

COURT FILE NUMBER 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 CONSTRUCUTION MANAGEMENT INC.

APPLICANTS INVICO DIVERSIFIED INCOME L.P. and INVICO TRADE  
CAPITAL L.P.

RESPONDENTS REDROCK CAMPS INC., SOCKEYE ENTERPRISES INC.,  
SWEETWATER HOSPITALITY INC. and BALDR  
CONSTRUCUTION MANAGEMENT INC.

DOCUMENT **FIRST REPORT OF BDO CANADA LIMITED,  
IN ITS CAPACITY AS MONITOR OF REDROCK  
CAMPS INC., SOCKEYE ENTERPRISES INC.,  
SWEETWATER HOSPITALITY INC. and BALDR  
CONSTRUCUTION MANAGEMENT INC.**

**MAY 22, 2020**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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**FIRST REPORT OF THE MONITOR  
BDO CANADA LIMITED  
MAY 22, 2020**

**INDEX**

INTRODUCTION .....	1
PURPOSE.....	2
TERMS OF REFERENCE AND DISCLAIMER .....	3
ACTIVITIES OF THE MONITOR SINCE THE FILING DATE .....	3
OVERVIEW OF THE REDROCK GROUP.....	4
CASH MANAGEMENT SYSTEM .....	6
CASH FLOW FORECAST .....	6
SALE AND INVESTMENT SOLICITATION PROCESS .....	8
AMENDED INTERIM FINANCING AGREEMENT .....	9
COURT ORDERED CHARGES .....	10
INITIAL RESTRUCTURING ACTIVITIES OF THE REDROCK GROUP .....	12
EXTENSION OF STAY OF PROCEEDINGS .....	12
CONCLUSION AND RECOMMENDATIONS .....	13

**APPENDICES**

CREDITOR NOTICE.....	1
NEWSPAPER NOTICE .....	2
REPRESENTATION LETTER.....	3

## INTRODUCTION

1. On May 13, 2020, Invico Diversified Income L.P. (“**IDILP**”) and Invico Capital Trade L.P. (together referred to as “**Invico**”) made an application (the “**Initial Application**”) to the Court of Queen’s Bench of Alberta (the “**Court**”) for an order granting an initial stay of proceedings in respect of Redrock Camps Inc. (“**Redrock**”), Sockeye Enterprises Inc. (“**Sockeye**”), Sweetwater Hospitality Inc. (“**Sweetwater**”) and Baldr Management Inc. (“**Baldr**”) (collectively referred to as the “**Redrock Group**”) pursuant to the *Companies Creditors Arrangement Act*, RSC. 1985 c. C-36, as amended (the “**CCAA**”).
2. On May 13, 2020 (the “**Filing Date**”), a *CCAA Initial Order* (the “**Initial Order**”) was granted by the Honourable Madam Justice B. E. C. Romaine of the Court providing initial relief including but not limited to:
  - a. The imposition of an initial stay of proceedings (the “**Stay**”) in favour of the Redrock Group and its assets through to May 25, 2020;
  - b. The appointment of BDO Canada Limited as monitor (the “**Monitor**”) in the CCAA proceedings (the “**Proceedings**”);
  - c. The approval of a \$1,000,000 interim credit facility (the “**Interim Facility**”) from IDILP (the “**Interim Lender**”) pursuant to an Interim Financing Agreement between the Redrock Group and IDIP (the “**Interim Financing Agreement**”);
  - d. The granting of an administration charge in respect of the professional fees and disbursements of the Monitor, counsel to the Monitor, counsel to Invico and counsel to the Redrock Group in an aggregate amount not to exceed \$300,000 (the “**Administration Charge**”);
  - e. The granting of a charge securing the obligations under the Interim Facility in an amount not to exceed \$1,000,000 (the “**Interim Lender’s Charge**”);
  - f. The granting of a charge in favour of the directors and officers in the amount not to exceed \$400,000 (the “**Directors’ Charge**”);

- g. Providing the Monitor with authority to exercise control over the Redrock Group's bank accounts and its receipts and disbursements (the "**Cash Management System**"); and
- h. Providing the Monitor with the authority to begin preparations for, in consultation with Invico and the Redrock Group, a sale and investor and solicitation process ("**SISP**") for which any approval of will be sought at a later time within the Proceedings.

