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PLAINTIFF

SILVER POINT FINANCE, LLC

DEFENDANT

PARAGON CANADA ALEXIS, ULC,  
ALEXIS PARAGON LIMITED PARTNERSHIP, AND  
PARAGON TAMARACK ALEXIS GENERAL  
PARTNERSHIP

DOCUMENT

**FIRST REPORT OF ALVAREZ & MARSAL CANADA  
INC., IN ITS CAPACITY AS COURT APPOINTED  
RECEIVER AND MANAGER OVER THE PROPERTY  
OF PARAGON CANADA ALEXIS ULC, ALEXIS  
PARAGON LIMITED PARTNERSHIP, AND PARAGON  
TAMARACK ALEXIS GENERAL PARTNERSHIP**

**March 10, 2014**

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Clerk's Stamp



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## INTRODUCTION

1. Effective January 31, 2014 (the "Receivership Date"), pursuant an order of the Honourable Mr. Justice D.R.G. Thomas (the "Receivership Order") of the Court of Queen's Bench of Alberta (the "Court"), Alvarez & Marsal Canada Inc. ("A&M") was appointed as receiver and manager (the "Receiver"), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property") of Paragon Canada Alexis, ULC ("PCA") and Alexis Paragon Limited Partnership ("APLP") (collectively, the "Eagle River Group" or the "Companies") and Paragon Tamarack Alexis General Partnership ("PTA") pursuant to section 13(2) of the Judicature Act, R.S.A. 2000, c.J-2 and section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA") and 65(7) of the Personal Property Security Act, R.S.A. 2000, c. P-7 in the within action (the "Receivership Proceedings").
2. The Receivership Order authorizes the Receiver, among other things, to manage, operate and carry on the business of the Eagle River Group and to take possession and control of the property of the Eagle River Group and any and all proceeds, receipts and disbursements arising out of or from the Property, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of the Court
3. Concurrent with the appointment of the Receiver, Notices of Intention to file Proposals for Paragon Alexis Holdings Inc. ("PAHI"), PTA, PCA and APLP were terminated and deemed bankruptcies occurred. A&M was appointed as trustee in the bankruptcies ("Trustee").
4. The purpose of this first report of the Receiver (the "First Report") is to provide this Honourable Court with information in respect of the following:
  - a) the initial activities of the Receiver since the Receivership Date;

- b) the Eagle River Group's combined financial position as at October 31, 2013;
  - c) the asset purchase agreement (the "APA") negotiated between the Receiver and Alexis Hotel Corporation ("AHC") relating to the purchase of all of the assets, business and undertakings of the Eagle River Group and the Receiver's recommendation thereon;
  - d) receipts and disbursements for the period from January 31, 2014 to February 21, 2014 for the Eagle River Group and Alexis Casino Limited Partnership ("ACLP"); and
  - e) the Receiver's future course of action.
5. Capitalized words or terms not defined or ascribed a meaning herein shall have the meaning ascribed in the Receivership Order.
6. All references to dollars are in Canadian currency unless otherwise noted.

#### **TERMS OF REFERENCE**

7. In preparing this First Report, the Receiver has relied primarily upon the representations of select management and employees of the Eagle River Group as well as unaudited financial information contained in the Eagle River Group's books and records. The Receiver has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

## BACKGROUND

8. In 2006 Alexis Nakota Sioux Nation ("Alexis") and Paragon Gaming Inc. ("Paragon") established APLP as a limited partnership to construct a casino facility and a travel plaza including a gas station, convenience store and hotel on Alexis reserve lands located west of Whitecourt, Alberta.
9. APLP operates on Alexis reserve lands subleased from Alexis Land Management Corp, which administers the lands on behalf of Alexis.
10. APLP through its general partner PCA is the main operating entity. APLP is owned by the following entities:
  - a) Alexis Trustee Corporation ("ATC"), a limited partner with 60% ownership interest. ATC is owned by Alexis but is not part of the Receivership Proceedings; and
  - b) PTA, a limited partner with 40% ownership interest. PTA is partially owned by PCA and partially by Tamarack Fund Alexis Limited Partnership ("Tamarack"). Tamarack is not part of the Receivership Proceedings and is not related to Alexis. PCA is the general partner of APLP and acts as agent for the 40% interest in APLP beneficially owned by PTA.
11. An organization chart which sets out the ownership interest of the entities is attached as Appendix A to this Report.
12. The construction of the facilities was funded initially by PCA and APLP through:
  - a) a secured loan of \$45 million provided by Silver Point; and
  - b) a total equity contribution of \$9.5 million (\$1.5 million from Paragon in the form of services provided and \$8.0 million as a cash equity investment from Tamarack).

13. APLP, through PCA, its General Partner operates the Eagle River Travel Plaza ("Travel Plaza") which is currently comprised of a Husky gas station and convenience store.
14. APLP leases a portion of the facility to ACLP for \$3.3 million per annum (the "Casino Facility").
15. The lease payments have not been paid and continue to accumulate as a receivable due to APLP from ACLP. The balance due to APLP as at December 31, 2013 was \$19.5 million.
16. ACLP was established by ATC in 2003 to apply for and hold a First Nations Casino Facility License.
17. PCA and ACLP entered into a Casino Management Agreement ("CMA") under which PCA operates on behalf of ACLP the Casino Facility and related facilities including a restaurant and bar and gift shop. The Casino Facility operates under the name Eagle River Casino.
18. The Casino Facility has 250 slot machines, 12 table games and 6 poker tables and other gaming activities operated under its Casino Facility License issued and regulated by the Alberta Gaming and Liquor Commission ("AGLC").
19. In 2008, PCA was in default under the terms of the secured debt provided by Silver Point Finance, LLC (together with its affiliates, "Silver Point"), and parties related to Paragon contributed a further \$9.1 million in subordinated debt.
20. In October 2009 PCA as borrower and APLP, PTA and PAHI as guarantors entered into an amendment and restatement of the Credit Agreement governing the secured debt that, among other things, provided that Silver Point would forbear on certain defaults under the Credit Agreement until March 2010. The secured debt owing to Silver Point matured in September 2012 and remains unpaid.

21. On January 31, 2014, Silver Point made an application to the Court to appoint A&M as Receiver and the application was granted.
22. Prior to the Receivership, A&M made application to AGLC for a license to hire gaming workers to allow PCA to continue to manage the Casino Facility. A license has been granted to A&M and currently expires on May 31, 2014.
23. Further background on the Eagle River Group is contained in the materials filed relating to the Receivership Order, including the affidavit of Mr. Tim Lavelle sworn January 6, 2014 (the "Lavelle Affidavit"). These documents, including the Receivership Order, have been posted by the Receiver on its website at [www.amcanadadocs.com/eagleriver](http://www.amcanadadocs.com/eagleriver) (the "Receiver's Website").

## **INITIAL ACTIVITIES OF THE RECEIVER**

### **Custody, Control and Securing the Property**

24. Immediately on the Receivership Date, the Receiver determined it was most beneficial to continue the operations of the Eagle River Group on a going concern basis. In light of that decision, initial activities have included the following:
  - a) attending the head office location of Eagle River Group to take possession and control of the Property;
  - b) changing security pass codes (where applicable) and restricting computer access and codes as appropriate and generally securing and safeguarding the Property of the Eagle River Group;
  - c) confirming all known corporate bank accounts of the Eagle River Group and providing the respective bank representatives with notices to freeze all accounts and to await further instructions from the Receiver;
  - d) opening Receiver's trust accounts for the Eagle River Group;

- e) completing inventory counts and creating an inventory listing;
- f) conducting initial meetings of all employees of PCA on January 31 and February 1, 2014 to explain the powers and duties of the Receiver, its role as an Officer of the Court and their rights under Wage Earner Protection Program (“WEPP”);
- g) advising employees that the concurrent bankruptcy terminated their employment with PCA, discussed with the employees the terms of their re-employment to assist the Receiver during the Receivership Proceedings and retained substantially all the employees to continue the operation of the Eagle River Group as a going concern;
- h) meetings and discussions with the Eagle River Group’s general manager, financial controller and other finance and human resources staff regarding critical and urgent operating matters and cash flow requirements;
- i) preparation of operating cash flow budgets and securing funding to continue operations;
- j) meetings and discussions with certain of Eagle River Group’s department managers regarding the continued operation of the business and any critical operating matters;
- k) meetings and discussions with AGLC;
- l) meetings and discussions with representatives of Alexis and Silverpoint;
- m) review of critical suppliers and arrange for delivery of fuel and other products required to continue operations;

- n) retention of and instruction to the Receiver's and Trustee's independent legal counsel, Parlee McLaws, LLP ("Parlee McLaws"), in respect of various matters;
- o) investigation and compilation of the estimated statement of affairs of the Eagle River Group as at the Receivership Date;
- p) day to day management of the operations of the Eagle River Group including employee supervision, banking, payroll and payments to suppliers, AGLC and the Northern Isga Foundation;
- q) compilation and organization of various corporate materials, documentation and analysis in contemplation of the continuation of the operations of the Eagle River Group;
- r) notifying the Eagle River Group's insurance brokers of the Receivership Order and making arrangements for continuation of the policies, adding the Receiver as a named insured and loss payee under the Eagle River Group's property, equipment and liability coverage;
- s) numerous and on-going meetings and discussions with various creditors (or their representatives), employees, legal counsel to the Receiver regarding various matters and with secured creditors, shareholders, regulators, interested parties and other Eagle River Group stakeholders regarding the receivership generally;
- t) started and completed negotiations with counsel for Alexis and counsel for Silver Point for the sale of the property, assets and undertaking of the Eagle River Group to AHC, an entity owned by Alexis;
- u) completed an asset purchase agreement with AHC, subject to approval of the Court; and

- v) assisted the Trustee with preparations of materials for notices to creditors of the bankruptcy and the bankruptcy meetings held in Edmonton on February 25, 2014.

### **Employees and Consultants**

25. As at the Receivership Date, the Eagle River Group through PCA employed approximately 80 employees.
26. As noted, the Bankruptcy of PCA terminated the employment contracts and the Receiver of PCA hired of all the employees to assist with the continuation of the active business of the Companies.

### **Wage Earner Protection Program & s.81.4(1) BIA Priority Claims**

27. Together with their new employment contracts, the Receiver provided a termination of employment package to all known PCA employees, which included a termination letter, information pertaining to existing insurance health care benefits and information regarding WEPP. Employees were also provided a proof of claim form. Records of employment and T4 notices are being completed by the payroll service and will be sent out to all employees.

### **Statutory Mailing by Receiver**

28. The Receiver notices required by sections 245 and 246 of the *Bankruptcy and Insolvency Act* ("BIA") were provided to the Trustee and the Office of the Superintendent of Bankruptcy. A copy of the Receiver's Notice can be found on the Receiver's Website.

### **ESTIMATED FINANCIAL POSITION**

29. Summarized in the table below is an estimated combined financial position of APLP and PCA that was prepared based on the latest available financial statement as at October 31, 2013.

<b>Eagle River Group</b> <b>Estimated Combined Financial Position of PCA and APLP</b> <b>As at October 31, 2013</b> <b>(\$000's)</b>	
	Book value
<b>Assets Available for Realization:</b>	
Cash	\$ 3,726
Restricted cash	300
Accounts receivable	5,714
Receivable from related company	42,519
Property and Equipment	25,218
Deferred financing charges	4,900
Inventory	244
Investment	2,140
Other assets	196
<b>Total assets available for realization</b>	<b>84,957</b>
<b>Secured Creditors:</b>	
Secured Notes	75,442
	<b>75,442</b>
<b>Unsecured Creditors:</b>	
Subordinated Notes	20,247
Trade accounts payable	250
Accrued liabilities	456
	<b>20,954</b>
<b>Total liabilities</b>	<b>96,396</b>
<b>Deficiency of Assets</b>	<b>11,439</b>

## Assets

30. *Cash* — Is comprised of \$3.4 million advanced to APLP by ATC and originated from grants received under the First Nations Development Fund (“FNDF”). These funds are currently held in a separate bank account (the “APLP FNDF Account”) and subject to a deposit agreement between APLP and Silver Point which requires Silver Point’s consent to the release of the funds. As at the date of the Receivership the balance of the APLP FNDF Account was \$3.0 million. From the date of the Receivership to the date of this report \$1.0 million of these funds have been released to the Receiver to fund ongoing operations of APLP during the Receivership. A further \$400,000 has been deposited to the APLP

FNDF Account by ATC and has also been released to the Receiver. The remaining cash of approximately \$300,000 relates to funds held in various APLP bank accounts and cash balances held.

31. *Restricted cash* – This is pledged as a security for letter of credit provided to AGLC relating to the Casino Facility operations.
32. *Accounts receivables* – This includes FNDF proceeds of \$4.9 million which were receivable from AGLC and \$90,000 in GST receivable from CRA.
33. *Related Party Receivables* - These amounts are due from ACLP as at October 31, 2013 for the Casino Facility lease (\$18.9 million) and recovery of overhead expenses purportedly paid by PCA/APLP on behalf of ACLP (\$23.6 million). These receivable amounts have accumulated over a number of years as ACLP was (and continues to be) unable to generate sufficient cash flow to make these payments.
34. *Property and equipment* – These amounts include the land and buildings, equipment, and fixtures and fittings leased and owned by the Eagle River Group and utilized to carry out its operations and the operations of the Casino Facility. The net book value includes all costs relating to the construction of the Eagle River Group development including capitalized interest from debt specifically relating to the construction.
35. *Deferred financing charges* – These are financing costs associated with the acquisition of the senior secured notes which are amortized over the life of the notes.
36. *Inventory* – Inventories include fuel and retail goods and supplies relating to the Travel Plaza.
37. *Investment* – The investment is described as an investment in Alexis but it is not clear which entity this relates to.

38. *Other assets* – Other assets include prepaid expenses and deposits.

#### **Liabilities**

39. *Priority and statutory creditors* – There are no priority and/or statutory claims that are expected to rank ahead of the secured creditors due to the bankruptcy of the Companies.
40. *Secured Creditors* – The secured creditor claim against the Eagle River Group includes the debt to Silver Point totaling \$75.4 million (the “Silver Point Loan”) as at October 31, 2013. As at January 31, 2014, the amount owed to Silver Point was \$82.9 million.
41. *Unsecured creditors* – The unsecured trade creditors consist of amounts owing to suppliers and vendors of the Eagle River Group of approximately \$250,000 and accrued liabilities of \$0.5 million. In addition, there is a subordinated note of \$13.6 million due to PAHI. PAHI has not filed a proof of claim and the Receiver has not verified whether it has valid or any security.
42. As at October 31, 2013, PCA and APLP had a combined deficiency of assets of approximately \$11.4 million. This deficiency is based on the book value of the assets as at October 31, 2013 and the amounts which may be realized from these assets may be significantly lower. The Receiver’s views on the net realizable value of the assets are described further below.

