

**THIS IS EXHIBIT "G" REFERRED TO
IN THE AFFIDAVIT OF GARY IVANY
SWORN BEFORE ME THIS _____
DAY OF JULY, 2014**

**A Notary Public in and for the Province
of Ontario**

From: Kieran Bowes [mailto:kbowes@sprague-rosser.com]
Sent: Friday, July 11, 2014 06:43 PM Eastern Standard Time
To: Kampers, Steve; Ivany, Gary
Cc: 'Martin, Todd' (tmartin@alvarezandmarsal.com) <tmartin@alvarezandmarsal.com>; Jeff Jessamine <jeff@sprague-rosser.com>; Randy Fries (rfries@friesconsulting.com) <rfries@friesconsulting.com>; rheron@krpgroup.com <rheron@krpgroup.com>
Subject: Sprague Update

Steve, Gary,

Sorry for this correspondence reaching you so late in the day; we had calls schedule through the day that were relevant to the update.

Update of Significant Issues

Below is an update of the major issues previously discussed as well as some new matters that should be brought to RBC's attention:

South Rock – despite the arbitrators indication that he would announce his decision by the end of June, no decision has been announced as of yet. RBC will be notified of any updates as they materialize.

Maple Ridge – As of Tuesday Sprague is assessing the feasibility of raising the proceeds from friends and family to buy out the Maple Ridge property and hold until the original sale closes. We have been working with our lawyers to ensure the transaction is feasible from legal prospective and that the risk to the new investor group is mitigated. Once we have finalized the structure of transaction we will communicate relevant details to RBC. The cash proceeds received by Sprague would be less than the mentioned \$2.4M due to closing costs but the transaction from the banks perspective should be comparable to as if Sprague closed with the original party.

K+S – As of 4pm MST K+S has indicated that they will approve \$650K for payment and that this payment would be received prior to July 28th. This is promising in the face of the lien filed and shows their willingness to continue to work toward a resolving the outstanding issues outside of the legal system. The balance of the \$1M payment to continue to be worked through. K+S is currently discussing another \$600K and we hope to hear back Monday on their position and timing of payment.

RMWB – Jeff met with the RMWB's counsel yesterday to explain the gravity of the situation with the overall message, that the damages caused by non-payment would be greatly increased this coming Wednesday as the Company may face closing its doors. Although the outcome was not particularly positive, their counsel understood the situation his client is now faced with and will advise on Monday when the RMWB representative returns to work. Furthermore, attached is a letter sent by Jeff to the Mayor of Fort McMurray requesting a meeting next Monday or Tuesday. Although payment is not expected to result from this meeting the intention is to bring awareness to the situation.

LRT 13 – Sprague requested that the actual decision be made available to confirm the figures and outcome as described by Pentagon. Sprague has indicated that the decision be provided by next Wednesday. Once Sprague can confirm the decision is consistent with Pentagon's letter Sprague expects payment within 15 days. Pentagon's letter attached.

Factoring – I have had conversations with factoring companies and although a one-time purchase of receivables is not typically how they operate we seem to have traction with at least one. I am waiting to hear back early next week on the possibility of selling \$3M of the RMWB receivable.

AR Insurance – we have a \$70K insurance premium coming due on Tuesday for the AR insurance policy. Given the acute need for cash, Sprague has decided that if any cash is available it would be better used to pay vendors that will allow the operations to continue. This non-payment will result in the policy becoming void.

Summary of Cash Position

Our cash position this morning was \$19.4M. The letter dated July 7th, 2014 indicates that our borrowing limit will drop to \$17.5M leaving Sprague in an excess position. Furthermore, Sprague released payments owed to A&M as well as other professional fees, federal and provincial taxes totalling \$442K throughout the day.

Next week cash requirements are approximately \$175K for payroll, \$85K for loan payments and \$75K for fuel. If the Company is in a position to make these payments in efforts to continue to operate, it must also now make \$297K in vendor payments to make any kind of significant progress on the existing jobs.

The vendor payments breakdown as:

- Lafarge \$80K – require credit restored to order concrete pipes in order to finish project for City of Edmonton (smallest balance to restore credit from all aggregate vendors we can do business with)
- Emco \$75K – require payment made to avoid liens for supplies delivered
- United Rentals \$37K – minimum payment that would be accepted to avoid having rental equipment collected at all sites
- Mountain View Systems \$40K – specialty vendor
- Triton Transport \$15K – minimum payment to restore heavy haul services, significantly cheapest vendor and smallest dollar value to restore services. Currently several pieces of equipment required on site to continue projects.
- Various critical misc. vendors \$50K

Request

At \$17.5M or \$19.5M Sprague is faced with not being able to continue operations as funds are not available for payroll and the Company credit on major vendor accounts has been extinguished due to non-payments. Although a further of extension to \$21.5M would be required for Sprague to operate with any reasonable efficiency, Sprague could continue to operate with a borrowing limit of \$20.5M through July 21st. I have also attached an updated 13 week cash flow but outside of the figures mentioned the significant figure to RBC is that the cash indebtedness does not rise above \$21.5M (Week ending July 25th) then drops below \$17.5M thereafter.

Sprague would like reiterate that their position that the Maple Ridge and South Rock funds will be collected shortly and that they can confirm our progress towards a commitment letter that once funded, would fully relieve RBC's position. To add some additional commentary, the significant issues being updated above have been discussed with the lenders and a margining exercise has been completed with the resulting borrowing base well in excess of RBC's position. If still necessary the new lender have expressed that they would take RBC's position on the Maple Ridge property as well. Again, as you understand if Sprague is no longer operating the Company would lose their ability to execute a new lending agreement.

Does RBC have time available to discuss Monday AM so that Sprague can co-ordinate its efforts next week accordingly.

Regards,

Kieran Bowes, CA | Vice President, Finance



Aboriginally Owned and Managed

Sprague Group Corporate Office

201, 1259 -- 91 Street SW | Edmonton, AB T6X 1E9

Telephone: (780) 463-5862 | Fax: (780) 468-2668

Direct: (780) 395-1924 | Cell: (587) 337-0021

www.spraguegroup.ca



This communication contains information which is confidential and may also be privileged. It is for the exclusive use of the intended recipient(s). Any distribution use or copying of this email or information it contains by anyone other than the intended recipient is unauthorized. If you are not the intended recipient, please notify the company and delete all copies from your system.

Ce courriel est confidentiel. Toute diffusion, utilisation ou copie de ce message ou des renseignements qu'il contient par une personne autre que les destinataires désignés est interdite. Si vous recevez ce courriel par erreur, veuillez m'en aviser immédiatement, par retour de courriel ou par un autre moyen.

Este mensaje es confidencial. Cualquier distribución, uso o copia del mensaje o de la información en el contenido por personas ajenas a los destinatarios está prohibida. Si usted recibe este mensaje por error, por favor comuníquelo inmediatamente mediante reenvío del mensaje o por otro medio.

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

Si vous recevez ce courriel par erreur, veuillez en aviser l'expéditeur immédiatement, par retour de courriel ou par un autre moyen. Vous avez accepté de recevoir le(s) document(s) ci-joint(s) par voie électronique à l'adresse courriel indiquée ci-dessus; veuillez conserver une copie de cette confirmation pour les fins de référence future.