### **PURPOSE**

3. The purpose of this report (the "**First Report**") is to provide information to this Honourable Court with respect to:
  - a. The steps undertaken by the Monitor since the Filing Date;
  - b. An overview of the Redrock Group;
  - c. The Redrock Group's' cash flow forecast through to August 9, 2020;
  - d. Invico's request for an order:
    - Increasing the amount of the Interim Lender's Charge to \$2,500,000;
    - Increasing the quantum of the Administration Charge to \$500,000;
    - That the Administration Charge, the Interim Lender's Charge and the Directors' Charge (collectively referred to as the "**Court Ordered Charges**") be granted priority over all encumbrances; and
    - Extending the Stay through to July 24, 2020; and
  - e. The Redrock Group's restructuring activities since the Filing Date; and
  - f. The Monitor's conclusions and recommendations in respect of the above, as applicable.

### **TERMS OF REFERENCE AND DISCLAIMER**

4. In preparing this First Report, the Monitor has been provided with, and has relied upon unaudited financial information, certain books and records of the Redrock Group, discussions with the Redrock Group's management ("**Management**") and information provided by and discussions with Invico (collectively referred to as the "**Information**").
5. Except as otherwise described in this First Report in respect of the Redrock Group's cash flow forecast:
  - a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided; however, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information in such a manner that would wholly or partially comply with standards as set out in the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such Information; and
  - b. Some of the Information referred to in this First Report consists of weekly cash flow forecasts, projections and related assumptions. An examination or review of cash flow forecasts, projections and related assumptions as outlined in the CPA Handbook has not been performed.

### **ACTIVITIES OF THE MONITOR SINCE THE FILING DATE**

6. Since the commencement of the Proceedings, the Monitor has:
  - a. Established a website at the following URL <https://www.bdo.ca/en-ca/extranets/redrock/> and uploaded the Initial Order and the documents filed in the Proceedings;

- b. Issued notice of the Proceedings (the “**Creditor Notice**”) to all known creditors as represented by the Redrock Group. Creditors were directed to the Website to obtain copies of the Initial Order and a listing of the known creditors as represented by Management. The Creditor Notice encourages creditors to refer back to the Website regularly for updates as to the status of the Proceedings. A copy of the Creditor Notice is attached as **Appendix “1”**.
- c. Caused a notice of the Proceedings (the “**Newspaper Notice**”) to be published in the *Calgary Herald* and *Edmonton Journal* on May 19, 2020. A copy of the form of the Newspaper Notice is attached as **Appendix “2”**.
- d. Filed the statutory *Forms 1 and 2* containing certain prescribed information regarding the Proceedings with the Office of the Superintendent of Bankruptcy.
- e. Posted the Court filings and other relevant materials to the Website along with a copy of the service list.
- f. Reviewed the terms of the Initial Order with Management as they relate to the administration of pre-filing and post-filing payment obligations.
- g. Participated in numerous telephone calls with Management and creditors/suppliers in respect of the status of the Proceedings and ongoing supply arrangements.
- h. Participated in numerous meetings, calls and communications with Management and Invico regarding various ongoing matters associated with the Proceedings including the development and administration of the Cash Management System.

#### **OVERVIEW OF THE REDROCK GROUP**

- 7. Redrock is a private company incorporated in Alberta. A recent search of the Alberta Corporate Registry System (the “**Corporate Registry**”) indicated the following:

- The voting shareholders are TL Ferguson Corp. (90%) and Malcolm Huycka (10%); and
  - The sole director is Mr. Troy Ferguson who also serves as the President.
8. A recent search of the Corporate Registry indicates that Troy Ferguson and Lois Ferguson are the shareholders of TL Ferguson Corp.
  9. Redrock's principal line of business is the provision of remote service camps to enable companies to house their employees and contractors who are working in rural locations. The service package offered by Redrock includes the provision of accommodations utilizing modular equipment, turn-key catering, housekeeping and camp management.
  10. Redrock's clients include energy and infrastructure companies as well as provincial governments in respect of fire-fighters assigned to remote locations. Services are provided in Alberta, Saskatchewan and British Columbia. Redrock currently has 22 service camps under contract with all but one currently active.
  11. Sockeye is a private company incorporated in British Columbia of which Redrock is the majority shareholder. Sockeye carries out the actual assembly of service camps for Redrock and also for third parties. The Monitor understands that Redrock is the majority shareholder of Sockeye.
  12. Redrock is the 100% shareholder of each of Sweetwater and Baldr which are both Alberta incorporated companies. The Monitor is advised by Management that neither Sweetwater nor Baldr have any assets and neither is currently generating any active revenues.
  13. Redrock is also the majority shareholder of Redsky Modular Services, Inc. ("**Redsky**") which is a company based out of Texas that provides camp assembly services, similar to Sockeye, to customers in the United States. Redsky is not the subject of any restructuring proceedings.