#### **COMBINED RECEIPTS AND DISBURSMENTS – JANUARY 31, 2014 TO FEBRUARY 21, 2014 (THE “REPORTING PERIOD”)**

43. The table below provides a summary of the actual combined cash flow for the Reporting Period, which includes the cash receipts and disbursements relating to the Eagle River Group and ACLP as PCA manages the Casino Facility under the CMA.

**Eagle River Casino & Travel Plaza****Combined Statement of Receipts & Disbursements for Alexis Paragon Limited Partnership,  
Paragon Canada Alexis ULC and Alexis Casino Limited Partnership****From January 31 to February 21, 2014****(\$000's)****Receipts**

Gaming	1,447
Husky gas bar and convenience store	523
Food and beverage	121
Other	25

<b>Total Receipts</b>	<b>2,116</b>
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**Disbursements**

Gaming expenses including payments to AGLC	1,198
Husky gas bar fuel and product purchases	546
Payroll and general operating expenses	342

<b>Total Disbursements</b>	<b>2,086</b>
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<b>Total Excess of Receipts over Disbursements</b>	<b>\$ 30</b>
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**Opening balances as at January 31, 2014:**

FNDF bank account (note (a))	\$ 2,971
Other bank accounts controlled by the Receiver	360

<b>Total opening balances as at January 31, 2014</b>	<b>\$ 3,331</b>
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**Closing balances as at February 21, 2014:**

FNDF bank account (note (a))	\$ 2,474
Other bank accounts controlled by the Receiver	887

<b>Total closing balances as at February 21, 2014</b>	<b>\$ 3,361</b>
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**Notes:**

(a) The funds held in the FNDF bank account are subject to a deposit agreement between APLP and Silver Point which requires Silver Point's consent to the release of the funds.

(b) ACLP has been included in the above analysis as PCA manages the casino under the Casino Management Agreement.

(c) The opening and closing bank balances are bank balances and excludes cash floats held by the Casino and Travel Plaza of approx. \$600,000.

44. Husky receipts are less than the fuel and product purchases due to timing differences relating to gas receipts from Husky.

## **THE PROPOSED SALE TRANSACTION**

### **Overview**

45. Pursuant to paragraph 3(m) of the Receivership Order, the Receiver is empowered and authorized, but not obligated, to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any parts thereof and negotiating such terms and conditions of the sale as the Receiver in its discretion may deem appropriate. Paragraph 3(p) of the Receivership Order also expressly authorized the Receiver to consider, pursue, negotiate and, if applicable, seek court approval of the Proposed Transaction.
46. The Receiver has considered the options available for the sale of Eagle River Group, which included:
- a) Undertaking a solicitation process for the en-bloc going concern sale of the Eagle River Group;
  - b) Shutting down the operations and liquidating the assets; and
  - c) Entering into the transaction set out in the Lavelle Affidavit (the "Proposed Transaction")
47. For the reasons set out below, the Receiver has decided to proceed with the Proposed Transaction.

### **The Proposed Transaction**

48. The Lavelle Affidavit outlined a transaction for the sale of the Eagle River Group to an Alexis entity. A summary of the Proposed Transaction is as follows:
- a) An Alexis entity would acquire all of the assets, business and undertakings of APLP and PCA on a going concern basis;
  - b) An Alexis entity would assume \$29.5 million of Silver Point's existing indebtedness. Of the total assumed debt \$24.5 million will be

interest bearing and the balance of \$5.0 million will be interest-free; and

- c) An Alexis entity would make a cash payment of \$4.5 million which shall be used to repay a portion of Silver Point's existing indebtedness and to purchase from Silver Point a portion of the existing indebtedness.

#### **Review of the Proposed Transaction**

- 49. The Receiver has reviewed the Proposed Transaction and held discussions with counsel for Silver Point and Alexis.
- 50. The Receiver believes the sale to an Alexis entity is the only viable alternative for a going concern sale and does not believe a lengthy sales process to widely market the Eagle River Group would result in a better recovery for creditors. In making this decision the Receiver has considered the following:
  - a) based on our analysis, attached as Appendix C, the effective purchase price of \$33.0 million is at least equal to and may be greater than the Receiver's estimate of the fair market value of the Eagle River Group;
  - b) the Proposed Transaction will result in a shortfall in the secured debt of Silver Point of approximately \$49 million and consequently the purchase price in any alternative transaction would have to be in excess of \$82.9 million before any creditors (other than Silver Point) would benefit;
  - c) a delay in the sale to solicit other offers may impact the ability of the Eagle River Group to continue its operations. The Eagle River Group currently does not generate sufficient revenues to cover its operating expenses and professional fees from these proceedings. Based on the cash flow forecast prepared by the Receiver in conjunction with existing management the current monthly operating

cash deficit is between approximately \$125,000 and \$150,000 before payment of professional fees. The Receiver has limited funding available to cover these short falls. The Receiver's current funding is provided by ATC and Silver Point and the Receiver sees little ability to obtain funding elsewhere should a sale to an Alexis entity not occur. Without funding the operations could not continue and that would cause a diminution in value. A sale process would require further time and significant professional fees and the Receiver does not at this time have access to additional funding to meet these additional costs Therefore time is of the essence in concluding a sale;

- d) PCA by the Receiver is licensed to hire gaming workers and operates the Casino, which is licensed and regulated by AGLC. AGLC only renewed the Casino Facility License of ACLP and the gaming worker licence of the Receiver for a short term. Any revocation of these licences would result in the closure of the Casino Facility and have a significant negative impact on the value of the Eagle River Group
- e) Any sale of the Eagle River Group will require the full support and co-operation of Alexis as the Casino Facility License is a First Nations gaming license and held by ACLP and the Casino License is held by an Alexis charity;
- f) The Eagle River Casino is a First Nations Casino. In order to qualify for licencing as First Nations Casino, the casino must be situated on a First Nations reserve land and the Casino Facility Licence must be held by an entity wholly owned and controlled by the host First Nation. Alexis is therefore integral to any successful going concern transaction, and Alexis supports the Proposed Transaction;
- g) Silver Point is the first-ranking secured creditor and holds security over the Eagle River Group. As noted above, the Proposed

Transaction will result in a shortfall to Silver Point of approximately \$49 million. Silver Point supports the Proposed Transaction; and

- h) The overall execution risk associated with closing the Proposed Transaction is considered to be low as the Eagle River Group is important to the economic development and support of Alexis.

- 51. In summary, the Receiver is of the view that the purchase price under the Proposed Transaction is fair and reasonable and it would be difficult to attract any other purchaser of the Eagle River Group without the approval of Alexis and Silver Point. Therefore, in the interest of maintaining the operations and preserving the goodwill of the Eagle River Group and in order to minimize disruption to the operations and the costs of the Receivership, the Receiver has agreed to enter into an APA with AHC on terms consistent with the Proposed Transaction (the "AHC Transaction")

#### **The AHC Transaction**

- 52. The Receiver has negotiated an APA with AHC for a purchase price and with other conditions consistent with the Proposed Transaction. The APA is attached as Appendix B to this report.
- 53. The purchase price is \$33.0 million payable as follows:
  - a) By assumption of \$29.5 million of the existing debt and execution of a new loan agreement with Silver Point; and
  - b) By up to \$3.5 million in cash, subject to certain adjustment relating to costs of the Receivership, but the adjustment is not to exceed \$500,000. The proposed Sale Approval and Vesting Order (the "Vesting Order") will provide that the cash will be paid directly to Silver Point on closing of the Transaction;

54. In addition, concurrently with the closing of the AHC Transaction, it is contemplated that ATC will pay Silver Point \$1 million in cash for the acquisition of some of the existing debt to Silver Point.
55. The property to be purchased by AHC on an “as is, where is basis” includes:
- a) all intellectual property and trade names owned or licensed;
  - b) all contracts which the Purchaser has agreed to assume;
  - c) all real property including land and buildings and all rights in and to real property leases;
  - d) all tangible personal property owned or leased;
  - e) all cash, deposits, accounts receivable, prepayments and other assets;
  - f) all claims, causes of action and rights of set off; and
  - g) the business, related to the purchased assets and its associated goodwill.
56. The Purchaser will offer employment to all employees of PCA and shall be responsible for all employment matters after closing including vacation pay.
57. Assets and contracts excluded in the APA includes:
- a) all partnership interests held by PCA and PTA in APLP;
  - b) certain vendor agreements defined in the APA as Excluded Contracts; and
  - c) the CMA.
58. The key closing conditions contained in the APA are as follows:
- a) granting of a Vesting Order by this Honorable Court;

- b) obtaining a Receiver's Certificate from the Vendor (as defined in the Vesting Order);
- c) AHC obtaining all Government approvals required to complete the APA and to continue operating the Eagle River Casino and Travel Plaza;
- d) AHC and Silver Point entering into new loan agreements together with appropriate guarantees receiving Silver Point's consent to the terms of the new loan, guarantee and security arrangements. Silver Point's rights in this regard are set out in a Consent Agreement which is attached here to as Appendix D; and
- e) receiving a copy of the Consent Agreement executed by the Vendor, the Purchaser and Silver Point.

#### **Sale Approval and Vesting Order**

- 59. The APA provides that the Assets will be conveyed through a Vesting Order and also provides for the assumption of a portion of the Silver Point Loan and security and a distribution of the cash proceeds to Silver Point.
- 60. The Silver Point Loan has registered security interests against various Eagle River Group and the other entities in bankruptcy and Silver Point has filed a proof of claim in the bankruptcies for \$82.9 million. The Receiver has reviewed the Silver Point Loan and related security and determined the amounts owing under the Silver Point Loan are due and owing and has received the following security opinions:
  - a) an independent security review opinion of the Silver Point Loan from Parlee McLaws, the Receiver's independent legal counsel, which has confirmed that the security held by Silver Point in support of the Silver Point Loan is valid and enforceable;

- b) an independent opinion from Greenberg Traurig LLP as to the validity and enforceability of the credit agreements executed by the Debtors and Silver Point and the guarantee executed by Alexis LP and PTA in favour of Silver Point; and
  - c) an independent opinion from Parlee MacLaws on the priority of the security held by Silver Point concluding that the Silver Point Loan has priority over all creditors with the exception of unknown and unfiled possible claims by CRA for unremitted source deductions and unfiled proof of property claims.
61. Based on the above, the Receiver is of the view that the Silver Point Loan and security are valid and enforceable and have a priority to the proceeds from the AHC Transaction.

**Receiver's Recommendation**

62. For the reasons noted herein, the Receiver has executed the APA. The APA is subject to the Court's approval
63. The Receiver believes that the APA is the best offer available and should be approved by the Court given:
- a) the consideration to be paid is equal to and may be greater than the fair market value and is significantly less than the outstanding debt due to Silver Point;
  - b) the assets, business and undertaking are being purchase on an "as is where is" basis and has limited closing conditions other than the approval of this Court and certain government regulators; and
  - c) the funding needs requirement to continue the operations of the business are limited and funding may not be available in the longer term if this sale is not completed.

64. Accordingly, the Receiver recommends the Court approve the APA and pursuant to the Receivership Order is applying to this Honourable Court to approve the terms of the APA and the Vesting Order:

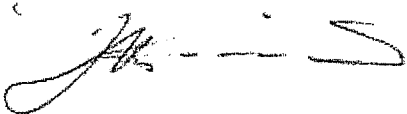
#### **RECEIVER'S FUTURE COURSE OF ACTION**

65. The Receiver's next steps include:

- a) closing the APA, assuming it is approved by the Court; and
- b) continuing to manage and operate the Eagle River Group as required under the APA until the sale is closed.

All of which is respectfully submitted this 10th day of March, 2014.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Receiver of  
Paragon Canada Alexis, ULC,  
Alexis Paragon Limited Partnership,  
and Paragon Tamarack Alexis  
General Partnership**

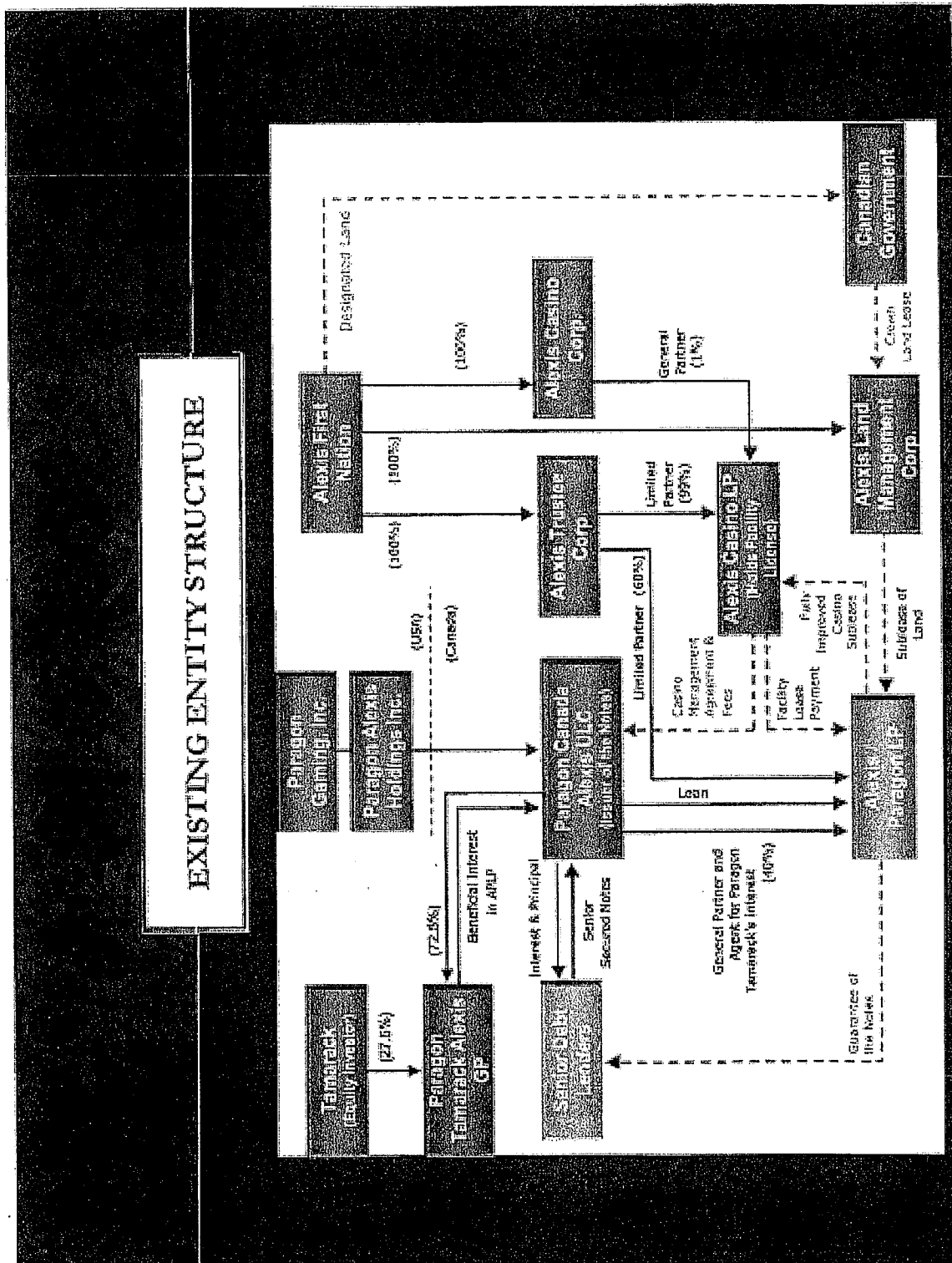


Tim Reid, CA•CIRP  
Senior Vice-President

# APPENDIX

## A

## Corporate Structure Chart of the Eagle River Group of Companies



# APPENDIX

## B

## APPENDIX B

### Asset Purchase Agreement

## **ASSET PURCHASE AGREEMENT**

**THIS AGREEMENT** is made as of the 10<sup>th</sup> day of March, 2014

**BETWEEN:**

**ALVAREZ AND MARSAL CANADA INC.,**  
solely in its capacity as court-appointed receiver and manager of  
Paragon Canada Alexis, ULC and Alexis/Paragon Limited Partnership  
(the “Vendor”)

