5000146-0016145-04063-0002-0001-00-

Please do not staple for ease of processing.  
If you're paying by mail, tear off this slip and send it with your payment.  
Please make your cheque payable to Shaw Cablesystems G.P.

YOUR ACCOUNT: 018-2401-5834  
AMOUNT DUE: \$1,979.84  
DATE DUE: March 01, 2020

AMOUNT ENCLOSED:



JTA5000146 E D 04053  
GEORGE DAWSON INN  
11705 8 ST  
DAWSON CREEK BC V1G 4N9



Shaw Cable Payment Centre  
Po Box 2468 Stn Main  
Calgary, Alberta  
T2P 4Y2

1824015834 000197984 6

100706 9001

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www.png.ca

Bill Issue Date: February 26, 2020

Account Number: 003142734 2025813
356746 ALBERTA INC
11705 8 ST
DAWSON CREEK BC

Rate Class: Large Commercial - Firm 303A 304M A

Table with columns: Meter Number, Gas Consumed (From, To), Days of Service, Meter Reading (From, To, Type), Volume Used, Volume to Energy Conversion Factor, Gas Consumed GJ. Row 1: 718936-R, Jan 16 2020, Feb 18 2020, 33, 9177, 9904, Actual, 727, 1.5077483, 1,096.133

Previous Balance 15,899.81
Less Payment Feb 04 - Thank You! 2,000.00 CR
Less Payment Feb 18 - Thank You! 800.00 CR

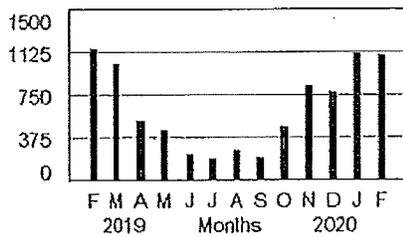
TOTAL PAST DUE CHARGES - Please Pay Immediately -13,099.81

If this amount has been paid - Thank You!

Energy Charges: from Jan 16 2020 to Feb 18 2020

Basic Charge 162.75
Delivery Charge. 1,096.133 GJ at \$2.448 per GJ 2,683.33
Company Use Delivery Rider: 1,096.133 GJ at \$0.116 per GJ 127.15
Commodity Charge: 1,096.133 GJ at \$1.687 per GJ 1,849.18
GCVA Commodity Rider: 1,096.133 GJ at -\$0.081 per GJ 88.79 CR
Franchise Fee 142.01
GST 243.79
PST 341.28
Innovative Clean Energy Fund 19.50
Carbon Tax: 1,096.133 GJ at \$1.986 per GJ 2,177.36
GST on carbon tax: 1,096.133 GJ at \$0.099 per GJ 108.85
Other Charges and Taxes:
Late Payment Charge 196.50

Your Consumption History



The BC Utilities Commission (BCUC) has approved an interim increase to PNG(NE)'s natural gas delivery rates. Effective January 1, 2020, overall rates will increase by \$0.416/GJ for residential customers and by \$0.235/GJ for small commercial customers.

Delivery-related rate changes include an interim delivery charge increase for residential customers of \$0.556/GJ and for small commercial customers of \$0.375/GJ. These increases have been offset in part by an interim decrease in the RSA/M rate rider that applies to residential and small commercial customers of \$0.140/GJ.

On an annual basis, a residential customer with annual consumption of 98 GJ will see a cost increase of approximately \$41 and a small commercial customer with annual consumption of 598 GJ will see a cost increase of approximately \$118.

Check out PNG(NE)'s Energy Conservation and Innovation (ECI) initiative at: http://savingenergy.png.ca Stay tuned as PNG(NE) launches programs that help residential and commercial customers reduce their energy bills.

For more details on customer rates, visit www.png.ca or call the number on your billing statement.

