

Clerk's Stamp

COURT FILE NO. 2001-06194
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF REDROCK CAMPS INC., SOCKEYE
ENTERPRISES INC., SWEETWATER HOSPITALITY INC. and
BALDR CONSTRUCTION MANAGEMENT INC.

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF
REDROCK CAMPS INC. and REDROCK CAMPS GP LTD. under the
COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c C-36,
as amended, and the *BUSINESS CORPORATIONS ACT*, RSA 2000, c
B-9, as amended

DOCUMENT **AFFIDAVIT OF DAVID HAWKINS**

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AFFIDAVIT OF DAVID HAWKINS
affirmed February 26, 2021

I, **DAVID HAWKINS**, Businessperson, of the City of Calgary, Alberta, **MAKE OATH
AND SAY THAT:**

1. I am the Vice President, Diversified Investments, of Invico Capital Corp., which is the indirect corporate parent of Invico Diversified Income Limited Partnership ("**IDI**") and Invico Trade Capital L.P. ("**ITC**", and together with **IDI**, "**Invico**"), the principal secured creditors of the Debtors, Redrock Camps Inc. ("**Redrock**"), Sockeye Enterprises Inc.

("Sockeye"), Sweetwater Hospitality Inc. ("Sweetwater") and Baldr Constructions Management Inc. ("Baldr", and together with Redrock, Sockeye, and Sweetwater, the "Debtors" or the "Redrock Group"). I am also the Chief Restructuring Officer of Redrock and Sockeye ("CRO"). As such, I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I verily believe same to be true.

2. In preparing this Affidavit, I have consulted with legal, financial and other advisors of Invico and the Debtors. I have also reviewed the business records of Invico relevant to these proceedings, and certain of the available business records of the Debtors, and have satisfied myself that I possess sufficient information and knowledge to affirm this affidavit.
3. I have also reviewed the Seventh Report of the Monitor dated February 12, 2021 (the "Seventh Report").
4. I am authorized to swear this Affidavit as the Chief Restructuring Officer of Redrock and Sockeye and as a corporate representative of Invico.
5. I make this Affidavit in response to the Application of BDO Canada Limited, in its capacity as Monitor of the Debtors (the "Monitor"), for advice and direction with respect of the following:
 - (a) Certain amounts held in trust by the Monitor in respect of claims by Troy Ferguson ("Ferguson") under the *Builder's Lien Act* (British Columbia) to those funds that were advanced by Ferguson in respect of camp installations done by Sockeye in British Columbia;
 - (b) Certain employee expenses incurred by Ferguson on behalf of the Debtors;
 - (c) The return of certain deposits, currently being held in trust by the Monitor, that were paid by Ferguson to Her Majesty the Queen in Right of Alberta (the "Province") for three contracts between Redrock and the Province to provide services and materials to fire camps administered by the Province; and
 - (d) Payment of vacation pay to Ferguson as an employee of Redrock.

Background

6. On May 13, 2020, Justice B.E.C. Romaine granted the initial order in these proceedings (as amended and restated, the “**Initial Order**”).
7. The initial background to these proceedings is described in detail in the Affidavits of Christian Wutzke affirmed May 11 and May 21, 2020.
8. Ferguson is the former Chief Executive Officer (“**CEO**”) and President, former sole Director of both Sockeye and Redrock, and the operating mind and 50% shareholder of TL Ferguson Corp., which owns 90% of Redrock. Redrock owns 65% of Sockeye. Ferguson resigned on September 4, 2020 from his positions as Director and CEO/President of each of the Debtors, which resignation was effective September 15, 2020.
9. I am advised by my review of the Debtors’ business records and believe that up until April 2020, the Redrock Group had a corporate credit card that it used for the purposes of purchasing various materials and other items it required for its business. In or about the middle of April 2020, the Redrock Group corporate credit card was cancelled, leaving employees to use their personal credit cards for these items and submit an expense report for reimbursement. Ferguson also used his personal credit card to pay for certain expenses incurred by the Debtors.