-and-

**ALEXIS HOTEL CORPORATION**  
(the “Purchaser”)

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## RECITALS:

- A. **WHEREAS** PCA and APLP (the "**Debtors**") collectively either own or lease (as applicable) and operate the Project (as hereinafter defined) together with certain affiliates of the Purchaser;
- B. **WHEREAS** the construction of the Project was financed by a senior secured credit facility (the "**Original Credit Facility**") made available to PCA (the "**Original Borrower**") pursuant to a credit agreement dated September 11, 2007, as amended and restated on October 30, 2009 (the "**Original Credit Agreement**") among (i) the Original Borrower, as borrower, (ii) Paragon Alexis Holdings, Inc. ("**PAHI**") (on a limited recourse basis), Alexis/Paragon Limited Partnership ("**APLP**") and Paragon Tamarack Alexis General Partnership ("**PTA**"), as guarantors, (iii) the lenders party thereto and (iv) Silver Point Finance, LLC (together with SPCP Group, LLC and its Affiliates and assigns, "**Silver Point**"), as administrative agent and collateral agent for the lenders party thereto;
- C. **WHEREAS** the obligations under the Credit Facility are also guaranteed on a limited recourse basis by Alexis Land Management Corp. ("**ALMC**", and collectively with PAHI, APLP and PTA, the "**Original Guarantors**");
- D. **WHEREAS** each of the Original Borrower and the Original Guarantors granted first-ranking security to Silver Point in respect of their obligations to Silver Point under the Original Credit Facility and the related guarantees;
- E. **WHEREAS** pursuant to the Original Credit Facility there is due and owing to Silver Point by PCA and each of the Original Guarantors (on a joint and several basis) as at January 31, 2014 the amount of \$82,902,411.45 (inclusive of principal and interest but exclusive of other fees, costs and charges), and the Original Credit Agreement is in default and the obligations thereunder were not repaid on the maturity date of September 12, 2012, as required by the Original Credit Agreement;
- F. **WHEREAS**, on the application of Silver Point, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed receiver and manager of PCA, APLP and PTA by Order of the Honourable Mr. Justice D.R.G. Thomas of the Court of Queen's Bench of Alberta (the "**Court**") dated January 31, 2014 (the "**Receivership Order**"), and A&M in such capacity has the authority to sell the assets, property and undertaking owned by such entities, subject to approval of the Court;
- G. **WHEREAS** A&M has also been appointed as trustee in bankruptcy of PCA, APLP, PTA and PAHI by Order of the Court dated January 31, 2014;
- H. **WHEREAS** the Vendor has agreed to sell, convey, assign, transfer and deliver to the Purchaser, and the Purchaser has agreed to purchase, acquire and accept from the Vendor, the assets, property and undertaking of the Debtors, on the terms and

subject to the conditions of this Agreement, and subject to the approval of the Court;

- I. **WHEREAS** the consideration for the sale of the Debtors' assets, property and undertaking includes, *inter alia*, the assumption by the Purchaser and certain of its Affiliates of certain debt obligations to Silver Point on terms to be agreed between the Debtor and Silver Point and, as such, in addition to certain conditions precedent in favour of the Purchaser and the Vendor, the transaction contemplated herein is conditional upon the satisfaction or waiver by Silver Point of certain conditions precedent in favour of Silver Point as set forth in a Consent Agreement among the Vendor, the Purchaser and Silver Point dated as of the date hereof (the "Consent Agreement").

**NOW THEREFORE**, in consideration of the covenants, conditions, agreements, representations, warranties and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, the Parties agree as follows:

## **ARTICLE I INTERPRETATION**

### **1.1 Definitions**

Throughout this Agreement, except as otherwise expressly provided, the following words, terms and expressions shall have the following meanings:

"**A&M**" has the meaning ascribed to it in the recitals to this Agreement.

"**Accounts Receivable**" means all accounts, notes, bills and other receivables, trade accounts and trade receivables, insurance claims and other amounts owing to the Debtors, together with any unpaid interest or fees accrued thereon which are outstanding on the Closing Date and the full benefit of all security or collateral for such amounts, including recoverable advances and deposits, including, for greater certainty, the ACLP Receivable.

"**ACLP**" means Alexis Casino Limited Partnership, a limited partnership formed pursuant to the *Partnership Act*, R.S.A. 2000, c. P-3.

"**ACLP Receivable**" means \$44,480,400.27 owing by ACLP to APLP and PCA in respect of certain rents and fees respectively.

"**Affiliate**" means, with respect to any corporation, partnership, limited partnership, trust or joint venture, any other corporation, partnership, limited partnership, trust or joint venture that: (a) Controls, (b) is Controlled by or (c) is under common Control with, such corporation, partnership, limited partnership, trust or joint venture.

"**Agreement**", "this Agreement", "the Agreement", "hereof", "herein", "hereto", "hereby", "hereunder" and similar expressions mean this Asset Purchase Agreement between the Parties, including all schedules and exhibits, and all instruments supplementing, amending, modifying,

restating or otherwise confirming this Agreement. All references to "Articles", "Sections", "Schedules" and "Exhibits" mean and refer to the specified article, section, schedule and exhibit of this Agreement.

"ALMC" has the meaning ascribed to it in the recitals to this Agreement.

"Ancillary Agreements" means the Consent Agreement and the Debt Purchase Agreement.

"APLP" has the meaning ascribed to it in the recitals to this Agreement.

"Approval and Vesting Order" means an approval and vesting Order of the Court, substantially in the form attached hereto as Exhibit A (as it may be amended in form and substance satisfactory to each of the Vendor, the Purchaser and Silver Point, each acting reasonably and without delay), pursuant to which the transactions contemplated herein are approved by the Court and pursuant to which all right, title and interest in and to the Purchased Assets shall be vested in the Purchaser on the Closing Date free and clear of Encumbrances (except for Permitted Encumbrances).

"Assumed Contracts" has the meaning ascribed to it in Section 2.1 hereof.

"Assumed Debt" has the meaning ascribed to it in Section 3.1 hereof.

"Assumed Liabilities" has the meaning ascribed to it in Section 2.4 hereof.

"Books and Records" means all books and records of the Debtors, including financial, operation and sales books, customer and supplier lists, vendor lists, operating data, files, computer files and programs, retrieval programs, correspondence, credit information, research materials, licences, leases, records of past sales, business plans and projections, environmental studies and plans, deeds and title policies, quality control records and manuals, blueprints, employee documents, inventory data, accounts receivable and payable data, budgets and financial statements, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media.

"Borrower" means the Purchaser or one or more of its Affiliates acceptable to Silver Point that will be the borrower(s) pursuant to the New Senior Secured Credit Agreement.

"Buildings" means the buildings, plants, structures, facilities and equipment erected in or upon any Real Property, including the Systems comprising part thereof and other fixtures and improvements.

"Business" means all of the business and operations managed, administered or carried on by the Debtors, including, without limitation, all business and operations of business known as the Eagle River Casino and Travel Plaza.

"Business Day" means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under the laws of the Province of Alberta or the federal laws of Canada applicable in the Province of Alberta, on which the principal commercial banks in the City of Edmonton, Alberta are open for business.

**"Cash"** means all of the cash and cash equivalents of the Debtors.

**"Casino"** means the portion of the Project located on the Project Lands and leased by ACLP that is intended to be used for the purpose of playing or operating games of chance.

**"Casino Facility Sublease"** means the lease dated as of July 15, 2007 between APLP, as lessor, and ACLP, as lessee, pursuant to which APLP leases to ACLP certain portions of the Project for the Casino.

**"Claim"** means any claim, demand, complaint, grievance, action, cause or right of action, damage, loss, cost, liability, obligation or expense, assessment or reassessment, including, without limitation, reasonable professional fees and all reasonable costs incurred in investigating or pursuing any of the foregoing, or any proceeding, arbitration, mediation or other dispute resolution procedure relating to any of the foregoing, or any orders, writs, injunctions or decrees of any Governmental Authority.

**"Claimed Amounts"** means all rights, claims, credits, causes of action, law suits or rights of set-off against third parties, including, to the extent transferable, claims pursuant to any manufacturer's warranties, representations and guarantees made by the suppliers, manufacturers and other third parties in connection with products or services purchased by or furnished to the Debtors.

**"Closing"** means the completion of the sale to and purchase by the Purchaser of the Purchased Assets and the completion of all other transactions contemplated by this Agreement that are to occur concurrently with the sale and purchase of the Purchased Assets.

**"Closing Date"** means the date upon which the Closing takes place, which date shall be agreed among the Vendor, the Purchaser and Silver Point.

**"Closing Payment"** has the meaning ascribed to it in Section 3.1(b) hereof.

**"Closing Time"** means the time on the Closing Date to be agreed in writing by the Vendor, the Purchaser and Silver Point as the time at which the Closing shall be deemed to take place.

**"Consent Agreement"** has the meaning ascribed to it in the recitals to this Agreement.

**"Consents"** means all (a) consents, approvals, authorizations, permits, licences, or waivers, as applicable, from any party to any Contract and (b) any Governmental Authorization necessary in connection with the execution of this Agreement or any Ancillary Agreement, the Closing or the performance of any terms hereof or thereof or any document delivered pursuant hereto or thereto or the completion of any of the transactions contemplated by this Agreement.

**"Contracts"** of any Person means all contracts, Equipment Leases, Real Property Leases, licences, sub-licences, agreements, commitments, entitlements, undertakings, understandings and engagements to which such Person is a party or by which such Person is bound, whether written, oral or otherwise, and includes all quotations, orders or tenders for contracts which remain open for acceptance and any manufacturers' or suppliers' warranty, guarantee or commitment (express or implied).

**"Control"** means, when applied to the relationship between a Person and a corporation, the beneficial ownership by that Person at the relevant time of shares of that corporation carrying the greater of (a) a majority of the voting rights ordinarily exercisable at meetings of shareholders of that corporation and (b) the percentage of voting rights ordinarily exercisable at meetings of shareholders of that corporation that are sufficient to elect a majority of the directors, and when applied to the relationship between a Person and a partnership, limited partnership, trust or joint venture, means the beneficial ownership by that Person at the relevant time of more than 50% of the ownership interests of the partnership, limited partnership, trust or joint venture or the contractual right to direct the affairs of the partnership, limited partnership, trust or joint venture; and the words **"Controlled by"**, **"Controlling"** and similar words have corresponding meanings; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture will be deemed to Control a corporation, partnership, limited partnership, trust or joint venture which is Controlled by such Person.

**"Court"** has the meaning set out in the recitals to this Agreement.

**"Debt Purchase Agreement"** means an agreement between Silver Point and the Purchaser and/or certain of its Affiliates pursuant to which the Purchaser and/or its applicable Affiliates agree to purchase, on a joint and several basis, \$2 million (face value) of the Existing Debt from Silver Point.

**"Debt Purchase Transaction"** has the meaning ascribed to that term in Section 3.4 hereof.

**"Debtors"** has the meaning ascribed to it in the recitals to this Agreement.

**"Definitive Documentation"** has the meaning ascribed to it in Section 9.1 hereof.

**"Designated Lands"** means those lands in that part of the Reserve Lands containing 501 Acres (203 Hectares) more or less which are the subject of a designation assented to on June 7, 2001 and accepted by the Governor General and Council for Canada on October 4, 2001, such lands being legally described as follows:

Lot 1 affecting theoretical north half Section 18, and south half Section 19, in Township 60, Range 12, W5M; and the north half of Section 13, in Township 60, Range 13, W5M and the intervening road allowances; as shown outlined on Registration Plan R.S.A. 2868R, containing 203 hectares (501 acres), more or less.

**"Employees"** means all individuals who were employees or dependent contractors of the Debtors as of January 30, 2014 and who continue to be employed or report for work in connection with the Business as of the date hereof, including those employees of the Business on disability leave, parental leave or other absence.

**"Employment Matters"** means all liabilities relating to any claims for wages, salaries, commissions, severance pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other employee benefits or claims, including vacation pay, sick leave and benefits.

**"Encumbrance"** means any encumbrance, lien, security interest, option, right of first refusal, adverse claim, easement, mortgage, charge, hypothec, indenture, deed of trust, statutory or deemed trust, right of way, restriction on the use of real property, encroachment, licence to third parties, lease to third parties, security agreement, or any other encumbrance and other restriction or limitation on use of real or personal property or irregularities in title thereto.

**"Equipment"** means all machinery, equipment, storage tanks, fuel, fixtures, accessories, supplies, spare parts, tools, personal property and other tangible property (including all tangible personal property that is not included in Inventories, Office Equipment or Vehicles) owned by the Debtors.