HILF 303A 304M A



Current Charges due by

March 17, 2020

Account Number
003142734 2025813

Total Amount Outstanding
\$21,062.72

Amount Paid

\$

383
356746 ALBERTA INC
11705 8 ST
DAWSON CREEK BC V1G4N9

Please mail payments to:
PACIFIC NORTHERN GAS LTD.
PAYMENT PROCESSING CENTRE
PO BOX 5500 STN TERMINAL
VANCOUVER, BC V6B 6P9

000000000003142734202581300203003172020000211821600021062723

104 105 900

96



www.png.ca

Account Number: 003142734 2025813  
356746 ALBERTA INC  
11705 8 ST  
DAWSON CREEK BC

TOTAL CURRENT CHARGES - Please Pay by March 17, 2020  
Total Amount Outstanding

7,962.91 ✓  
\$21,062.72

==





## Bill summary

Dec 6, 2019 to Feb 5, 2020

### PREVIOUS BILLING PERIOD

Previous bill.....	\$6,481.42
Catch-up installment 1 of 2 .....	\$2,500.00
Catch-up installment 2 of 2 .....	\$2,689.92
Payment received Jan 13, 2020.....	-\$2,500.00
Payment received Jan 27, 2020.....	-\$3,000.00

**BALANCE FORWARD** **\$6,171.34**

### SUMMARY OF ELECTRICITY CHARGES

Dec 6, 2019 to Jan 7, 2020 (adjustment subtotal).....	\$0.00
Jan 8, 2020 to Feb 5, 2020.....	\$6,558.88

### TAXES ON ELECTRICITY CHARGES

GST 5% on \$6,558.88.....	\$327.94
---------------------------	----------

**ELECTRICITY CHARGES SUBTOTAL** **\$6,886.82** ✓

<b>TOTAL DUE</b>	<b>\$18,058.46</b>
------------------	--------------------

About these charges:

Details of your individual billing periods are on the following pages.

#### Go paperless

Get access to your account online.  
To get started, visit [bchydro.com/gopaperless](http://bchydro.com/gopaperless).

#### Maintaining your account

If we receive your payment after the due date, you may be charged a late payment fee. To learn more about your account with BC Hydro, visit [bchydro.com/customerservice/rules](http://bchydro.com/customerservice/rules).

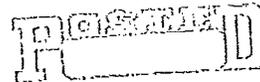
#### Privacy

Protecting your personal information is an obligation we take seriously. For more information, visit [bchydro.com/privacy](http://bchydro.com/privacy).

GST Registration # R121454151

#### Have a question?

Visit [bchydro.com/gethelp](http://bchydro.com/gethelp)  
Call us at 1 800 BCHYDRO (1 800 224 9376).



## Bill details

**Billing period**  
Dec 6, 2019 to Jan 7, 2020

### Meter reading information

#### Energy

Meter number 4929124

Starting Dec 6, 2019..... 18229  
Ending Jan 7, 2020..... 18425  
Difference..... 196  
Multiplier..... x 360  
**70,560 kWh used over 33 days**

#### Demand

Meter number 4929124

Jan 7, 2020\*\*\*..... 426  
Multiplier..... x 360  
**153 kW registered**

#### Reactive energy

Meter number 4929124

Starting Dec 6, 2019..... 8052  
Ending Jan 7, 2020..... 8144  
Difference..... 92  
Multiplier..... x 360  
**33,120 kvar used over 33 days**

\*\*\* We've adjusted your previously estimated bill with a new estimate.

**Billing period**  
Jan 8, 2020 to Feb 5, 2020

### ⓈCORRECTED ELECTRICITY CHARGES

Based on Large General Service Rate 1600  
Dec 6, 2019 to Jan 7, 2020

Basic Charge 33 days @ \$0.2673 /day..... \$8.82\*

#### ENERGY CHARGES

70,560 kWh @ \$0.0606 /kWh..... \$4,275.94\*

#### DEMAND CHARGES

153 kW @ \$12.3400 /kW..... \$1,888.02\*

#### POWER FACTOR

Power factor of 90%: Surcharge of 0% on electricity charges..... \$0.00

### ⓈCANCELLED ELECTRICITY CHARGES

Based on Large General Service Rate 1600  
Dec 6, 2019 to Jan 7, 2020

Basic Charge 33 days @ \$0.2673 /day..... \$8.82\*

#### ENERGY CHARGES

70,560 kWh @ \$0.0606 /kWh..... -\$4,275.94\*

#### DEMAND CHARGES

153 kW @ \$12.3400 /kW..... -\$1,888.02\*

#### POWER FACTOR

Power factor of 90%: Surcharge of 0% on electricity charges..... \$0.00

#### ADJUSTED SUBTOTAL

\$0.00

P-0000778-C000003281-2/4 /SEL /

### Meter reading information

#### Energy

Meter number 4929124

Starting Jan 8, 2020..... 18425  
Ending Feb 5, 2020..... 18628  
Difference..... 203  
Multiplier..... x 360  
**73,080 kWh used over 29 days**

