

VIA EMAIL OR MAIL

July 7, 2021

To All Creditors of Bear Creek Contracting Ltd.

Dear Sir/Madam:

**Re: In the Matter of the Notice of Intention to Make a Proposal of Bear Creek Contracting Ltd. (the "Company")
Revision to Estimated Realization Schedule**

We refer to the proposal to creditors of the Company (the "Proposal") filed pursuant to the *Bankruptcy and Insolvency Act*, and our letter dated June 28, 2021 which included, among other documents, a copy of the Proposal and the Proposal Trustee's ("PT") Report to Creditors on the Proposal (the "PT's Report").

Pursuant to Section 3.5 of the Proposal, the PT's fees and costs in respect of the Proposal are to be paid by the Company in the ordinary course of business and in accordance with agreements between the Company and the PT, and are not paid from the funds available to pay creditors. It has come to our attention that Appendix "H" to the PT's Report inadvertently included the PT's estimated fees and costs as a deduction from the estimated Net Litigation Proceeds (as defined in the Proposal) from the Pretium Claim, which was incorrect. Accordingly, attached is an amended Estimated Realization Schedule removing the PT's estimated fees and costs from the realization analysis.

Under the Proposal, it is now estimated that there may be funds available for distribution to the unsecured creditors (other than the Convenience Creditors and Cash Election Creditors, each as defined in the Proposal) of between \$NIL to \$5.58 million (an increase of \$250,000). This increases the estimated recovery to Affected Creditors (as defined in the Proposal) to between \$NIL and \$0.37 per dollar (an increase of \$0.02).

If you have any questions, please email the Proposal Trustee at bearcreek@crowemackay.ca

Yours very truly,

CROWE MACKAY & COMPANY LTD., in its capacity as,
Licensed Insolvency Trustee of the Proposal of Bear Creek Contracting Ltd.
and not in its personal capacity

per: 

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

Encl.

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

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

Estimated Costs of Realization

Costs on Realization of Pending Legal Actions	[15]								
Brucejack Mine Project		-	600,000.00	750,000.00	900,000.00	1,050,000.00	1,200,000.00	See Note [8]	See Note [8]
Pomerleau/MOTI		-	-	-	-	-	-	See Note [8]	See Note [8]
Rainbow Passing Lane		-	-	-	-	-	-	See Note [8]	See Note [8]
		-	600,000.00	750,000.00	900,000.00	1,050,000.00	1,200,000.00	-	-
Commissions on Real Estate	[16]								
3752 Hwy 16 East Terrace, BC		-	-	-	-	-	-	97,500.00	108,000.00
3686 Hwy 16 East Terrace, BC		-	-	-	-	-	-	11,100.00	12,000.00
Lot 16 Crescent Street BC		-	-	-	-	-	-	108,600.00	120,000.00
Costs on Realization of Assets	[17]								
Commissions - BCC Heavy Equipment		-	-	-	-	-	-	411,708.57	457,453.97
Commissions - BCC Vehicles		-	-	-	-	-	-	49,140.00	54,600.00
Other Costs		-	-	-	-	-	-	263,750.00	213,000.00
Contingency for costs of realization		-	-	-	-	-	-	120,000.00	60,000.00
		-	-	-	-	-	-	844,598.57	785,053.97
Trustee Fees	[18]	-	-	-	-	-	-	200,000.00	100,000.00
Legal Fees	[18]	-	-	-	-	-	-	300,000.00	150,000.00
		-	-	-	-	-	-	500,000.00	250,000.00
Contingency	[18]	-	-	-	-	-	-	200,000.00	100,000.00
Total Costs of Realization		-	600,000.00	750,000.00	900,000.00	1,050,000.00	1,200,000.00	1,653,198.57	1,255,053.97
Net Proceeds		-	1,830,000.00	3,090,000.00	4,150,000.00	5,010,000.00	5,670,000.00	6,305,541.22	9,849,746.52
Allocation of Net Proceeds									
Payment of Convenience Creditors	[19]	-	49,468.22	49,468.22	49,468.22	49,468.22	49,468.22	-	-
CRA Source Deductions	[20]		34,600.38	34,600.38	34,600.38	34,600.38	34,600.38	-	-
Wage Earners Protection Program	[21]		-	-	-	-	-	40,000.00	40,000.00
PMSI Charge Holders	[22]								
Accord Financial		-	-	-	-	-	-	5,125,487.87	6,734,055.11
Current Financial		-	-	-	-	-	-	72,946.11	99,013.45
Dynamic Capital		-	-	-	-	-	-	283,300.32	283,300.32
Arundel		-	-	-	-	-	-	127,199.38	184,433.02
Ford Credit		-	-	-	-	-	-	13,055.78	13,055.78
Terrace Totem		-	-	-	-	-	-	165,295.04	213,381.31
		-	-	-	-	-	-	5,787,284.51	7,527,238.99
Estimated distribution of equity to Accord in excess of amounts advanced by Accord directly to BCC pursuant to its loan agreement	[14]	-	-	-	-	-	-	-	890,227.77
AIIPAAP Charge Holders									
Accord Financial - Allocation of Equity from PMSI Secured Assets	[23]	-	-	-	-	-	-	48,632.50	230,149.45
Accord Financial - AIIPAAP	[23]	-	-	-	-	-	-	429,624.21	271,902.54
Ministry of Finance	[24]	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	478,256.71	502,051.99
Total Net Proceeds Allocated		-	84,068.60	84,068.60	84,068.60	84,068.60	84,068.60	6,305,541.22	8,959,518.75
Balance of Funds Remaining for Distribution		-	1,745,931.40	3,005,931.40	4,065,931.40	4,925,931.40	5,585,931.40	-	890,227.77
Total Unsecured Claims	[25]	15,110,561.92	15,110,561.92	15,110,561.92	15,110,561.92	15,110,561.92	15,110,561.92	18,483,748.72	18,483,748.72
Distribution as a % of unsecured claims		0%	12%	20%	27%	33%	37%	0%	5%

NOTES:

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

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

[18] Legal and Trustee fees are estimates and represents the Trustee/Receiver's fees and costs in the event that the Proposal fails and the company is deemed bankrupt. It also assumes that the Trustee/Receiver will assist with the realization of the assets subject to the security interests of various parties as well as the administrative charge granted by the Court. Contingency costs are reasonable estimates. In the event of Proposal, the Proposal Trustees fees and costs, which includes its legal fees, shall be paid by the Company in the ordinary course pursuant to Section 3.5 of the Proposal. The Proposal Trustee's fees and costs are not contemplated to be paid out of the net litigation proceeds referred to above.

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

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

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

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

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

Allocation to Secured Creditors (Bankruptcy High)

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

Allocation to Secured Creditors (Bankruptcy Low)

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

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

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

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

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

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

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