### CASH MANAGEMENT SYSTEM

14. The Initial Order provides the Monitor with enhanced powers to exercise control over the Redrock Group's bank accounts and its receipts and disbursements. As of the date of this First Report, the arrangements to establish the Monitor's bank accounts (the "**Monitor's Accounts**") have not been finalized. In the interim, the Monitor has been working in conjunction with the Interim Lender and Management to ensure that ongoing receipts are monitored and funding requirements and disbursements are addressed on a timely basis utilizing the existing accounts of the Redrock Group and the Interim Lender.

### CASH FLOW FORECAST

15. In advance of the Initial Application, Management prepared a 13 week cash flow forecast (the "**Initial Forecast**") in respect of the period May 11, 2020 through to August 9, 2020 (the "**Initial Forecast Period**"), a copy of which was appended as Exhibit "TT" to the May 11, 2020 Affidavit of Christian Wutzke filed in the Proceedings.
16. A letter containing the prescribed representations of the Redrock Group regarding the preparation of the Initial Forecast is attached to First Report as **Appendix "3"**.
17. In light of the brief period of time between the Initial Application and the date of this First Report as a result of recent amendments to the CCAA, the Monitor has not at this time undertaken a variance analysis of the Redrock Group's actual receipts and disbursements since the Filing Date in comparison to the Initial Forecast.



18. A summary of the initial Forecast is set out below:

	<b>May 11 - August 9, 2020</b>
<b>Receipts</b>	
Accounts receivable	\$ 7,359,914
Interim financing	2,500,000
	<u>9,859,914</u>
<b>Disbursements</b>	
Operating expenses - general	5,300,616
Operating expenses - PAD	268,303
Operating expenses - food	820,577
Payroll, benefits, WCB and other	2,749,089
Principal and interest	68,750
Restructuring	650,000
	<u>9,857,335</u>
Net cash flow	2,579
Cash - beginning	-
Cash - closing	<u>\$ 2,579</u>

19. The Monitor has reviewed the reasonableness of the Initial Forecast in accordance with section 23(1)(b) of the CCAA and wishes to highlight the following significant points:
- a. The Initial Forecast contemplates the Redrock Group requiring \$2.5 Million of interim financing (“**Interim Financing**”) over the course of the Initial Forecast Period in order to otherwise effectively breakeven; and
  - b. Estimated receipts from the collection of accounts receivable, amounting to approximately \$7.4 Million, contemplates the collection of existing accounts receivable as well as collections from ongoing revenue generating activities during the Initial Forecast Period. This assumes that the Redrock Group’s customers will continue to support it during the Proceedings. In the event a number of customers seek an alternative service provider, there is likely to be a significant negative impact on the Redrock Group’s cash flow.

20. Our review consisted of inquiries, analytical procedures and discussions related to information, and assumptions provided to us by Management. Since hypothetical assumptions need not be supported, our analysis thereof was limited to evaluating whether they were consistent with the purpose of the Initial Forecast. We have also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Initial Forecast.
21. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:
- a. The hypothetical assumptions are not consistent with the purpose of the Initial Forecast;
  - b. As of the date of this First Report, the probable assumptions developed by Management are not suitably supported and consistent with the current plans of the Redrock Group or do not provide a reasonable basis for the Initial Forecast, given the hypothetical assumptions; or
  - c. The Initial Forecast does not reflect the probable and hypothetical assumptions.
22. The Monitor gives no assurance and makes no representations as to whether the Initial Forecast will be met. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report. The Initial Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that they might not be appropriate for other uses.

#### **SALE AND INVESTMENT SOLICITATION PROCESS**

23. As set out earlier in this First Report, the Initial Order provides the Monitor with the authority, in consultation with Invico and the Redrock Group, to prepare and supervise the administration of a SISP.