**"Equipment Leases"** means all Equipment leases and licences, Office Equipment leases and licences, Vehicle leases, conditional sales contracts, title retention agreements and other similar agreements relating to Equipment or Office Equipment or Vehicles used by the Debtors.

**"Excluded Assets"** has the meaning given to it in Section 2.2.

**"Excluded Contracts"** has the meaning given to it in Section 2.2.

**"Existing Debt"** means the aggregate amounts owing by the Debtors in respect of the Original Credit Agreement as at January 31, 2014, being \$82,902,411.45.

**"Goodwill"** means the goodwill of the Debtors, together with the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Debtors and including all choses in action and other intangibles relating to the Debtors and to all rights in respect of the names "Eagle River Casino and Travel Plaza", "Timbers Bar & Grill", "Talon Players Club" and any variations of such names.

**"Governmental Authority"** means any governmental, regulatory or administrative authority, department, agency, commission, board, panel, tribunal, Crown corporation, Crown ministry or court or other law, rule or regulation-making or enforcing entity having or purporting to have jurisdiction on behalf of any country, or province, territory or state or other subdivision thereof or any municipality, district or other subdivision thereof, and for greater certainty includes the Alberta Aboriginal Relations department of the Government of Alberta and the Alberta Gaming & Liquor Commission.

**"Governmental Authorization"** means any authorization, approval, licence, consent, waiver or permit issued by any Governmental Authority.

**"GST"** means goods and services taxes imposed under the GST Legislation which, for greater certainty, includes the provincial component of any harmonized sales tax imposed under the GST Legislation.

**"GST Legislation"** means Part IX of the *Excise Tax Act* (Canada).

**"Guarantors"** means the Purchaser or one or more of its Affiliates acceptable to Silver Point that will be the guarantors of the Borrower's obligations in respect of the New Senior Secured Credit Agreement.

**"Holdback Amount"** has the meaning ascribed to it in Section 3.2 hereof.

**"Intellectual Property"** means all intellectual property of the Debtors used by or currently being developed for use in the Business, and all rights of the Debtors therein, including all claims for past infringement, whether registered or unregistered, including, without limitation: (a) all patents, patent applications and other patent rights, including divisional and continuation patents; (b) all registered and unregistered trade-marks, service marks, logos, slogans, corporate names, business names and other indicia of origin, and all applications and registrations therefor; (c) registered and unregistered copyrights and mask works, including all copyright in and to computer software programs, including the Software, and applications and registrations of such copyright; (d) internet domain names, applications and reservations for internet domain names, uniform resource locators and the corresponding Internet sites, and all telephone numbers and facsimile numbers of the Debtors; (e) industrial designs; (f) trade secrets and proprietary information not otherwise listed in (a) through (e) above, including, without limitation, all inventions, moral and economic rights, confidential information, technical data, customer lists, corporate and business names, trade names, trade dress, brand names, know-how, mask works, formulae, methods (whether or not patentable), designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded or unrecorded.

**"Inventories"** means all inventories owned by the Debtors, including all finished goods, goods in transit, work in process, samples, packaging materials, raw materials, containers, production and shipping supplies, food and beverage supplies and inventories, goods available for sale, fuel and all other materials and supplies on hand to be used, consumed in or sold by the Business.

**"Laws"** means all applicable laws, common law, statutes, regulations, by-laws, rules, decrees, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Governmental Authority.

**"Leased Premises"** means the premises which are the subject matter of the Real Property Leases.

**"Liabilities"** means the debts, liabilities, obligations, Claims, Encumbrances, commitments, demands and expenses of any nature or kind, whether known or unknown, accrued or unaccrued, absolute, contingent or otherwise and whether due or to become due, of any Person.

**"Marketing Materials"** means all marketing, advertising, sales support, sales collateral, and promotional materials and productions, sales and marketing files (whether in print or electronic format) including all past and present promotion copy and promotion copy databases, web images, web copy, and advertising and direct marketing materials of the Debtors.

**"Material Adverse Effect"** shall mean, (a) when used with respect to the Business, any materially adverse change in or effect on the business, assets, liabilities, results of operations or condition (financial or otherwise) of the Business (having regard to the financial circumstances of the Business) or (b) when used with respect to the Purchaser or the Debtors, as the case may

be, any materially adverse change in or effect on (including any material delay) the ability of the Purchaser or the Debtors, as the case may be, to perform their respective obligations under this Agreement.

**"New Security"** means the new first-ranking senior security interest in favour of Silver Point over all existing and after-acquired assets and property of the Borrower and the Guarantors that is to take effect at the Closing Time to secure all of the obligations of the Borrower and the Guarantors in respect of the Assumed Debt (provided that the guarantee to be provided by ALMC will be limited in recourse to the assets and property of ALMC that are related to the Project).

**"New Senior Secured Credit Agreement"** means the new credit agreement between Silver Point Finance, LLC, as administrative agent and collateral agent, certain funds or affiliates of Silver Point Capital, L.P., as lender, the Borrower, as borrower, and the Guarantors, as guarantors, to be entered into at the Closing Time.

**"Notice"** has the meaning given to it in Section 11.1 hereof.

**"Office Equipment"** means all furniture, personal computers, computer hardware, office equipment and office supplies owned by the Debtors.

**"Original Credit Agreement"** has the meaning ascribed to it in the recitals to this Agreement.

**"Original Credit Facility"** has the meaning ascribed to it in the recitals to this Agreement.

**"Original Borrower"** has the meaning ascribed to it in the recitals to this Agreement.

**"Original Guarantors"** has the meaning ascribed to it in the recitals to this Agreement.

**"Owned Real Property"** means any and all Real Property owned by the Debtors.

**"PAHI"** has the meaning ascribed to it in the recitals to this Agreement.

**"Parties"** means, collectively, the Vendor and the Purchaser and **"Party"** means either of them.

**"PCA"** has the meaning ascribed to it in the recitals to this Agreement.

**"Permitted Encumbrances"** means the encumbrances, easements and reservations listed in Schedule 2.3 hereto.

**"Person"** means any individual, firm, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, association, trust, pension fund, union, charitable organization, band (within the meaning of the *Indian Act* (Canada)), Governmental Authority, and a natural person including in such person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative.

**"Prepaid Items"** means all prepaid items and advanced payments, including credits, charges and prepaid expenses of the Debtors.

**"Project"** means the Project Lands and all improvements thereon, including the Casino and related support facilities, restaurant and lounge, travel plaza, convenience store, gas bar, conference facility, hotel pad, waste water lagoon and treatment facility, gift shop, and such other facilities as may be developed on the Project Lands from time to time, together with all related infrastructure facilities, parking improvements, food and beverage areas, shuttle and bus areas, amenities and any other improvements thereon and other activities associated therewith.

**"Project Lands"** means the lands on which the business known as the Eagle River Casino and Travel Plaza is located, identified as all those portions of the Designated Lands described as Lots 1-1 and 1-2 on the C.L.S.R. Plan No. 91573 and the buildings or improvements thereon.

**"Project Sublease"** means the agreement dated October 11, 2006 among ALMC, as landlord, and APLP, as tenant, pursuant to which ALMC leased to APLP an interest in the Project Lands.

**"PTA"** has the meaning ascribed to it in the recitals to this Agreement.

**"Purchase Price"** means the purchase price for the Purchased Assets calculated in accordance with the provisions of Article III hereof.

**"Purchased Assets"** has the meaning ascribed to it in Section 2.1 hereof.

**"Purchaser"** has the meaning ascribed to it on the title page to this Agreement.

**"Real Property"** means all lands and all Buildings, Systems, improvements and fixtures situated on or forming a part of such lands, and all easements, rights of way, privileges and appurtenances belonging to and enuring to the benefit thereof.

**"Real Property Leases"** means all leases, subleases, licences, sublicences and the like of Real Property relating to any Real Property used or occupied by the Debtors, including those listed on Schedule 2.1(d) hereof.

**"Receiver"** means A&M, solely in its capacity as Court-appointed receiver and manager of PCA, APLP and PTA.

**"Receivership Order"** has the meaning ascribed to it in the recitals to this Agreement.

**"Regulatory Legislation"** means, collectively, the *Gaming and Liquor Act*, R.S.A. 2000, c. G-1, as amended; the *Indian Act*, R.S.C. 1985, c. I-5, as amended; and all regulations made thereunder and all mandatory terms and conditions, directives and orders issued thereunder or pursuant thereto and including the First Nations Gaming Policy adopted by the Province of Alberta.

**"Reserve Lands"** means the lands in the Province of Alberta known as the Alexis Whitecourt Indian Reserve 232, which have been set apart for the use and benefit of The Nation in accordance with the *Indian Act*, R.S.C. 1985, c. I-5.

**"Silver Point"** has the meaning ascribed to it in the recitals to this Agreement.

**"Silver Point Partial Payment"** has the meaning ascribed thereto in Section 3.1 hereof.

**"Software"** means all software computer programs used by the Debtors including all versions thereof and all related documentation, manuals, source code and object code, program files, data files, computer related data, field and data designations and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequences and organization, screen displays and report layouts.

**"Systems"** means all mechanical and electrical systems used in connection with the operation and maintenance of any Real Property, including the heating, ventilating, air conditioning, electrical, sprinkler and drainage systems.

**"Tax Act"** means the *Income Tax Act* (Canada) as it may be amended from time to time and the Regulations promulgated thereunder.

**"Tax Returns"** includes, without limitation, all returns, reports, declarations, elections, notices, filings, information returns and statements required to be filed, or in fact filed, in respect of Taxes and any schedules attached thereto.

**"Taxes"** includes, without limitation, all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including, without limitation, (a) those levied on, or measured by, or referred to as income, gross receipts, earnings, profits, capital, corporate, transfer, land transfer, sales, goods and services, use, value-added, excise, stamp, withholding, business, licence, franchising, real or personal property, payroll, employment, wage, employer health, social services, severance, utility, occupation, premium, windfall, education and social security taxes, all surtaxes, all custom duties and import and export taxes, all licence, franchise and registration fees and all unemployment insurance, health insurance and Canada, Quebec and other government pension plan premiums, workers' compensation levies, retirement contributions, including those imposed by any Governmental Authority, and (b) any liability for the payment of any amount of the type described in the immediately preceding clause (a) as a result of being a "transferee" (within the meaning of section 160 of the Tax Act or any other Laws) of another taxpayer or entity or a member of a related, non-arm's length, affiliated or combined group.

**"Terminated Employee"** has the meaning ascribed to it in Article VII hereof.

**"Transferred Employee"** has the meaning ascribed to it in Article VII hereof.

**"Trustee"** means A&M, solely in its capacity as Court-appointed trustee in bankruptcy of PCA, APLP, PTA and PAHI.

**"Vehicles"** means all automobiles, trucks, trailers, cars and other motor vehicles owned or leased by the Debtors.

“Vendor” has the meaning ascribed to it on the title page to this Agreement.

## 1.2 Certain Rules of Interpretation

In this Agreement and the Schedules and Exhibits:

- (a) **Time** - Time is of the essence in and of this Agreement.
- (b) **Calculation of Time** - Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.
- (c) **Business Days** - Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.
- (d) **Currency** - Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.
- (e) **Headings** - The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.
- (f) **Including** - Where the word “including” or “includes” is used in this Agreement, it means “including without limitation” or “includes without limitation”.
- (g) **Plurals and Gender** - The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.
- (h) **Statutory References** - Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.
- (i) **Ordinary Course** - Any reference to an action taken by a Person in the ordinary course means that such action is consistent with past practices of such Person and is taken in the ordinary course of the normal operations of such Person.

### **1.3 Knowledge**

Any reference to the knowledge of any Person means to the actual knowledge of such Person and, in the case of the knowledge of the Vendor, means the actual knowledge of Timothy Reid, Senior Vice President of the Vendor.

### **1.4 Entire Agreement**

- (a) As between the Parties, this Agreement, together with the Ancillary Agreements and other documents to be delivered pursuant to this Agreement on or prior to Closing, constitute the entire agreement between the Parties pertaining to the purchase and sale of the Purchased Assets and supersede all prior agreements, understandings, negotiations and discussions, whether oral, written or otherwise, of the Parties. There are no representations, warranties, covenants or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Ancillary Agreements. For greater certainty, the Parties acknowledge that Silver Point is not a "Party" for purposes of this Section 1.4(a) and that it is anticipated that the Purchaser, its Affiliates and Silver Point will enter into certain other agreements, including and pertaining to the New Credit Agreement, the New Security and the Definitive Documentation, which will provide for rights, covenants, understandings and obligations that are separate from and in addition to the matters set out herein.
- (b) No supplement, modification, amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

### **1.5 Schedules**

The following Schedules attached to this Agreement form an integral part of this Agreement:

Schedule 2.1(b) – Assumed Contracts

Schedule 2.1(d) – Real Property Leases

Schedule 2.2(a) – Excluded Contracts

Schedule 2.3 – Permitted Encumbrances

Schedule 2.4 – Assumed Liabilities

Schedule 3.3 – Purchase Price Allocation

Schedule 5.6 – Consents and Approvals

Schedule 7.1 – Employees to Whom the Purchaser will make an Offer of Employment

## 1.6 Exhibits

The following Exhibits attached to this Agreement form an integral part of this Agreement:

Exhibit A – Approval and Vesting Order

## ARTICLE II PURCHASE AND SALE

### 2.1 Purchase and Sale of the Purchased Assets

Upon the terms and subject to the conditions set out in this Agreement, at the Closing Time, the Vendor shall sell, convey, assign, transfer and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from the Vendor, all of the Debtors' right, title and interest in and to the Purchased Assets. The Purchaser and the Vendor each acknowledge that the Purchaser is not purchasing any Excluded Assets. "**Purchased Assets**" means the Debtors' right, title and interest in and to all of the Debtors' assets, property and undertaking of every kind whatsoever, including the Debtors' right, title and interest in and to the following:

- (a) all Intellectual Property owned or licensed by the Debtors;
- (b) those Contracts described in Schedule 2.1(b) (collectively, the "**Assumed Contracts**");
- (c) all Owned Real Property of the Debtors, together with all Buildings thereon;
- (d) the rights of the Debtors in and to the Real Property Leases, together with all Buildings, fixtures and other improvements thereon, including the Real Property Leases described in Schedule 2.1(d);
- (e) all Accounts Receivable;
- (f) all Books and Records;
- (g) all Software;
- (h) all Inventories;
- (i) all Governmental Authorizations of the Debtors;
- (j) all tangible personal property owned or leased by the Debtors, including all Equipment, Office Equipment, Equipment Leases and Vehicles;
- (k) all Marketing Materials;
- (l) all Claimed Amounts;
- (m) all Prepaid Items and advance payments including, without limitation, credits, charges and prepaid expenses of the Debtors;

- (n) all cash of the Debtors (other than any cash held in trust for third parties), including any security deposits and earned deposits placed with the Debtors for the performance of any Assumed Contract or other obligations of the Debtors that constitute a portion of the Purchased Assets, and including any cash in APLP's account with the Bank of Nova Scotia with the account number 12989-01538-18; and
- (o) the Business as a going concern, including the Goodwill.