Sockeye Camp Installations – Builders’ Lien Trust Claim

10. Prior to May 13, 2020, the date of the Initial Order, Sockeye incurred expenses for materials supplied by material suppliers, which materials were used in the construction of a project in the Province of British Columbia. Ferguson used his personal credit card to pay a number of those material suppliers an aggregate amount of \$72,033.15 (the “**Trust Claim Amount**”). The invoices from the material suppliers (the “**Invoices**”) are set out in Appendix “A” to the Seventh Report.
11. I have reviewed the Invoices and note that many of them indicate Sockeye as the customer. I was unable to find any reference to Ferguson on the Invoices. There are also no Invoices from Ferguson to Sockeye pursuant to which Ferguson was the material supplier. The

Invoices were issued by third party material suppliers and paid by Ferguson on Sockeye's behalf.

12. I have also reviewed Sockeye's books and records and did not find any documentation or other record of an agreement between Sockeye and Ferguson to supply materials to Sockeye, or to act as a middleman between Sockeye and the material suppliers.

Employee Expenses

13. As noted above, once the Redrock Group's corporate credit card was cancelled, a number of employees used their personal credit cards to pay for certain expenses incurred by the Debtors and submitted expense reports for reimbursement. Ferguson also paid for various expenses incurred by the Debtors using his credit card. Ferguson claims reimbursement for the expenses that he incurred on the Debtors' behalf (the "**Ferguson Expenses**").
14. After these CCAA proceedings were commenced, Ferguson advised that he wished to reimburse those employees who had submitted expense reports for expenses they had paid for on behalf of the Debtors. In consultation with the Monitor and Invico, it was agreed that these expenses would be reimbursed pursuant to the provisions of the Initial Order, as payment of these amounts was determined to be necessary for the continued operation of the Redrock Group's business. A number of those employees being reimbursed were key employees of the Redrock Group, and their continued employment was an important component of ensuring maximum value for the stakeholders through any sale and investment solicitation process.
15. However, Invico was not prepared to agree to reimburse Ferguson on the same basis as other employees, given his position within the Redrock Group as director, officer and shareholder, and the determination that payment was not necessary for the continued operation of the Redrock Group's business.

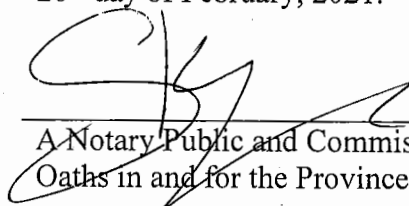
Redrock Fire Catering Performance Deposits

16. On or about April 29, 2020, Ferguson delivered three personal bank drafts to Alberta Agriculture and Forestry ("**AB Agriculture**") as fire catering performance deposits on

behalf of Redrock in the cumulative amount of \$42,643.50 (the "Performance Deposits"). The Performance Deposits were subsequently deposited by AB Agriculture. I am informed by Doug Penney ("Penney") who at the time was employed with Redrock as Vice President of Operations, and believe that he was asked by Ferguson to use his personal funds to obtain bank drafts to pay for fire catering performance deposits for Redrock in the amount of \$36,721.

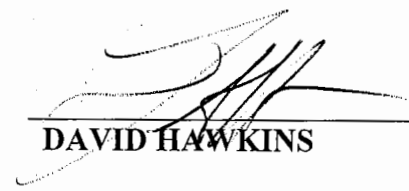
- 17. On May 22, 2020, following the commencement of these proceedings, Ferguson requested that Penney be reimbursed for the fire catering performance deposits that Penney had paid. The Monitor and Invico agreed, as Penney was considered a key employee of the Redrock Group and reimbursement was considered to be necessary for the continued operation of the Redrock Group's business.
- 18. I have reviewed Redrock's books and records and have not found any documentation or other record of an agreement between Ferguson and Redrock for the Performance Deposits.

AFFIRMED BEFORE ME at the City of
Calgary, in the Province of Alberta, this
26th day of February, 2021.



 A Notary Public and Commissioner for
 Oaths in and for the Province of Alberta

STEPHEN KROEGER
BARRISTER and SOLICITOR



 DAVID HAWKINS