24. The Monitor has had initial discussions with Invico and Management regarding the nature of a SISP, whether a third party sales advisor would be appropriate or necessary in the circumstances and the appropriate time to initiate a SISP. The Monitor is of the view that prior to considering the initiation of a formal SISP, it is important that the Redrock Group first ensure that it has stabilized its operations in the post-filing environment which includes ensuring it maintains the ongoing support of its customers and suppliers. Absent the continued support of customers and the Redrock Group demonstrating the ability to continue to service its customers during the Proceedings, the Monitor is of the view that successfully administering a SISP predicated on a sale on a going concern basis would prove to be a challenging endeavour.
25. It is anticipated that either the Monitor or Invico will make an application to this Honourable Court to seek the approval of a SISP and, if applicable and necessary, the appointment of a sales advisor at the appropriate time.

#### **AMENDED INTERIM FINANCING AGREEMENT**

26. As set out above, the Initial Forecast reflects the Redrock Group's requirement for Interim Financing in the short-term. Prior to the Initial Application, the Redrock Group and the Interim Lender agreed to the Interim Financing Agreement, the key terms of which were:
- a. The Interim lender will provide an initial advance of up to \$1,000,000, conditional upon, among other things, the approval of the Interim Financing Agreement and granting of draft Initial Order;
  - b. A commitment by the Interim Lender to provide further advances (subject to reasonable conditions) in the aggregate amount of up to \$1,500,000 for an aggregate financing commitment of up to \$2,500,000;

- c. A commitment fee of \$50,000;
  - d. The establishment of the Monitor's Accounts;
  - e. Advances to be made to the Monitor's Accounts in multiples of \$50,000;
  - f. Preparation of a weekly updated roll-forward cash flow forecast.
27. At the Initial Application, the Monitor's counsel advised that the Monitor was of the view that the terms of the Interim Financing Agreement are reasonable and not dissimilar from interim financing arrangements approved in other proceedings.
28. As mentioned earlier in this First Report, the Interim Financing Agreement was approved by the Initial Order; however, at the time of the Initial Application, although the terms of the Interim Financing Agreement had been agreed upon, the document had not been executed; however, the Interim Financing Agreement was executed after the granting of the Initial Order.
29. The Interim Financing Agreement was subsequently amended and restated on May 21, 2020 (the "**Amended Interim Financing Agreement**"), a copy of which is attached as Exhibit "C" of the May 21, 2020 Affidavit of Christian Wutzke filed in these Proceedings, to provide for the amendment of certain terms to reflect the decision to postpone the initiation of a SISF. The Monitor is of the view that the amendments are reasonable and appropriate in the circumstances.

#### **COURT ORDERED CHARGES**

30. As set out earlier in this First Report, the Initial Order provided for the Administration Charge, the Interim Lender's Charge and the Directors Charge in respective order of priority.
31. Invico will be making application seeking some amendments in respect of the Court Ordered Charges for which the Monitor can offer the following comments:

*Administration Charge*

32. Invico will be seeking to increase the aggregate maximum of the Administration Charge to \$500,000. The Monitor has considered the professionals involved in the Proceedings, the potential complexities of the Proceedings, the anticipated services required to be performed and the Redrock Group's requirement for Interim Funding and is of the view that an increase in the aggregate maximum of the Administration Charge is reasonable and appropriate.

*Interim Lender's Charge*

33. As set out earlier in this First Report, the Initial Forecast contemplates the need for \$2.5 Million of Interim Financing during the Initial Forecast Period. In light of the Interim Lender being supportive of these Proceedings and being willing to advance funds to the Redrock Group, the Monitor is of the view that an increase in the Interim Lender's Charge to a maximum of \$2.5 Million is reasonable and appropriate.

*Priority Charge*

34. Invico will be seeking the Court's authorization to grant a form of super-priority in favour of the Court Ordered Charges over all encumbrances in order of priority being the Administration Charge, the Interim lender's Charge and the Directors' Charge. The Monitor is of the view that this request is reasonable and appropriate for the following reasons:
- a. The restructuring professionals involved in the Proceedings who are tasked with attempting to effect a successful restructuring require comfort that their accounts are secured by a priority charge in order;
  - b. As demonstrated by the Initial Forecast, the Redrock Group requires \$2.5 Million of Interim Funding to finance its ongoing operations in the short-term. Absent the protection of a priority charge, the Interim Lender will not contribute the Interim Funding;

- c. The officers and directors of the Redrock Group require the comfort of the priority charge while they manage the Redrock Group through the Proceedings.