## 2.2 Excluded Assets

Notwithstanding Section 2.1, all of the Vendor's right, title and interest at the Closing in and to the following properties, assets and rights (collectively, the "**Excluded Assets**") shall be excluded from the Purchased Assets and shall not be included in the definition thereof:

- (a) all Contracts to which any of the Debtors is a party other than the Assumed Contracts (collectively, the "**Excluded Contracts**", and, for greater certainty, the Excluded Contracts include all of the Contracts listed on Schedule 2.2(a)); and
- (b) all of PCA's partnership interests in APLP.

Unless otherwise agreed in writing by the Vendor, the Purchaser and Silver Point, the Vendor shall terminate all Excluded Contracts on the Closing Date. Any Excluded Contract to which any of the Alexis Nakota Sioux Nation or the Alexis Entities is a party shall be terminated on terms acceptable to the Vendor, the Purchaser and Silver Point.

## 2.3 Permitted Encumbrances

With the exception of the Permitted Encumbrances listed on Schedule 2.3, all of the Purchased Assets shall be transferred to the Purchaser and shall vest in the Purchaser free and clear of any and all security interests (whether contractual, statutory or otherwise) hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, provided that, for greater certainty, all of the Purchased Assets will become secured by the New Security concurrently with the vesting of the Purchased Assets in the Purchaser on Closing.

## 2.4 Assumption of Liabilities

The Purchaser shall not assume, and shall be deemed not to have assumed, any Liabilities of the Vendor or the Debtors other than that portion of the liabilities listed in Schedule 2.4 to this Agreement that remains unpaid as at the Closing Date (the "**Assumed Liabilities**").

## 2.5 Assignment of Assumed Contracts

If the Purchaser determines that it is not able to obtain the Consents required for the assignment any Real Property Lease or Assumed Contract on terms that are considered reasonable by the

Vendor, the Purchaser and Silver Point, each acting reasonably, and such parties are not prepared to waive the conditions precedent to Closing set forth in Section 9.1(f) hereof in respect thereof, then the Vendor, the Purchaser and Silver Point shall consult with each other and with the Trustee in good faith to engage the Trustee regarding the Court-ordered assignment of the applicable Real Property Leases or Assumed Contracts pursuant to section 84.1 of the *Bankruptcy and Insolvency Act*. Any application or motion by the Trustee in that regard shall require the consent each of the Vendor, the Purchaser, Silver Point and the Trustee.

## **2.6 Closing**

Subject to the satisfaction (or waiver by the applicable Party, if such waiver is permitted hereby) of all conditions precedent to Closing, the Closing shall take place at such place, on such date and at such time as may be agreed upon by the Parties and Silver Point.

## **2.7 Inspections**

- (a) The Vendor hereby authorizes the Purchaser and its agents to conduct all necessary physical inspections of the Project as required by the Purchaser.
- (b) The Vendor agrees to provide the Purchaser with access to all documents and information in its possession pertaining to the operation of the Business including all Contracts which may reasonably be requested by the Purchaser or its agents in order to continue the operation of the Business as a going concern after Closing.

## **2.8 Vendor's Closing Deliverables**

The Vendor shall deliver the following to the Purchaser, on or before five business days prior to the Closing Date, or such other time as may be reasonable in the circumstances, in the form and content agreed on prior to Closing or otherwise acceptable to the Purchaser's solicitors, acting reasonably:

- (a) a statement of adjustments;
- (b) a certified copy of the Approval and Vesting Order;
- (c) a Certificate of No Appeal from the Court confirming that there has been no Appeal from the Approval and Vesting Order;
- (d) the Receiver's Certificate (as defined in the Approval and Vesting Order);
- (e) assignments of the Real Property Leases;
- (f) assignments of the Assumed Contracts, or a certified copy of an Order of the Court confirming the assignment of the Assumed Contracts;
- (g) a joint election executed by the Vendor pursuant to section 167 of the GST Legislation;

- (h) a bill of sale executed by the Vendor in connection with all tangible personal property owned or leased by the Debtors or the Vendor, including all Equipment, Office Equipment, Equipment Leases, Vehicles and Inventories;
- (i) an assignment of the Accounts Receivable;
- (j) an assignment of all Intellectual Property, the trade name "Eagle River Casino and Travel Plaza";
- (k) an assignment of all existing Governmental Authorizations, if any, that may be available to the Purchaser, subject to receiving any required Consents, or an Order of the Court providing for the assignment of any such Governmental Authorization, as required; and
- (l) all other documents expressly contemplated by this Agreement or as may be reasonably required by the Purchaser's solicitors, acting reasonably.

## **2.9 Purchaser's Closing Deliverables**

The Purchaser shall deliver the following to the Vendor's solicitors on or before the Closing Date, in the form and content agreed on prior to Closing or otherwise acceptable to the Vendor's Solicitors:

- (a) the Closing Payment, which shall be paid by way of a Purchaser's solicitor's trust cheque payable to the Vendor's solicitor, or direct deposit to the account of the Vendor's solicitor, in trust, as adjusted in accordance with the terms of Section 3.1(b) of this Agreement;
- (b) a joint election executed by the Purchaser pursuant to section 167 of the GST Legislation; and
- (c) all documents expressly contemplated by this Agreement or reasonably required by the Vendor's solicitor, acting reasonably.

## **2.10 Possession of Purchased Assets**

Subject the Purchase Price being paid in accordance with Section 3.1 of this Agreement, all conditions precedent to the Closing set forth in Article IX hereof being satisfied (or, if applicable, waived by the beneficiaries thereof) and the occurrence of the Closing, the Vendor shall deliver possession of the Purchased Assets, less the Cash Asset Holdback as stipulated in Section 3.2 hereof, to the Purchaser on the Closing Date.

### ARTICLE III PURCHASE PRICE

#### 3.1 Purchase Price

The Purchaser shall take the following actions and make the following payments at the Closing Time as consideration for the purchase of the Purchased Assets (collectively, the "**Purchase Price**")

- (a) the assumption by the Borrower, on a senior first lien secured basis, of the obligation to pay Silver Point \$29.5 million of the Existing Debt owed by the Original Borrower pursuant to the Original Credit Agreement, which assumed debt: (i) shall be governed by and shall be subject to the terms and conditions of the New Senior Secured Credit Agreement to be entered into by the Purchaser and its applicable Affiliates and Silver Point concurrently with the Closing; (ii) shall be guaranteed by each of the Guarantors in accordance with the Definitive Documentation to be entered into by the Purchaser and its applicable Affiliates and Silver Point concurrently with Closing; and (iii) shall be secured by the New Security (the "**Assumed Debt**");
- (b) the payment by the Purchaser to the Vendor of \$3.5 million in cash, which sum shall be adjusted by an amount of up to a maximum of \$500,000 to credit the Purchaser for any cash expended by the Receiver from the APLP account with the Bank of Nova Scotia with the account number 12989-01538-18 to the extent that such cash expenditures are attributable to the fees and expenses of the Receiver and its counsel (as so adjusted, the "**Closing Payment**"); and
- (c) the assumption by the Purchaser of the Assumed Liabilities.

The proceeds of the Closing Payment shall be distributed by the Vendor to Silver Point immediately on Closing in accordance with the Approval and Vesting Order. The assumption of the Assumed Debt by the Borrower and the distribution to Silver Point of the proceeds of the Closing Payment on Closing (collectively, the "**Silver Point Partial Payment**") shall reduce the obligations of the Original Borrower owing to Silver Point in respect of the Existing Debt by \$33 million. From and after the completion of the Silver Point Partial Payment: (i) an amount equal to the Existing Debt owing immediately prior to Closing by the Original Borrower less the Silver Point Partial Payment shall remain as an outstanding Claim of Silver Point against the Original Borrower to the full extent permitted by Law; and (ii) the amounts owing to Silver Point pursuant to the guarantees executed by each of PAHL, PTA and APLP as guarantors of the Existing Debt shall remain as outstanding Claims of Silver Point against such entities to the full extent provided for pursuant to the terms of such guarantees and as permitted by Law.

#### 3.2 Cash Asset Delivery Holdback

Notwithstanding the conveyance of the Purchased Assets to the Purchaser on Closing, the Receiver shall be entitled to hold back a cash reserve on Closing in an amount (the "**Holdback Amount**") and on terms to be agreed between the Receiver, the Purchaser and Silver Point prior to Closing. The Receiver shall be entitled to deploy such Holdback Amount at its reasonable

discretion to satisfy the duties and obligations of the Receiver and/or the Trustee, as applicable, (including the payment of the reasonable fees and disbursements of the Receiver and its counsel and the Trustee and its counsel), provided that the Receiver shall provide an accounting of the use of such Holdback Amount to the Purchaser and Silver Point upon request. The Holdback Amount shall be funded from the cash held by APLP in the account with the Bank of Nova Scotia with the account number 12989-01538-18. The Receiver may make periodic transfers of all or any portion of the Holdback Amount to the Purchaser if, in the Receiver's opinion, it is not necessary to continue to hold such amounts for the purposes described above. Immediately prior to the Receiver being discharged by the Court, any portion of the Holdback Amount then remaining shall be paid forthwith to the Purchaser.

### **3.3 Allocation of Purchase Price**

The Purchase Price shall be allocated among the Purchased Assets in the manner set forth on Schedule 3.3. Each of the Purchaser and the Vendor acknowledge that the allocation of the Purchase Price has been prepared by the Purchaser without participation by the Vendor. Notwithstanding the foregoing, the allocation of the Purchase Price shall be binding and the Vendor and the Purchaser shall report the purchase and sale of the Purchased Assets in any Tax Returns or other filings which are necessary or desirable under the Tax Act or any other Laws to give effect to such allocation. Neither the Vendor nor the Purchaser shall take a contrary position with respect to such allocation in any Tax proceeding or audit.

### **3.4 Debt Purchase Transaction**

In addition to the payment of the Purchase Price, the Purchaser shall pay \$1 million to Silver Point in cash at the Closing Time as consideration for the purchase and assumption by the Purchaser and/or its applicable Affiliates of \$2 million (face value) of the Existing Debt, the purchase and assumption of which shall be governed by the Debt Purchase Agreement (the "Debt Purchase Transaction").

### **3.5 Transfer Taxes**

In addition to the Purchase Price, the Purchaser shall be liable for and pay directly to the appropriate Governmental Authority, within the prescribed time period, all Taxes, duties, registration charges or other like charges (but excluding any Taxes based upon the income, revenues or capital receipts of the Debtors) payable by the Purchaser in connection with the transfer of the Purchased Assets. Alternatively, the Purchaser shall have the option of furnishing the Vendor with such purchase exemption certificates, elections and other documentation, which are in form and content satisfactory to the Vendor, stating that certain Taxes are not payable by the Purchaser in connection with the transfer of the Purchased Assets.

### **3.6 Section 167 Election**

The Purchaser and the Vendor shall elect to have the provisions of subsection 167(1) of the GST Legislation apply to the sale of the Purchased Assets by the Vendor to the Purchaser. The Parties shall take all necessary actions in order to complete and file a valid joint election as provided in subsection 167(1) of the GST Legislation on or before the date on which the Purchaser must submit its GST return for the reporting period in which the Closing occurs.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

The Vendor represents and warrants to the Purchaser the matters set out below and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and in purchasing the Purchased Assets from the Vendor:

##### **4.1 Authorization**

The Vendor is the court-appointed receiver and manager of the Debtors and, subject to the Approval and Vesting Order being granted by the Court, has the capacity, authority and power to execute, deliver and perform this Agreement and all of the agreements contemplated hereby to which it is a party (including each of the Ancillary Agreements to which it is or will become a party) and to consummate the transactions contemplated hereby and thereby. The Agreement and the applicable Ancillary Agreements to which the Vendor is a party, when executed and delivered, will constitute legal, valid and binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms.

##### **4.2 Non-Resident**

The Vendor is not a non-resident of Canada for the purposes of the Tax Act.

#### **ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants to the Vendor the matters set out below and acknowledges that the Vendor is relying on such representations and warranties in entering into this Agreement and in selling the Purchased Assets to the Purchaser.

##### **5.1 Sophisticated Party**

The Purchaser is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement; it has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate.

##### **5.2 Duly Executed and Delivered**

This Agreement has been duly executed and delivered by the Purchaser, and this Agreement will constitute legal, valid and binding obligations of the Purchaser, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

##### **5.3 Corporate Organization and Standing**

The Purchaser is a corporation duly established, validly existing, organized and in good standing under the laws of Alberta and has not been dissolved. The Purchaser has all requisite corporate power, authority and capacity to own, lease and operate its property and assets, to carry on its

business as presently conducted, to purchase the Purchased Assets and otherwise perform its obligations pursuant to this Agreement and the Ancillary Agreements. The Purchaser has not engaged in any business or operating activities of any kind whatsoever prior to the date hereof and has no liabilities or contractual obligations of any kind whatsoever other than its obligations under this Agreement and the Ancillary Agreements.

#### **5.4 Authorization**

- (a) The Purchaser has the capacity, authority and power to execute, deliver and perform this Agreement, the Ancillary Agreements and all of the agreements contemplated hereby to which it is a party and to consummate the transactions contemplated hereby and thereby. This Agreement and all of the agreements, documents and instruments contemplated hereby to which the Purchaser is a party have been duly and validly authorized, executed and delivered by the Purchaser and each such agreement, document or instrument constitutes a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms.
- (b) The Purchaser has received all necessary approvals and resolutions necessary to authorize the entering into of this Agreement and the Ancillary Agreements, whether internal to the Purchaser or otherwise.

#### **5.5 No Violations**

Neither the execution and delivery of this Agreement, the Ancillary Agreements or any other agreement, document or instrument to which the Purchaser or any of its Affiliates is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by the Purchaser or any of its Affiliates with any provisions hereof or thereof will (a) conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the articles, by-laws or other constating documents of the Purchaser or its Affiliates, (b) conflict with or result in a breach or a default under any of the provisions of any note, bond, lease, mortgage, indenture, licence, franchise, permit, agreement, material Contract or other instrument or obligation to which the any of the Purchaser or any of its Affiliates is a party, or by which any of the Purchaser or its Affiliates is bound or affected, (c) violate any Laws applicable to the Purchaser or any of its Affiliates; or (d) result in a violation, conflict or breach of, or constitute a default under, or give rise to any right of termination or cancellation under any license or permit relating to the Project.