#### Demand

Meter number 4929124

Feb 5, 2020..... 480  
Multiplier..... x 360  
**172 kW peak demand registered on Jan 18, 2020**

### ELECTRICITY CHARGES

Based on Large General Service Rate 1600  
Jan 8, 2020 to Feb 5, 2020

Basic Charge 29 days @ \$0.2673 /day..... \$7.75\*

#### ENERGY CHARGES

73,080 kWh @ \$0.0606 /kWh..... \$4,428.65\*

#### DEMAND CHARGES

172 kW @ \$12.3400 /kW..... \$2,122.48\*

#### POWER FACTOR

Power factor of 93%: Surcharge of 0% on electricity charges..... \$0.00

#### PERIOD SUBTOTAL

\$6,558.88

# TELUS Your TELUS statement

TELUS Communications Inc.

Page  
1 of 10

For billing inquiries call 877-710-0404

356746 HOLDINGS INC.  
O/A GEORGE DAWSON  
INN

Your Billing number  
BDDGEORGEDAWSON 2

Your account number  
227803887 4

Total amount you owe ..... \$3,382.06

## Summary of your account (details start on page 3)

### Previous charges and credits

Amount of your last bill	\$2,808.11
Total payments processed	-1,200.00
Amount overdue from your last bill	1,608.11

### New charges

Monthly services	1,315.28
Additional charges and credits	32.16
Media advertising	74.80
Long distance charges	170.10
GST/HST (Registration 100652692)	78.01
PST and government levies	103.60
Total new charges	1,773.95

Total if received by Mar 02, 2020 \$3,382.06



JTA5032820-0006845-01074-0005-0001-00-3

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# TELUS

Billing number  
BDDGEORGEDAWSON 2

Account number  
227803887 4

## Payment return slip

Please complete and return this slip with your payment. Make your cheque payable to TELUS Communications Inc. To avoid a late payment charge, we must receive your payment before Mar 02, 2020. If any part of this bill has been paid or is being adjusted, please deduct and pay balance.

Amount due by Mar 02  
\$3,382.06

Payment you're making  
\$

01074

356746 HOLDINGS INC.  
O/A GEORGE DAWSON  
INN  
11705 8 ST  
DAWSON CREEK BC V1G 4N9



TELUS  
PO BOX 7575  
VANCOUVER BC  
V6B 8N9

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Your TELUS statement  
 Feb 12, 2020  
 356746 HOLDINGS INC.  
 O/A GEORGE DAWSON  
 INN

**Charges for BDDGEORGEDAWSON 2**

356746 HOLDINGS INC.  
 O/A GEORGE DAWSON  
 INN  
 11705 8 ST  
 DAWSON CREEK BC V1G 4N9



**Details of previous charges and credits**

Amount overdue from your last bill	1,608.11
-----	
Amount of your last bill	\$2,808.11
-----	
Payment we processed on Jan 27 - Thank You	-1,200.00
-----	
Amount overdue from your last bill	\$1,608.11

**Details of your new charges**

Additional charges and credits	32.16
-----	
Late payment charge on overdue amount of \$1,608.11	32.16
-----	
Total new charges for BDDGEORGEDAWSON 2	32.16
-----	
Total due for BDDGEORGEDAWSON 2	1,640.27

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Your TELUS statement  
 Feb 12, 2020  
 356746 HOLDINGS INC.  
 O/A GEORGE DAWSON  
 INN

TELUS Communications Inc.