#### **INITIAL RESTRUCTURING ACTIVITIES OF THE REDROCK GROUP**

35. Since the Filing Date, Management has:

- a. Participated in ongoing meetings and communications with the Monitor and Invico;
- b. Worked in conjunction with the Monitor and Invico to formulate and implement the Cash Management System with oversight and control being provided by the Monitor;
- c. Engaged in preliminary discussions and communications with customers regarding the Proceedings;
- d. Engaged in initial discussions with suppliers with a view to confirming the ongoing supply of goods and services on mutually agreeable terms;
- e. Engaged in preliminary discussions with Invico and the Monitor surrounding the financial assessment of future revenue generating opportunities;
- f. Engaged in preliminary discussions with Invico and the Monitor surrounding potential cost saving options; and
- g. Assisted as required in preparation for the upcoming application scheduled for May 25, 2020 (the “**Comeback Application**”).

#### **EXTENSION OF STAY OF PROCEEDINGS**

36. At the Comeback Application, Invico will be seeking a further extension of the Stay through to July 24, 2020.

37. As set out earlier in this First Report, the Monitor believes it is necessary that Management ensure the ongoing stability of the Redrock Group's operations in the initial stages of the Proceedings before instituting and commencing a SISP can be properly considered. The Monitor is of the view that it will likely take Management several weeks to ensure that operations are stabilized. Consequently, the Monitor does not believe that there is any merit to incurring the costs of parties preparing for a further application within 30-45 days such that an extension of the Stay for a period of 60 days is appropriate in the circumstances.
38. The Monitor is not aware that any party would be unduly prejudiced by the requested length of the extension.

#### **CONCLUSION AND RECOMMENDATIONS**

39. To date, the Monitor is satisfied that Management has been acting in good faith and with due diligence as reflected by:
- a. Ongoing cooperation as required by the Monitor and the Interim Lender; and
  - b. Its initial efforts in attempting to manage relationships with customers and suppliers.
40. In light of the above and for the reasons set out in this First Report, the Monitor is supportive of and recommends to this Honourable Court approval of the following:
- a. An extension of the Stay through to July 24, 2020;
  - b. Approval of a super-priority afforded to the Court Ordered Charges as against the property, assets and undertakings of the Redrock Group in the following amounts and ranking:
    - i. Administration Charge (\$500,000) – first ranking;
    - ii. Interim Lending Charge (\$2,500,000) – second ranking; and
    - iii. Directors' Charge (\$400,000) – third ranking.

All of which is respectfully submitted this 22<sup>nd</sup> day of May 2020.

BDO Canada Limited  
in its capacity as Monitor of the Redrock Group  
and not in its personal or corporate capacity

Per:



---

Mare Kelly  
Senior Vice President



# APPENDIX “1”



Tel: 403 777 9999  
Fax: 403 640 0591  
www.bdo.ca

BDO Canada Limited  
110, 5800 - 2<sup>nd</sup> Street SW  
Calgary, AB T2H 0H2 Canada

May 14, 2020

To the Creditors of Redrock Camps Inc., Sockeye Enterprises Inc., Sweetwater Hospitality Inc. and Baldr Construction Management Inc. (collectively referred to as the "Redrock Group")

Dear Sirs/Mesdames:

**Re: Proceedings under the *Companies' Creditors Arrangement Act***

TAKE NOTICE that on May 13, 2020, an Order (the "CCAA Initial Order") was granted by the Honourable Madam Justice B.E. Romaine of the Court of Queen's Bench of Alberta (the "Court") pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") granting the Redrock Group various relief including, but not limited to, the imposition of an initial *Stay of Proceedings* against the Redrock Group and its assets through to May 25, 2020. The Court appointed BDO Canada Limited as the monitor of the Redrock Group (the "Monitor").

Pursuant to the CCAA Initial Order, the Redrock Group is to continue to carry on business in a manner consistent with the commercially reasonable preservation of its business and assets while it engages in a Court supervised *Sale and Investment Solicitation Process* ("SISP"). The CCAA Initial Order also allows for an opportunity for a plan of arrangement or compromise to be prepared and filed with the Court for the consideration of the Redrock Group's creditors.