#### **5.6 Consents and Approvals**

Except as set out in Schedule 5.6, no consent or approval by, or any notification or filing with, any Governmental Authority or any other Person is required in connection with the execution, delivery or performance by the Purchaser or its Affiliates, of this Agreement, the Ancillary Agreements, or any other agreement, document or instrument to which any of them is or will be a party in connection herewith.

### **5.7 No Known or Threatened Proceedings**

There is no known or actual threatened proceeding, claim or investigation pending before any governmental entity that, individually or in the aggregate, could reasonably be expected to have an adverse effect on the ability of the Purchaser or its Affiliates to execute and deliver this Agreement or the Ancillary Agreements or to consummate the obligations contemplated hereby or thereby.

### **5.8 No Breach**

The Purchaser has no knowledge of any fact or circumstance which would constitute a breach by the Vendor of the Vendor's representations and warranties.

### **5.9 Non-Resident**

The Purchaser is not a non-resident of Canada for the purposes of the Tax Act.

## **ARTICLE VI ACKNOWLEDGEMENTS OF THE PURCHASER**

### **6.1 "As Is, Where Is" Condition**

The Purchaser acknowledges that the Purchased Assets shall be purchased on an "as is, where is" basis as they shall exist on the Closing Date and without representation or warranty and with all faults and that, prior to the Closing, it will inspect the Purchased Assets and will accept the same in their present state, condition and location. Unless specifically stated herein, no representation, warranty or condition, whether statutory, express or implied, oral or written, legal, equitable, conventional, collateral or otherwise is being given as to title, outstanding liens, description, fitness for purpose, merchantability, quantity, condition, quality, value, suitability, durability, or marketability thereof or in respect of any other matter or thing whatsoever including, without limitation, the respective rights, titles and interests of the Vendor or the Debtors therein and wherever all or part of the Purchased Assets are situate and all of the same are expressly excluded. Without limiting the generality of the foregoing, the Purchaser hereby confirms that it shall have no recourse against the Vendor or the Debtors with respect to the Purchaser's reliance upon any descriptions or information provided by the Vendor to the Purchaser or in any document for the Purchaser's review. Neither the Vendor nor the Debtors shall be liable to the Purchaser for any damages suffered by the Purchaser or any other Person from and after the Closing as a result of the Purchased Assets.

## **ARTICLE VII PERSONNEL**

### **7.1 Offer to Employ**

On or prior to the Closing Date, the Purchaser will offer employment to the Employees listed on Schedule 7.1. Such offers will be made on substantially the same terms as the existing employment arrangements for such Employees (including no contractual notice of termination or contractual severance obligations). Each of the Employees who accept the Purchaser's offer of

employment shall be a **"Transferred Employee"** for the purposes of this Agreement. Each of the Employees that are not a Transferred Employee shall be a **"Terminated Employee"** for the purposes of this Agreement.

## **7.2 Obligation for Employment Matters**

The Vendor shall remain responsible for the payment of any wages, benefit payments and related source deductions payable in respect of the Employees prior to the Closing Time. From and after the Closing Time, the Purchaser shall be responsible for all Employment Matters in respect of each Transferred Employee to the entire exoneration of the Vendor and the Debtors. The Purchaser shall not assume responsibility for any Terminated Employee.

## **7.3 Debtors' Obligations for Employment Matters**

All Employment Matters relating to the Business, including employee terminations arising up to and including the Closing Date, salary, benefits and pension obligations accrued and not paid up to and including the Closing Date, actions, causes of action, Claims and demands, and any interest, award, judgment, penalties, costs or expenses relating thereto shall be the responsibility of the Debtors. For greater certainty, the Purchaser shall have no obligations to or any liability for any Employee to whom an offer of employment is not made by the Purchaser under this Agreement or to any Employee who does not accept the Purchaser's offer of employment.

## **7.4 Vacation Pay**

The Purchaser shall assume the obligations of the Debtors with respect to the vacation entitlements of each Transferred Employee on the same terms and conditions for the current year as such Transferred Employee would have been entitled had such Transferred Employee remained in the employment of the Debtors.

# **ARTICLE VIII SURVIVAL AND POST-CLOSING MATTERS**

## **8.1 Survival of Representations and Warranties**

The representations and warranties contained in this Agreement on the part of each of the Parties shall survive the Closing, the execution and delivery under this Agreement of any instruments or other documents of title to any of the Purchased Assets and the payment of the consideration in respect of the Purchased Assets, provided that the representations and warranties of the Vendor shall terminate upon the discharge of the Receiver by the Court.

## **8.2 Survival of Covenants**

Except as otherwise provided in this Agreement, all covenants of the Vendor and the Purchaser, as the case may be, contained in this Agreement or any document or certificate given pursuant to this Agreement shall survive the Closing for the benefit of the Purchaser or the Vendor, as the case may be, for the period of such covenant, subject to applicable limitation periods imposed by applicable Law, provided that all covenants of the Vendor shall terminate upon the discharge of the Receiver by the Court.

### **8.3 GST Legislation Matters**

If the election under subsection 167(1) of the GST Legislation referred to in Section 3.6 hereof is not accepted by the Canada Revenue Agency in whole or in part, the Purchaser shall pay to the Vendor, in addition to any amounts payable by the Purchaser under this Agreement, the amounts payable pursuant to the GST Legislation in respect of the sale of the Purchased Assets to the Purchaser pursuant to this Agreement.

## **ARTICLE IX CONDITIONS OF CLOSING**

### **9.1 Conditions of Closing**

The obligation of the Vendor to sell the Purchased Assets and to transfer the Assumed Liabilities, the obligation of the Purchaser to purchase the Purchased Assets and assume the Assumed Liabilities, the occurrence of the Closing and the completion of the transactions contemplated herein are subject to the fulfillment, performance and satisfaction of, or compliance with, each of the following conditions precedent:

- (a) the Approval and Vesting Order shall have been granted and issued by the Court and its effect shall not have been stayed by either Order of the Court or an Order of the Court of Appeal of Alberta;
- (b) there shall not be in effect on the Closing Date any Laws or Orders of a court of competent jurisdiction restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated in this Agreement;
- (c) all Excluded Contracts to which any of the Alexis Nakota Sioux Nation or the Alexis Entities is a party shall have been terminated or otherwise addressed on terms and conditions acceptable to the Vendor, the Purchaser and Silver Point;
- (d) the Receiver shall have established a cash reserve on Closing in accordance with Section 3.2 hereof, and the terms and conditions pertaining to such cash reserve (including the establishment, accessibility and permitted use of such cash reserve) and the quantum of the Holdback Amount shall be acceptable to the Vendor, the Purchaser and Silver Point;
- (e) the Vendor shall have executed and delivered to the Purchaser and Silver Point the Receiver's Certificate (as defined in the Approval and Vesting Order);
- (f) the Purchaser shall have obtained the Consents required for the assignment of each Real Property Lease and each Assumed Contract or, alternatively, the Trustee shall have obtained an Order of the Court to effect such assignment or assignments as may be required in accordance with Section 2.5 hereof, and the Purchaser and its applicable Affiliates shall have obtained all other Consents required to complete the transactions contemplated in this Agreement and to

allow the Purchaser and its applicable Affiliates to continue operating the Project on a going-concern basis from and after the Closing; without limiting the generality of the foregoing, all required Consents listed on Schedule 5.6 shall have been obtained;

- (g) the Borrower and the Guarantors and Silver Point shall have executed and delivered to one another the New Senior Secured Credit Agreement and all guarantees and other security documents in respect thereof granting Silver Point a first-ranking security interest over all of the assets, property, and undertaking of the Borrower and the Guarantors (such guarantees and other security documents, together with the New Senior Secured Credit Agreement and the Debt Purchase Agreement, the "**Definitive Documentation**"), all of which Definitive Documentation shall be on terms acceptable to Silver Point, and the Definitive Documentation shall have become binding and effective in accordance with its terms; and
- (h) Silver Point shall have executed and delivered to the Vendor and the Purchaser the Silver Point Consent (as defined in the Consent Agreement).

The foregoing conditions precedent to Closing may not be waived without the prior written consent of each of the Vendor, the Purchaser and Silver Point. Silver Point is an express third party beneficiary of the foregoing conditions precedent.

## **9.2 Conditions of Closing in Favour of the Purchaser**

The obligation of the Purchaser to purchase the Purchased Assets and to assume the Assumed Liabilities is subject to the satisfaction of each of the following conditions precedent (each of which is acknowledged to be for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part):

- (a) Except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement and other than representations and warranties that refer to a specific date or time (in which case such representations and warranties shall be true and correct in all respects on and as of such date or time), there shall be no inaccuracies or breaches of the representations and warranties of the Vendor contained in this Agreement that constitute a Material Adverse Effect.
- (b) To the extent there is any non-performance or non-compliance by the Vendor of any of the Vendor's obligations, agreements or covenants in this Agreement, such non-performance or non-compliance shall not have resulted in a Material Adverse Effect.
- (c) Upon completion of the Closing, there shall be no Encumbrances against any of the Purchased Assets except for Permitted Encumbrances and the New Security.

The Purchaser may waive compliance with any condition in this Section 9.2 in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfillment of any other condition in this Section 9.2, in whole or in part, or to its rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

### **9.3 Conditions of Closing in favour of the Vendor**

The obligation of the Vendor to sell the Purchased Assets to the Purchaser is subject to the fulfillment, performance and satisfaction of, or compliance with, each of the following conditions precedent (each of which is acknowledged to be for the exclusive benefit of the Vendor and may be waived by the Vendor in whole or in part):

- (a) Each of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct in all material respects at the Closing Time with the same force and effect as if made at and as of the Closing Time, and the Purchaser shall have delivered to the Vendor at the Closing a certificate dated the Closing Date, duly executed by a senior officer of the Purchaser, confirming the truth and correctness of such representations and warranties.
- (b) The Purchaser shall have performed and complied, in all material respects, with each obligation, agreement and covenant in this Agreement required to be performed or complied with by it under this Agreement at or prior to the Closing.

The Vendor may waive compliance with any condition in this Section 9.3 in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfillment of any other condition in this Section 9.3, in whole or in part, or to its rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

## **ARTICLE X TERMINATION AND ABANDONMENT**

### **10.1 Termination**

This Agreement may be terminated at any time prior to the Closing only in the following circumstances:

- (a) by mutual consent of the Vendor, on the one hand, and of the Purchaser, on the other hand;
- (b) by either the Vendor, on the one hand, or the Purchaser, on the other hand, if there has been a breach of any covenant or a breach of any representation or warranty of the other Party, respectively, which breach would cause the failure of any condition precedent set forth in Sections 9.1, 9.2 or 9.3, as applicable, provided that if any such breach of a covenant or representation or warranty is curable, it has not been cured within ten (10) Business Days following receipt by the breaching party of written notice of such breach;

- (c) by the Vendor if, in its reasonable opinion, it believes that any of the conditions precedent set forth in Article IX hereof will not be satisfied or, if applicable, waived;
- (d) by any Party if there is any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if any order of any court of competent jurisdiction prohibiting such transactions is entered and such order has become final and non-appealable;
- (e) by either of the Parties if the Approval and Vesting Order has not been granted by the Court by April 17, 2014, provided that the right to terminate this Agreement under this Section 10.1(e) shall not be available to any Party whose failure to fulfill any obligations under this Agreement materially contributed to the Approval and Vesting Order not having been granted by such date; or
- (f) pursuant to an Order of the Court declaring this Agreement to be terminated.

## **10.2 Effect of Termination**

If this Agreement is terminated pursuant to Section 10.1 by the Purchaser, on the one hand, or the Vendor, on the other hand, written notice thereof shall be given to the other Party specifying the provision of Section 10.1 pursuant to which such termination is made, and this Agreement shall be terminated and there shall be no liability hereunder on the part of the Purchaser or the Vendor, except that the provisions of Section 10.1 (Termination), this Section 10.2, Section 11.6 (Applicable Law), Section 11.7 (Jurisdiction), Section 11.1 (Notices) and Section 11.8 (Third Party Beneficiary) shall survive any termination of this Agreement. Nothing in this Section 10.2 shall relieve any Party of liability for any wilful breach of this Agreement.

## **ARTICLE XI GENERAL**

### **11.1 Notices**

All notices, requests, demands or other communications required or permitted to be given by one Party to another under this Agreement (each, a "Notice") shall be given in writing and delivered by personal delivery or delivery by recognized national courier, delivered by registered mail, postage prepaid, or by e-mail addressed as follows:

If to the Vendor:

Alvarez & Marsal Canada Inc.  
Suite 570, Bow Valley Square I  
202 6<sup>th</sup> Avenue SW  
Calgary, AB T2P 2R9  
Attention: Tim Reid  
Tel: 403.538.4756  
E-mail: treid@alvarezandmarsal.com

with a copy to:

Parlee McLaws LLP  
1500, 10180 – 101 Street  
Edmonton, AB T5J 4K1  
Attention: Jeremy H.H. Hockin  
E-mail: jhockin@parlee.com

If to the Purchaser:

Alexis Hotel Corporation  
P.O. Box 145  
Glenevis, AB T0E 0X0  
Attention: Don Kootenay  
E-mail: don@almcorp.ca

with a copy to:

Duncan Craig LLP  
Suite 2800, 10060 Jasper Avenue  
Edmonton, AB T5J 3R8  
Attention: Darren R. Bieganeck, QC  
E-mail: dbieganeck@dcllp.com

and with respect to all notices, a copy to:

Silver Point Capital, L.P.  
Two Greenwich Plaza, 1<sup>st</sup> Floor  
Greenwich, CT 06830  
Attention: Timothy Lavelle  
E-mail: tlavelle@silverpointcapital.com

and to:

Goodmans LLP  
3400-333 Bay Street  
Toronto, ON M5H 2S7  
Attention: Logan Willis  
E-mail: lwillis@goodmans.ca

and to:

Witten LLP  
2500 Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6  
Attention: Roger Smith  
Email: rsmith@wittenlaw.com

or at such other address or e-mail address at which the addressee may from time to time notify the addressor. Any Notice delivered by personal delivery or by courier to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address. If such day is not a Business Day, or if the Notice is received after 4:00 p.m. (addressee's local time), then the Notice shall be deemed to have been given and received on the next Business Day. Any Notice sent by prepaid registered mail shall be deemed to have been given and received on the fourth Business Day following the date of its mailing. Notices sent to an e-mail address shall be deemed to have been given and received on the day on which the e-mail is received by the addressee. If such day is not a Business Day or if the e-mail is received after 4:00 p.m. (addressee's local time), then the Notice shall be deemed to have been given and received on the first Business Day after its receipt.