Page  
 5 of 10

Organization Level:  
 BDDGEORGEDAWSON 2  
 Charges for AC112TC870596 2

### Charges for AC112TC870596 2

356746 HOLDINGS INC  
 O/A GEORGE DAWSON INN  
 11705 8 ST  
 DAWSON CREEK BC V1G4N9



### Details of your new charges

Monthly services (from Feb 11 to Mar 10)	70.00
<hr/>	
1 Signal Trans Class B Local Channel Min*	70.00
<b>Taxes and government levies</b>	<b>8.40</b>
<hr/>	
GST (Registration 100852692) at 5%	\$3.50
<hr/>	
BC PST at 7%	4.90
<hr/>	
Total taxes and government levies	\$8.40
<b>Your total due for AC112TC870596</b>	<b>78.40</b>

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Your TELUS statement  
 Feb 12, 2020  
 356746 HOLDINGS INC.  
 O/A GEORGE DAWSON  
 INN

TELUS Communications Inc.

Page  
 7 of 10

Organization Level:  
 BDDGEORGEDAWSON 2  
 Charges for (250) 782-1664 0

**Charges for (250) 782-1664 0**

356746 HOLDINGS INC  
 O/A GEORGE DAWSON INN  
 11705 8 ST  
 DAWSON CREEK BC V1G4N9



**Details of your new charges**

<b>Monthly services (from Feb 11 to Mar 10)</b>		<b>123.56</b>
1 Business Individual Line*	\$123.56	
1 ADACC block TELUS-BC initiated	.00	
<b>Total monthly services</b>	<b>\$123.56</b>	
<b>Taxes and government levies</b>		<b>14.83</b>
GST (Registration 100652692) at 5%	\$6.18	
BC PST at 7%	8.65	
<b>Total taxes and government levies</b>	<b>\$14.83</b>	
<b>Your total due for (250) 782-1664</b>		<b>138.39</b>

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(continued from previous page)  
 Long distance charges

	Date and time of call	Place you called	Number you called	Length of call (minutes)	Cost of call before savings (\$)	Discount for time of day (\$)	Amount you pay (\$)
1	Mon Jan 13 03:55 pm	WHALLEY BC	604 585-2921	1	1.35		1.35
2	Tue Jan 14 07:59 am	CHETWND BC	250 401-1453	1	1.35		1.35
3	Tue Jan 14 01:20 pm	F JOHN BC	250 787-7471	1	1.35		1.35
4	Fri Jan 17 03:10 pm	GRDPRAIRIE AB	780 831-8932	1	1.35		1.35
5	Sun Jan 19 04:05 pm	WHITECOURT AB	780 779-3782	1	1.35		1.35
6	Mon Jan 20 06:52 am	WHITECOURT AB	780 778-3622	1	1.35		1.35
7	Mon Jan 20 06:59 am	WHITECOURT AB	780 778-3622	1	1.35		1.35
8	Mon Jan 20 12:06 pm	N WESTM BC	604 209-5270	9	12.15		12.15
9	Mon Jan 20 01:48 pm	RED DEER AB	403 342-0032	1	1.35		1.35
10	Mon Jan 20 01:50 pm	GRDPRAIRIE AB	780 402-3060	4	5.40		5.40
11	Mon Jan 20 09:39 pm	SARDIS BC	604 847-8119	9	12.15		12.15
12	Tue Jan 21 07:58 pm	F JOHN BC	250 263-0082	1	1.35		1.35
13	Tue Jan 21 07:59 pm	F JOHN BC	250 263-8714	1	1.35		1.35
14	Fri Jan 24 05:30 pm	WHITEHORSE YT	867 334-2080	1	1.35		1.35
15	Sat Jan 25 12:29 pm	CHETWND BC	250 401-1453	1	1.35		1.35
16	Sat Jan 25 05:32 pm	CHETWND BC	250 401-1453	3	4.05		4.05
17	Mon Jan 27 10:07 am	CHETWND BC	250 401-1453	3	4.05		4.05
18	Mon Jan 27 02:13 pm	CHETWND BC	250 401-1453	1	1.35		1.35
19	Mon Jan 27 02:14 pm	N WESTM BC	778 238-3787	1	1.35		1.35
20	Mon Jan 27 07:28 pm	CHETWND BC	250 401-1453	2	2.70		2.70
21	Wed Jan 29 04:31 am	CHETWND BC	250 401-1453	1	1.35		1.35
22	Thu Jan 30 03:05 pm	N WESTM BC	778 238-3787	1	1.35		1.35
23	Fri Jan 31 09:04 am	ROCKYMT HS AB	403 845-2804	6	8.10		8.10
24	Fri Jan 31 02:32 pm	ROCKYMT HS AB	403 845-2804	2	2.70		2.70
25	Fri Jan 31 03:16 pm	F JOHN BC	250 785-2021	3	4.05		4.05
26	Fri Jan 31 07:10 pm	VANCVER BC	604 683-8030	2	2.70		2.70
27	Sat Feb 01 11:31 am	PR GEO BC	250 564-7499	2	2.70		2.70
28	Sat Feb 01 04:43 pm	CHETWND BC	250 401-1453	3	4.05		4.05
29	Sun Feb 02 09:46 am	CHETWND BC	250 401-1453	2	2.70		2.70
30	Sun Feb 02 08:04 pm	GRDPRAIRIE AB	587 202-9999	1	1.35		1.35
31	Mon Feb 03 08:18 am	CHETWND BC	250 401-1453	1	1.35		1.35
32	Mon Feb 03 12:20 pm	PR GEO BC	250 961-4045	1	1.35		1.35
33	Fri Feb 07 01:53 pm	N WESTM BC	778 238-3787	16	21.60		21.60
34	Fri Feb 07 05:05 pm	N WESTM BC	778 238-3787	1	1.35		1.35