The CCAA Initial Order provides that claims against the Redrock Group for payment for goods and services supplied to the Redrock Group prior to May 13, 2020 are suspended and creditors are prohibited from continuing or taking any actions or exercising any rights against the Redrock Group, or the Monitor, except with leave of the Court. **You are not required to file a proof of claim at this time.** A formal claims process is expected to be initiated in due course.

A copy of the CCAA Initial Order and a list of the names and addresses and amounts due to the Redrock Group's creditors as estimated by management of the Redrock Group can be found on the Monitor's website (the "Website") at <https://www.bdo.ca/en-ca/extranets/redrock/> or by contacting the Monitor directly. Additional materials will be posted to the Website from time to time and creditors are encouraged to check the Website regularly for updates as to the status of the proceedings. The next Court application in the proceedings is scheduled for May 25, 2020.

Should you have any questions or concerns please contact Mr. Jim Ashbaugh, of the Redrock Group, at 403-351-6465 or at [jashbaugh@redrockgroup.ca](mailto:jashbaugh@redrockgroup.ca), or Ms. Lorry Fritsche, of the Monitor, at 403-536-8507 or at [lfritsche@bdo.ca](mailto:lfritsche@bdo.ca).

Yours truly,

BDO Canada Limited,  
In its capacity as Monitor of the Redrock Group  
and not in its personal capacity

Per: Marc Kelly  
Senior Vice President

# APPENDIX “2”

Court File Number 2001-06194

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF CALGARY

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

AND IN THE MATTER OF  
REDROCK CAMPS INC., SOCKEYE ENTERPRISES INC., SWEETWATER HOSPITALITY  
INC. and BALDR CONSTRUCTION MANAGEMENT INC. (the "REDROCK GROUP")

On May 13, 2020, the Court of Queen's Bench of Alberta granted an order (the "CCAA Initial Order") under the *Companies' Creditors Arrangement Act* in respect of the Redrock Group providing various relief including, but not limited to, an initial stay of proceedings through to May 25, 2020. BDO Canada Limited was appointed as monitor (the "Monitor"). The CCAA Initial Order can be accessed by referring to the Monitor's website at <https://www.bdo.ca/en-ca/extranets/redrock/> (the "Website"). Interested parties are encouraged to check the Website regularly for updates as to the status of the proceedings. For further information please contact Lorry Fritsche, of BDO Canada Limited, at 403-536-8507 or by email at [lfritsche@bdo.ca](mailto:lfritsche@bdo.ca).



#110, 5800 - 2nd Street SW, Calgary, AB, T2H 0H2 Tel: 403-777-9999, Fax: 403-640-0591

# APPENDIX “3”



BDO Canada Limited  
110, 5800 – 2<sup>nd</sup> Street SW  
Calgary, AB T2H 0H2

Attention: Mr. Marc Kelly

May 22, 2020

Dear: Mr. Kelly

**Re: Proceedings under the Companies' Creditors Arrangements Act ("CCAA")**

In connection with the original application by Redrock Camps Inc., Sockeye Enterprises Inc., Sweetwater Hospitality Inc. and Baldr Construction Management Inc. (collectively the "Redrock Group") under the CCAA, the management of the Redrock Group ("Management") has prepared the attached Cash Flow Forecast (the "Forecast") and underlying assumptions upon which the Forecast is based.

Management confirms that:

- The Forecast and underlying assumptions are the responsibility of the Redrock Group;
- All material information relevant to the Forecast and the underlying assumptions have been made available to BDO Canada Limited in its capacity as the proposed Monitor; and
- Management has taken all actions that it considers necessary to ensure that:
  - The individual assumptions underlying the Forecast are appropriate in the circumstances;
  - That the underlying assumptions, taken as a whole, are appropriate in the circumstances; and
  - All relevant assumptions have been properly presented in the notes to the Forecast.

Management understands and agrees that the determination of what constitutes a material adverse change from the Forecast, or with the financial circumstances of the Redrock Group, is ultimately at the discretion of the Monitor notwithstanding that Management may disagree with such determination.