### **11.2 Waiver**

Except as otherwise expressly set out herein, no waiver of any provision of this Agreement shall be binding unless it is in writing. No indulgence, forbearance or other accommodation by a Party shall constitute a waiver of such Party's right to insist on performance in full and in a timely manner of all covenants in this Agreement or in any document delivered pursuant to this Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Agreement at any time.

### **11.3 Severability**

If any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be illegal, invalid or unenforceable: (a) the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstance shall not be affected thereby; and (b) the Parties will negotiate in good faith to amend this Agreement to implement the intentions set forth in this Agreement. Each provision of this Agreement shall be legal, valid and enforceable to the fullest extent permitted by law.

### **11.4 Assignment and Enurement**

Neither this Agreement nor any benefits or burdens under this Agreement shall be assignable by any Party, without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns hereunder.

### **11.5 Further Assurances**

The Parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

### **11.6 Applicable Law**

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated, in all respects, as an Alberta contract.

### **11.7 Jurisdiction**

Each of the Parties to this Agreement irrevocably submits to the exclusive jurisdiction of the courts of the Province of Alberta.

### **11.8 Third Party Beneficiary**

Silver Point is hereby made an express third party beneficiary of the provisions of this Agreement that provide it with rights (including consent and approval rights) under this Agreement, and such rights shall enure to the benefit of and shall be enforceable by Silver Point, its successors and assigns. The Vendor and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and, subject to the preceding sentence, Silver Point and that no Person, other than the Parties and, subject to the preceding sentence, Silver Point shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. No provision of this Agreement according rights to or affecting rights of Silver Point (including this Section 11.8), whether expressly or implied, may be amended, modified or waived without the prior written consent of Silver Point.

### **11.9 Non-Merger**

Except as otherwise expressly provided in this Agreement, the representations, warranties, covenants and agreements shall not merge on and shall survive Closing and, notwithstanding Closing, shall continue in full force and effect.

### **11.10 No Presumption**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favouring or disfavours either Party by virtue of the authorship of any provision of this Agreement or the payment of any legal services associated therewith.

### **11.11 Language**

The Parties confirm that it is their wish that this Agreement, as well as any other documents relating to this Agreement, including Notices, Schedules, Exhibits, authorizations and the Ancillary Agreements have been and shall be drawn up in the English language only.

### **11.12 Execution by Electronic Transmission**

The signature of any of the Parties may be evidenced by a facsimile, scanned e-mail or internet transmission copy of this Agreement bearing such signature.

### **11.13 Counterparts**

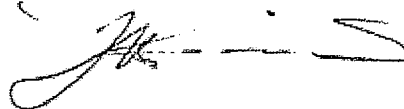
This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same

instrument. Notwithstanding the date of execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

**[SIGNATURE PAGES TO IMMEDIATELY FOLLOW]**

**IN WITNESS WHEREOF** the Parties have duly executed this Agreement as of the date first written above.

**ALVAREZ AND MARSAL CANADA INC.**  
solely in its capacity as court-appointed receiver  
and manager of Paragon Canada Alexis, ULC and  
Alexis/Paragon Limited Partnership



By:

Name: Tim Reid  
Title: Managing Director

**ALEXIS HOTEL CORPORATION**

By: \_\_\_\_\_

Name: Don Kootenay  
Title: President

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

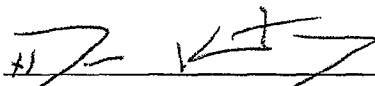
**ALVAREZ AND MARSAL CANADA INC.**  
solely in its capacity as court-appointed receiver  
and manager of Paragon Canada Alexis, ULC and  
Alexis/Paragon Limited Partnership

By: \_\_\_\_\_

Name: Tim Reid

Title: Managing Director

**ALEXIS HOTEL CORPORATION**

By:  \_\_\_\_\_

Name: Don Kootenay

Title: President

## **SCHEDULE 2.1(B)**

### **ASSUMED CONTRACTS**

1. Water Hauling Services Agreement between Whitecourt Transportation Inc. and Paragon Canada Alexis ULC as manager of Alexis Casino Limited Partnership dated February 20, 2014.
2. Fire Rescue Services Agreement between Town of Whitecourt and Alexis/Paragon Limited Partnership dated January 29, 2008, as amended by the Amending Agreement dated January 15, 2010.
3. Lease between Pitney Bowes and Eagle River Casino and Travel Plaza dated February 29, 2012.
4. Ricoh Lease Agreement for Photocopy Equipment between Marriott Hotels of Canada Ltd. and Ricoh Canada Inc. dated the February 7, 2012, solely in respect of any photocopiers leased by the Debtors and presently located at the premises of the Project.
5. Retail Facility Sales Agreement between Husky Oil Marketing Company, a Division of Husky Oil Limited and Alexis/Paragon Limited Partnership dated October 26, 2007.
6. Point of Sale System Agreement between Husky Oil Marketing Company, a Division of Husky Oil Limited and Alexis/Paragon Limited Partnership dated October 26, 2007.
7. Software Licensing Agreement between Tax Exempt Software Solutions and Eagle River Casino & Travel Plaza dated April 1, 2008.
8. Exempt Sale Retailer Agreement between Her Majesty the Queen, in Right of Alberta, The Minister of Finance and Alexis/Paragon Limited Partnership dated February 8, 2008.
9. Service Agreement between Ceridian Canada Ltd. and Alexis/Paragon Limited Partnership dated January 20, 2011.
10. Armoured Transportation Service Agreement between Brink's Canada Limited/Brinks Canada Limitée and Eagle River Casino dated June 1, 2011.
11. Exclusive Supply Agreement between The Pepsi Bottling Group (Canada), Co. and Paragon Gaming/The Eagle River Casino & Travel Plaza dated November 14, 2007.
12. Credit Application and Agreement between Alexis/Paragon Limited Partnership and Coca-Cola Refreshments Canada Company dated on September 29, 2011.
13. Maintenance Agreement for Security Management System between CONTAVA Inc. and Eagle River Casino & Travel Plaza dated October 28, 2011.

14. Central Station Monitoring Service Agreement between Edwards Part of GE Security Canada and Eagle River Casino dated January 16, 2008.
15. Merchant Application and Agreement between Alexis/Paragon Limited Partnership and Chase Paymentech dated December 13, 2007.
16. Cash Access Service Agreement between Paragon Canada Alexis, ULC and Global Cash Access (Canada) Inc. dated August 1, 2009.
17. Telus Customer Agreement with Alexis/Paragon Limited Partnership o/a Eagle River Casino dated November 13, 2007.
18. Retail Electric Services Agreement between TransAlta Energy Marketing Corp. and Paragon Canada Alexis, ULC o/a Eagle River Casino and Travel Plaza dated December 19, 2013.
19. Just Energy Natural Gas and Electricity Price Protection Programs Product Sheet with Alexis/Paragon Limited Partnership dated September 22, 2011.
20. Radio License from Industry Canada in the name of Eagle River Casino & Travel Plaza.
21. Whitecourt Golf & Country Club Power Cart Advertising Agreement with Eagle River Casino dated March 1, 2012.
22. Subscription Agreement between Smart Button Associates and Eagle River (The Paragon Gaming Company) dated December 7, 2007.
23. License & Lease Agreement between Shuffle Master Inc. and Eagle River Casino dated September 28, 2007.
24. ATM Purchase Agreement between Alexis/Paragon Limited Partnership and Cash N Go dated May 1, 2010.
25. Undated Enterprise Customer Agreement between Rogers Wireless and Eagle River Casino and Travel Plaza.
26. Name the Lounge Advertising Agreement between Whitecourt Golf and Country Club and Eagle River Casino and Travel Plaza signed May 19, 2012.

## **SCHEDULE 2.1(D)**

### **REAL PROPERTY LEASES**

1. Project Sublease by Alexis Land Management Corp. (as sub-landlord) in favour of Alexis/Paragon Limited Partnership (as sub-tenant).
2. Casino Facility Sublease by Alexis/Paragon Limited Partnership (as sub-landlord) in favour of Alexis Casino Limited Partnership (as sub-tenant).
3. Agreement regarding Access Road on Reserve between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated March 1, 2007.
4. Agreement regarding Access Road on Provincial Land; License of Occupation granted to Alexis/Paragon Limited Partnership by the Alberta Minister of Sustainable Resource Development, Issue Date: September 22, 2006.
5. Sewer Forcemain Permit between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated July 25, 2007.
6. Miscellaneous Lease No. MLL 070184 regarding a Highway Sign between Her Majesty the Queen, in Right of Alberta, represented by the Minister of Sustainable Resource Development (as Lessor) and Alexis/Paragon Limited Partnership (as Lessee) dated December 5, 2007.
7. Master Agreement for Consent to the Withdrawal of Lands from Millar Western Forest Products Ltd.'s Forest Management Agreement Area, between Millar Western Forest Products Ltd. and Alexis/Paragon Limited Partnership (as Applicant), dated March 7, 2007.
8. Master Crossing Agreement between Pembina Pipeline Corporation (as Grantor) and Alexis/Paragon Limited Partnership (as Grantee) dated June 23, 2006.
9. License Agreement between Owen Moore (as Licensor) and Alexis/Paragon Limited Partnership (as Licensee) dated May 16, 2013, for use of lands for the placement of an advertising tractor trailer unit.
10. License Agreement between Dean Hendrickson (as Licensor) and Alexis/Paragon Limited Partnership (as Licensee) dated January 3, 2014, for use of land for the placement of an advertising tractor trailer unit.
11. License Agreement between Richard Lean and Phyllis Lean (as Licensor) and Alexis/Paragon Limited Partnership (as Licensee) dated July 4, 2012, for use of land for the placement of an advertising tractor trailer unit.

## **SCHEDULE 2.2(A)**

### **EXCLUDED CONTRACTS**

1. Cooperation Agreement among the Alexis Nakota Sioux Nation, Alexis Land Management Corp. and Alexis/Paragon Limited Partnership.
2. Casino Management Agreement between Alexis Casino Limited Partnership and Paragon Canada Alexis, ULC.
3. Limited Partnership Agreement between Alexis Business Trust and Paragon Canada Alexis ULC in respect of Alexis/Paragon Limited Partnership.
4. Partnership Agreement between Paragon Canada Alexis, ULC and Tamarack Fund Alexis Limited Partnership in respect of Paragon Tamarack Alexis General Partnership.
5. Service Agreement between AlSCO Canada Corporation and Alexis/Paragon Limited Partnership dated June 4, 2011.
6. Agreement between ADDIS Janitorial Services Corp. and Alexis/Paragon Limited Partnership dated December 19, 2008.
7. Pattison Outdoor Advertising Space Contract between Pattison Outdoor Edmonton and Eagle River Casino & Travel Plaza dated September 27, 2010.

## SCHEDULE 2.3

### PERMITTED ENCUMBRANCES

#### A. Personal Property Registry Encumbrances:

	<u>Registration No.</u>	<u>Debtor</u>	<u>Secured Party</u>	<u>Collateral Description</u>
1.	07110807604	Paragon Canada Alexis, ULC	Husky Oil Marketing Company, A Div Of Husky Oil Li	<u>General Collateral:</u> One (1) two post mid sign Three (3) illum canopy fascia boxes c/w flex faces (340ft) One (1) illum food store sign box c/w flex face (3'x24') Storepoint (two lanes) Dispenser graphics One (1) MM695 exterior bulk merchandiser Two (2) MM686 exterior slimline merchandisers Eight (8) MU702 exterior garbage cans Six (6) MU707 3 in 1 full serve units Instructional signs Three (3) MS 503 Hurrican (sic) signs Eight (8) pump toppers Two (2) wallboard signs
2.	12022402233	Paragon Canada Alexis, ULC	Ge Vfs Canada Limited Partnership	<u>General Collateral:</u> All goods which are copiers together with all replacements and substitutions thereof and all parts, accessories, accessions and attachments thereto and all proceeds thereof, including all proceeds which are accounts, goods, chattel paper, securities, documents of title, instruments, money, intangibles, crops or insurance proceeds (reference lease no. 8720180-001)

3.	08061319181	Alexis Paragon Limited Partnership, Eagle River Casino	Cash 'N Go Ltd and Access Cash General Partnership	<u>General Collateral:</u> Location Terminal ID Model Serial# Additional Information: Eagle River 1 Front Entrance EMS81476 RL5000 LRL5318080021564 ATM Machine Eagle River 2 Rear Entrance EMS81477 RL5000 LRL5318080021598 ATM Machine Eagle River 3 Washroom EMS81478 RL5000 LRL5318080021547 ATM Machine Eagle River 4 Bar EMS81479 RL5000 LRL5318080021581 ATM Machine Eagle River 5 Poker Room EMS81480 RL5114 LRL5114051333049 ATM Machine Eagle River 6 Truck Stop EMS81481 RL5114 LRL5114071694505 ATM Machine
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**B. Other Encumbrances:**

1. Agreement regarding Access Road on Reserve between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated March 1, 2007, registered at Indian Land Registry System as Registration No. 350322.
2. Agreement regarding Access Road on Provincial Land; License of Occupation granted to Alexis/Paragon Limited Partnership by the Alberta Minister of Sustainable Resource Development, Issue Date: September 22, 2006, registered with Alberta Department of Sustainable Resources as Registration No. LOC061570.
3. Sewer Forcemain Permit between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated July 25, 2007, registered at Indian Land Registry System as Registration No. 350326.
4. Miscellaneous Lease No. MLL 070184 regarding a Highway Sign between Her Majesty the Queen, in Right of Alberta, represented by the Minister of Sustainable Resource Development (as Lessor) and Alexis/Paragon Limited Partnership (as Lessee) dated December 5, 2007, registered with Alberta Department of Sustainable Resources as Registration No. MLL070184.