JTAS032820-006887-01074-0005-0005-00-3

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This is Exhibit "D" referred to in the Affidavit of ALEX EN HWA NG sworn before me at Vancouver, B.C., this 6<sup>th</sup> day of April, 2020.



A Commissioner for taking Affidavits within  
British Columbia

**D. MANNING & ASSOCIATES INC.**

Licensed Insolvency Trustee

Suite 520  
625 Howe Street  
Vancouver, B.C.  
V6C 2T6

Telephone: (604) 683-8030  
Facsimile: (604) 683-8327  
<http://www.manning-trustee.com>

March 24, 2020

Owen Bird Law Corporation  
Suite 2900, 595 Burrard Street  
PO Box 49130  
Vancouver, B.C. V7X 1J5

**Attention: Mr. Alan Frydenlund**

Dear Mr. Frydenlund:

**RE: PROPOSED COURT-APPOINTED RECEIVER AND MANAGER IN RESPECT OF THE  
ASSETS, UNDERTAKINGS AND PROPERTY OF  
356746 HOLDINGS LTD. DBA GEORGE DAWSON INN  
LOCATED IN THE PROVINCE OF BRITISH COLUMBIA**

We received the attached e-mail from Mr. Shah Thobani this morning, March 24, 2020.

We note that the City of Dawson Creek has not yet delayed the property tax deadline.

We had budgeted to pay the City of Dawson Creek for property tax arrears and 2020 property taxes when assessed, as interest on borrowings from Vancity will be lower than the likely penalties and interest accruing on outstanding property taxes, and B.C. Hydro for their ongoing charges.

We are not paying the secondary lender, BlueShore lease principal and interest payments, Provincial Sales Tax arrears, Goods and Services Tax arrears, Employer Health Tax arrears, and source deduction arrears, or B.C. Hydro arrears.

The Company is only partially paying Pacific Northern Gas bill which only buys them time until April.

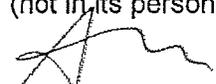
**None of this new information affects the urgency of the pending Court hearing.**

Should you have any questions, please contact the writer.