Yours very truly,

The Redrock Group

Per: Jim Ashbaugh

REDROCK CAMPS INC. & SOCKEYE ENTERPRISES INC.  
Cash Flow Forecast  
For the 13 week period  
[Unaudited - prepared by management]

	Week of 11-May-20	Week of 18-May-20	Week of 25-May-20	Week of 1-Jun-20	Week of 8-Jun-20	Week of 15-Jun-20	Week of 22-Jun-20	Week of 29-Jun-20	Week of 5-Jul-20	Week of 13-Jul-20	Week of 20-Jul-20	Week of 27-Jul-20	Week of 3-Aug-20	Total
<b>Receipts</b>														
Accounts receivable	922,520	743,393	944,494	421,328	710,463	834,971	71,193	833,913	71,182	1,086,132	71,182	570,116	71,182	7,458,514
Interim financing	1,022,850	743,393	544,494	421,328	710,463	834,971	300,000	50,000	750,000	-	500,000	570,116	750,000	2,800,000
							371,133	883,913	773,182	1,086,132	671,182	970,116	821,182	9,038,814
<b>Disbursements</b>														
Operating Expenses - General	547,446	40,850	40,850	234,982	478,552	451,206	478,715	424,430	478,133	925,807	553,427	558,717	403,422	5,908,818
Operating Expenses - PAD	45,629	2,290	2,290	20,339	2,414	22,759	2,250	86,535	2,772	29,909	2,290	-	82,385	268,303
Operating Expenses - Food	37,500	39,120	42,721	26,185	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	820,577
Payroll, Benefits, WCB and other	256,289	211,597	184,821	241,597	194,821	211,597	209,111	241,597	194,821	211,597	184,821	211,597	214,821	2,746,089
Principal and interest	50,192	192	192	192	192	192	769	865	2,212	2,212	3,365	3,365	4,604	68,750
Restructuring	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	650,000
	957,053	841,760	820,834	582,258	736,979	817,758	815,246	848,428	792,938	854,829	868,903	853,078	800,346	8,857,232
	35,503	407,633	233,650	(180,241)	(72,516)	17,218	(444,213)	33,365	(21,516)	191,607	(197,721)	74,437	(79,184)	2,673
Net cash flow for period														
Cash/Operating Libe - beginning							444,686	(148)	35,823	15,451	265,077	27,208	67,743	
Cash/Operating Libe - closing	35,503	437,133	670,783	490,542	418,026	437,260	444,686	35,337	33,811	280,628	71,816	91,743	59,743	2,579

REDROCK CAMPS INC. & SOCKEYE ENTERPRISES INC.

*[Signature]*  
 Per: NAME OF SIGNING OFFICER  
 TITLE: VP FINANCE & CONTROLLER  
 May 13, 2020  
 CALGARY, ALBERTA

ASSUMPTIONS AND NOTES  
 - Please refer to the attached.

## **Redrock Camps Inc. & Sockeye Enterprises Inc.**

### **Note to the Cash Flow Forecast:**

- 1) **Overall** – This Cash Flow Statement is derived from both actual and forecasted results based on awarded contracts only. Projects with still being negotiated are not reflected in receipts or disbursements.
- 2) **Accounts Receivable** – Reflects expected cash collections based actual invoices in circulation as well as upcoming camp or project revenues. The collection period is based on historical DSO by client.
- 3) **OPEX General** – based on historical expenses and assumed camp/project costs including but not limited to such expenditures as lease rentals, utilities, maintenance, repairs, contract operators and property taxes. We expect that in light of the CCAA application most suppliers will require a deposit on account. This forecast includes \$ 359,000 in estimated deposits for the week. Payments are assumed to be made in the month following goods or services are provided.
- 4) **OPEX PAD's** – based on historical pre-authorized expenses including but not limited to such expenditures as office and equipment leases, utilities, fuel, food, insurance.
- 5) **OPEX Food** – based on historical food purchasing activities allowing for a ramp up in expense due to start up of FIRE Camps. Terms are weekly pays on all invoices in excess of 45 days.
- 6) **Payroll, Benefits, WCB and other** – includes both direct and indirect payrolls as well as related benefits, including Health and WCB Benefits.
- 7) **Principal and interest** – represent payment of monthly interest charged by Redrock & Sockeye on the drawn balance on the credit facility.
- 8) **Interim Financing** – represents anticipated funding to be advanced pursuant to Court Ordered charge necessary to maintain operation sin the ordinary course.
- 9) **Restructuring** – includes the fees and expenses of the company's legal counsel and those of the Monitor and its legal counsel.
- 10) **Cash/Operating line** – It is assumed that so long as the credit facility balance does not exceed \$2.5 million that the Redrock bank accounts will continue to be operational.