Owen Bird Law Corporation  
March 24, 2020  
Page 2 of 2

Yours very truly,

**D. MANNING & ASSOCIATES INC.**  
**MONITOR AND PROPOSED COURT-APPOINTED RECEIVER AND MANAGER IN**  
**RESPECT OF THE ASSETS, UNDERTAKINGS AND PROPERTY OF**  
**356746 HOLDINGS LTD. DBA GEORGE DAWSON INN**  
**LOCATED IN THE PROVINCE OF BRITISH COLUMBIA**  
(not in its personal capacity)

  
Per: Alex E.H. Ng, CIRP

Attachment

## William Choo

---

**From:** Shah Thobani <shah@fairmark.ca>  
**Sent:** March 24, 2020 9:52 AM  
**To:** William Choo  
**Cc:** Tracey Winland  
**Subject:** Re: Trust Fund Account  
**Attachments:** D. Manning & Associates Inc. GDI.xlsx

William,

We made payment arrangements to carry us through the month of April for essential services.

Attached is the spreadsheet – PST, GST, and PNG.

We also received payment deferrals for 6 months for:

- Blueshore Leasing \$6K a month
- Secondary Lender \$5K a month
- The City of Vancouver is allowing a 60 day grace period for all property tax payments. Taxes will be due Sept. 1. (Dawson Creek pending)
- British Columbia is deferring payments on the Employer Health Tax, municipal and regional district tax, tobacco tax, motor fuel tax carbon tax and PST until the end of September.
- The CRA says it also won't initiate post assessment GST or income tax audits on small or medium-sized businesses for the next month.
- BC Hydro will allow customers to defer bill payments or arrange a payment plan with no penalty.



*Regional Manager*

Shah Thobani

778-238-3787

[shah@fairmark.ca](mailto:shah@fairmark.ca)

Date of Cheque or wire transfer or monthly automatic payments	Payee name	Beginning Balance	Amount \$	Date of invoice/ period covered	Purpose of payment	From Company float or Owen Bird trust funds advanced ( please specify)
			<u>50,000.00</u>			
2-Jan-20	CAFO Insurance Premium Finance		(3,825.00)	23-Dec-19	Down Payment for Property Insurance	Trust Funds Advance
3-Jan-20	Apple		(1,916.73)		Equipment Replacement	Trust Funds Advance
14-Jan-20	Canada Life		(4,871.24)	December	Rejected PAP	Trust Funds Advance
7-Jan-20	Vancity Admin Fee		(2,000.00)	December	Forebearance Admin Exp	Trust Funds Advance
7-Jan-20	Vancity Admin Fee		(2,000.00)	January	Forebearance Admin-Exp	Trust Funds Advance
9-Jan-20	Shaw Cable		(684.49)	Past Due Balance	Clear up Delinquent	Trust Funds Advance
9-Jan-20	Accountant		(734.00)	Jan-20	Deposit/Retainer	Trust Funds Advance
15-Jan-20	Expense Reimburseal - Tracey		(5,000.00)	Last 3 months	Clear up Delinquent	Trust Funds Advance
23-Jan-20	Payroll		(12,200.00)	Jan 08-22	Shortage	Trust Funds Advance
23-Jan-20	Achlson		(3,000.00)	Delinquent		Trust Fund Allocation
27-Jan-20	Owen Bird		25,000.00		Re Advance Request	
31-Jan-20	Owen Bird		25,000.00		Re Advance Request	
31-Jan-20	Stewart Mortgage	PENDING	(25,000.00)		Good Faith Deposit	Trust Funds Advance
6-Feb-20	McElhanney		(4,987.50)	January	Phase 1 Environmental	Trust Funds Advance
9-Mar-20	Choice Hotels Canada		(5,000.00)	March	Franchise Fees Deposit	Trust Funds Advance
17-Mar-20	Canada Life		(5,204.91)	March Premium	Key Life Insurance	Trust Funds Advance
23-Mar-20	Whitelaw-Twining		(5,410.34)	Past Due Balance	Legal Work	Trust Funds Advance
23-Mar-20	Pacific Natural Gas		(5,000.00)	Payment Arrangements	Carry through April	
24-Mar-20	PST		(5,000.00)	Payment Arrangements	Carry through April	
25-Mar-20	GST		(5,000.00)	Payment Arrangements	Carry through April	
	Ending Balance		<u>3,155.79</u>			

This is Exhibit "E" referred to in the Affidavit of ALEX EN HWA NG sworn before me at Vancouver, B.C., this 6<sup>th</sup> day of April, 2020.



*A Commissioner for taking Affidavits within  
British Columbia*

**D. MANNING & ASSOCIATES INC.**

Licensed Insolvency Trustee

Suite 520  
625 Howe Street  
Vancouver, B.C.  
V6C 2T6

Telephone: (604) 683-8030  
Facsimile: (604) 683-8327  
<http://www.manning-trustee.com>

March 27, 2020

Owen Bird Law Corporation  
Suite 2900, 595 Burrard Street  
PO Box 49130  
Vancouver, B.C. V7X 1J5

**Attention: Mr. Alan Frydenlund**

Dear Mr. Frydenlund:

**RE: PROPOSED COURT-APPOINTED RECEIVER AND MANAGER IN RESPECT OF THE  
ASSETS, UNDERTAKINGS AND PROPERTY OF  
356746 HOLDINGS LTD. DBA GEORGE DAWSON INN  
LOCATED IN THE PROVINCE OF BRITISH COLUMBIA**

We write in response to the e-mail from Mr. Shah Thobani to Mr. John Fiddick that we received this morning, March 27, 2020.

The rapidly evolving COVID-19 situation and the government subsidies and deferral of many payments may give the Hotel some respite from its financial difficulties. However, Mr. Thobani's budget is only a guess at occupancy based on the pandemic ending soon and business going forward immediately. This is pure speculation.

The budget calls for \$680,000 in revenue from March 1, 2020 to July 31, 2020. The March revenues are expected to be \$70,000. If the Hotel closes for the month of April, then the Hotel would have to earn over \$200,000 in revenues for each of May, June and July to meet this target, which is not consistent with recent past performance.

We are not aware of any of the business mentioned in Mr. Thobani's e-mail from hospital overflow or international student housing. We note that schools are now closed until further notice, and that Northern Health has not set up any hotels for overflow from hospitals to date. This business is only speculative.

Mr. Thobani is correct that an employee is doing maintenance work. However, our previous comment stands that the only work he is doing is that which has been approved by the Monitor.

Mr. Thobani's own figures of "July to January 2020 [*sic* – should be July 2020 to January 2021] – 50% Occupancy @ \$90 – Room Revenue \$110K/Month" contradict his projected budget above, and in fact show that the Hotel will not make anywhere close to \$200,000 per month this summer.

Mr. Thobani states that "We made payment arrangements to carry us through the month of April for essential services", and lists some lenders and government agencies that have allowed for

deferred payments. These deferrals only push the debts back for a few months, and do not address the Hotel's serious arrears on its many payables.

We had previously been informed by the General Manager that Mr. Umedalli Thobani had not made financial contributions to the Company. Today was the first time we had actually seen any such evidence of personal funds going into the Company. However, we note that his last such contribution was on March 28, 2017, which is nearly three years ago.

We had also previously been informed by the General Manager that 90% of staff were being laid off. A 70% layoff (and the one month proposed layoff period is only a guess at this point in time) is still a major cut in staffing.

We further note that one of the attachments is an e-mail from the second mortgage holder, Mr. Manohar Alexander, offering to reduce the monthly mortgage payments from \$5,766.42 to \$500 for the next three months, but also requiring the mortgage to be paid out in full by July 1, 2020. Mr. Alexander notes that *"This issue of delay has been an ongoing issue since 2018 and as you are aware almost all months payment have delayed and many cheques have been returned. Covid-19 has absolutely nothing to with our signed agreement."*

**Once again, none of this new information affects the urgency of the pending Court hearing.**

Should you have any questions, please contact the writer.

Yours very truly,

**D. MANNING & ASSOCIATES INC.  
MONITOR AND PROPOSED COURT-APPOINTED RECEIVER AND MANAGER IN  
RESPECT OF THE ASSETS, UNDERTAKINGS AND PROPERTY OF  
356746 HOLDINGS LTD. DBA GEORGE DAWSON INN  
LOCATED IN THE PROVINCE OF BRITISH COLUMBIA  
(not in its personal capacity)**

  
Per: Alex E.H. Ng, CIRP

Attachment