## **SCHEDULE 2.4**

### **ASSUMED LIABILITIES**

1. Rents owing under Project Sublease by Alexis Land Management Corp. (as sub-landlord) in favour of Alexis/Paragon Limited Partnership (as sub-tenant). - \$5,000 (represents one quarterly payment; last payment was December, 2013)
2. Annual fee payable under the Agreement regarding Access Road on Reserve between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated March 1, 2007. - \$195 (annual payment is due prior to May 1<sup>st</sup>)
3. Annual rental payable under the Agreement regarding Access Road on Provincial Land; License of Occupation granted to Alexis/Paragon Limited Partnership by the Alberta Minister of Sustainable Resource Development, Issue Date: September 22, 2006. - \$0 (paid annually, last payment was October, 2013, next annual payment \$50)
4. Annual fee payable under the Sewer Forcemain Permit between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated July 25, 2007. - \$1,728 (annual payment due prior to July, but is typically paid in one check with road permit (#2))
5. Annual rental payable under the Miscellaneous Lease No. MLL 070184 regarding a Highway Sign between Her Majesty the Queen, in Right of Alberta, represented by the Minister of Sustainable Resource Development (as Lessor) and Alexis/Paragon Limited Partnership (as Lessee) dated December 5, 2007. - \$0 (paid annually, last payment was December, 2013, next annual payment \$779.30)
6. Compensation payable under the Master Agreement for Consent to the Withdrawal of Lands from Millar Western Forest Products Ltd.'s Forest Management Agreement Area, between Millar Western Forest Products Ltd. and Alexis/Paragon Limited Partnership (as Applicant), dated March 7, 2007. - \$0 (costs for technical work to update forest inventory levels).
7. Quarterly rental fee payable under License Agreement between Richard Lean and Phyllis Lean (as Licensor) and Alexis/Paragon Limited Partnership (as Licensee) dated July 4, 2012, for use of land for the placement of an advertising tractor trailer unit - \$3000 (required payment of \$1,000 per quarter)
8. All amounts owing under the Water Hauling Services Agreement between Whitecourt Transportation Inc. and Paragon Canada Alexis ULC as manager of Alexis Casino Limited Partnership dated February 20, 2014. -\$15,000 (one month budgeted amount)
9. Annual Retainer Fee payable under the Fire Rescue Services Agreement between Town of Whitecourt and Alexis/Paragon Limited Partnership dated January 29, 2008, as amended by Amending Agreement dated January 15, 2010. - \$62,500 (Town typically sends invoice in April. Town has previously accepted structured payments.)

10. Quarterly payments due under the Lease between Pitney Bowes and Eagle River Casino and Travel Plaza dated February 29, 2012 - \$310 (typical monthly cost)
11. Monthly lease payments due under the Ricoh Lease Agreement for Photocopy Equipment between Marriott Hotels of Canada Ltd. and Ricoh Canada Inc. dated the February 7, 2012, solely in respect of any photocopiers leased by the Debtors and presently located at the premises of the Project. - \$700 (typical monthly cost)
12. Technology fee payable under the Point of Sale System Agreement between Husky Oil Marketing Company, a Division of Husky Oil Limited and Alexis/Paragon Limited Partnership dated October 26, 2007. - \$580 (typical monthly cost)
13. Licence and Transaction fees payable under the Software Licensing Agreement between Tax Exempt Software Solutions and Eagle River Casino & Travel Plaza dated April 1, 2008. - \$650 (typical monthly cost)
14. Fees arising under the Service Agreement between Ceridian Canada Ltd. and Alexis/Paragon Limited Partnership dated January 20, 2011 - \$800 (typical monthly cost)
15. Invoices which become payable pursuant to the Armoured Transportation Service Agreement between Brink's Canada Limited/Brinks Canada Limitée and Eagle River Casino dated June 1, 2011. - \$3500 (typical monthly cost)
16. Invoices which become payable pursuant to the Exclusive Supply Agreement between The Pepsi Bottling Group (Canada), Co. and Paragon Gaming/The Eagle River Casino & Travel Plaza dated November 14, 2007. - \$5750 (typical monthly cost)
17. Invoices which become payable pursuant to the Credit Application and Agreement between Alexis/Paragon Limited Partnership and Coca-Cola Refreshments Canada Company dated on September 29, 2011. - \$1500 (typical monthly cost)
18. Annual Service Contract Cost payable monthly under the Maintenance Agreement for Security Management System between CONTAVA Inc. and Eagle River Casino & Travel Plaza dated October 28, 2011. - \$1850 (typical monthly cost)
19. Annual fee payable under the Central Station Monitoring Service Agreement between Edwards Part of GE Security Canada and Eagle River Casino dated January 16, 2008. - \$0 (annual fee was paid in February, 2014, next annual payment approximately \$567)
20. Fees which become payable under the Merchant Application and Agreement between Alexis/Paragon Limited Partnership and Chase Paymentech dated December 13, 2007. - \$1500 (typical monthly cost)
21. Invoices which become payable pursuant to the Cash Access Service Agreement between Paragon Canada Alexis, ULC and Global Cash Access (Canada) Inc. dated August 1, 2009. \$0 (standard fees are charged to the user)

22. Invoices which become payable pursuant to the Telus Customer Agreement with Alexis/Paragon Limited Partnership o/a Eagle River Casino dated November 13, 2007. \$7500 (typical monthly cost)
23. Invoices which become payable pursuant to the Retail Electric Services Agreement between TransAlta Energy Marketing Corp. and Paragon Canada Alexis, ULC o/a Eagle River Casino and Travel Plaza dated December 19, 2013. - \$22,000 (one month budgeted amount)
24. Invoices which become payable pursuant to the Just Energy Natural Gas and Electricity Price Protection Programs Product Sheet with Alexis/Paragon Limited Partnership dated September 22, 2011. - \$5000 (one month budget amount)
25. Invoices which become payable pursuant to the Radio License from Industry Canada in the name of Eagle River Casino & Travel Plaza. - \$0 (annual fee was paid in February, 2014 next annual payment approximately \$1442)
26. Service fees payable under the Subscription Agreement between Smart Button Associates and Eagle River (The Paragon Gaming Company) dated December 7, 2007. - \$11,000 (typical quarterly payment)
27. Monthly lease payments due under the License & Lease Agreement between Shuffle Master Inc. and Eagle River Casino dated September 28, 2007 - \$3500 (typical monthly cost)
28. Fees payable under the ATM Purchase Agreement between Alexis/Paragon Limited Partnership and Cash N Go dated May 1, 2010. - \$2,200 (typical monthly cost)

For greater certainty, unless otherwise expressly agreed to by the Purchaser (with the consent of the Vendor and Silver Point), the Assumed Liabilities listed on this Schedule 2.4 do not include any fees or penalties, pre-payment amounts or obligations of any kind whatsoever arising as a result of the bankruptcy, insolvency or receivership of the Debtors or any change of control or similar obligations arising in respect of the applicable Contract.

### SCHEDULE 3.3

#### PURCHASE PRICE ALLOCATION

<b>(a) all Intellectual Property owned or licensed by the Debtors;</b>	
Hotel - Site Specific Design Drawings	\$1,300,000
Husky Fuel Travel Plaza - Policies and Procedures, Brand Name	\$ 310,000
Timbers Grill - Policies and Procedures, Logo, Brand Name	\$ 75,000
Conference Room, Gift Shop, BOH - Policies and Procedures, Brand Name	\$ 50,000
	<b>\$1,735,000</b>
<b>(b) all Contracts, other than Excluded Contracts, to which any of the Debtors is a party, including those Contracts described in Schedule 2.1(b) (collectively, the "Assumed Contracts");</b>	
Husky Fuel Travel Plaza - Agreements with Husky Oil Ltd and other shared agreements	\$1,940,000
Timbers Grill - Shared agreements	\$ 640,000
Conference Room, Gift Shop, BOH - Shared agreements	\$ 890,000
	<b>\$3,470,000</b>
<b>(c) all Owned Real Property of the Debtors, together with all Buildings thereon;</b>	
Hotel - Foundations, Wall Panels, Fencing, Gravel Compacted Pad	\$1,100,000
Husky Fuel Travel Plaza - Building and Fuel Canopy	\$1,600,000
Timbers Grill - Building Area	\$2,060,000
Conference Room, Gift Shop, BOH - Building Area	\$2,230,000
	<b>\$6,990,000</b>

<b>(d) the rights of the Debtors in and to the Real Property Leases, together with all buildings, fixtures and other improvements thereon, including the Real Property Leases described in Schedule 2.1(d);</b>	
(1) Lease ALMC→APLP	
Hotel - Serviced Site, Hwy Access, Access Road, Paved Parking Area	\$3,210,000
Husky Fuel Travel Plaza - Serviced Site, Hwy Access, Frontage Road, Large Gravel Truck Parking Area	\$4,150,000
Timbers Grill - Serviced Site, Hwy Access, Access Road, Paved Parking Area	\$ 420,000
Conference Room, Gift Shop, BOH - Serviced Site, Hwy Access, Access Road, Paved Parking Area	\$ 590,000
	<b>\$8,370,000</b>
(2) Lease APLP→ACLP	\$1
	<b>\$1</b>
<b>(e) all Accounts Receivable;</b>	
Husky Travel Plaza - Misc Accounts Receivable, Alberta Indian Tax Exemption, GST	\$ 40,000
Conference Room, Gift Shop, BOH - Misc Accounts Receivable, GST	\$ 60,000
Accounts Receivable (ACLP and PCA)	\$1,000,000
	<b>\$1,100,000</b>
<b>(f) all Books and Records;</b>	

Hotel - Financial Projections, Feasibility Studies, Environmental Reports, Business Plan	\$ 510,000
Husky Fuel Travel Plaza - Customer and Vendor Lists, Inventory Data, Environmental Plans, Financial Data	\$ 200,000
Timbers Grill - Customer and Vendor Lists, Inventory Data, Environmental Plans, Financial Data	\$ 50,000
Conference Room, Gift Shop, BOH - Vendor Lists, Inventory Data, Financial Data	\$ 35,000
	<b>\$ 795,000</b>
<b>(g) all Software;</b>	
Husky Fuel Travel Plaza - Alberta Indian Tax Exemption System	\$ 35,000
	<b>\$ 35,000</b>
<b>(h) all Inventories;</b>	
Husky Fuel Travel Plaza - Fuel, Retail, Cigarette Inventory	\$ 170,000
Conference Room, Gift Shop, BOH - Retail Inventory	\$ 20,000
	<b>\$ 190,000</b>
<b>(i) all Governmental Authorizations of the Debtors;</b>	
Hotel - Issued Governmental Approvals for Development	\$1,300,000
Husky Fuel Travel Plaza - Issued Governmental Approvals	\$ 550,000
Timbers Grill - Issued Governmental Approvals	\$ 280,000
Conference Room, Gift Shop, BOH - Issued Governmental Approvals	\$ 390,000

	\$2,520,000
<b>(j) all tangible personal property owned or leased by the Debtors, including all Equipment, Office Equipment, Equipment Leases and Vehicles;</b>	
Husky Fuel Travel Plaza - Fuel Tanks, Pumps, Food and Beverage Equipment, Fixtures	\$ 480,000
Timbers Grill - Food and Beverage Equipment, Fixtures	\$ 610,000
Conference Room, Gift Shop, BOH - Vehicles, Fixtures, Equipment	\$ 200,000
	\$1,290,000
<b>(k) all Marketing Materials;</b>	
Hotel - PPM, Artistic Design Images	\$ 100,000
Husky Fuel Travel Plaza - Marketing Files, Promotional Material	\$ 45,000
Timbers Grill - Marketing Files, Promotional Material	\$ 20,000
Conference Room, Gift Shop, BOH - Marketing Files, Promotional Material	\$ 15,000
	\$ 180,000
<b>(l) all Claimed Amounts;</b>	\$ -
<b>(m) all Prepaid Items and advance payments including, without limitation, credits, charges and prepaid expenses of the Debtors;</b>	
Husky Fuel Travel Plaza - Prepaid Expenses	\$ 90,000
Timbers Grill - Prepaid Expenses	\$ 60,000
Conference Room, Gift Shop, BOH - Prepaid Expenses	\$ 150,000

	\$ 300,000
(n) all cash of the Debtors (other than any cash held in trust for third parties), including any security deposits and earned deposits placed with the Debtors for the performance of any Assumed Contract or other obligations of the Debtors that constitute a portion of the Purchased Assets; and	
Husky Fuel Travel Plaza - Cash in Accounts	\$ 50,000
Conference Room, Gift Shop, BOH - Cash in Accounts	\$ 110,000
Bank of Nova Scotia account number 12989-01538-18	\$1,970,000
	\$2,130,000
(o) the Business as a going concern, including the Goodwill.	
Hotel	\$ 450,000
Husky Fuel Travel Plaza	\$ 335,000
Timbers Grill	\$ 360,000
Conference Room, Gift Shop, BOH	\$ 250,000
Relationship with Alexis Nakota Sioux Nation	\$2,500,000
	\$3,895,000
Total	\$33,000,001

## **SCHEDULE 5.6**

### **CONSENTS AND APPROVALS**

Approval of Her Majesty the Queen in Right of Canada, where required, for the transfer, assignment, or termination of the rights of APLP under the Project Sublease or the Casino Facility Sublease.

**SCHEDULE 7.1**

**EMPLOYEES TO WHOM THE PURCHASER WILL MAKE AN OFFER OF  
EMPLOYMENT**

All Employees who continue to be employed with the Business on the Closing Date.

**EXHIBIT A**  
**APPROVAL AND VESTING ORDER**

See attached.

COURT FILE NUMBER 1403-01612

COURT COURT OF QUEEN'S BENCH OF ALBERTA IN  
BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE EDMONTON

PLAINTIFF SILVER POINT FINANCE, LLC

DEFENDANTS PARAGON CANADA ALEXIS, ULC; ALEXIS/PARAGON  
LIMITED PARTNERSHIP; and PARAGON TAMARACK  
ALEXIS GENERAL PARTNERSHIP

DOCUMENT **SALE APPROVAL AND VESTING ORDER**

ADDRESS FOR SERVICE AND CONTACT PARLEE MCLAWS LLP  
1500, 10180 – 101 Street  
INFORMATION OF PARTY Edmonton, Alberta, T5J 4K1  
FILING THIS DOCUMENT Phone: (780) 423-8532  
Fax: (780) 423-2870  
Attention: Jeremy H. Hockin, Q.C.  
File No: 73150.1/JHH

**DATE ON WHICH ORDER WAS PRONOUNCED: March 17, 2014**

**LOCATION WHERE ORDER PRONOUNCED: EDMONTON, ALBERTA**

**NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice D.R.G.  
Thomas**

UPON THE APPLICATION of Alvarez & Marsal Canada Inc., in its capacity as the court appointed receiver and manager (the “**Receiver**”) of the undertaking, property and assets of Paragon Canada Alexis, ULC (“**PCA**”) and Alexis / Paragon Limited Partnership (“**APLP**”), (PCA and APLP are collectively referred to as the “**Debtor**”); AND UPON HAVING READ the Receivership Order granted in the within proceedings on January 31, 2014, and amended on February 6, 2014 (collectively, the “**Receivership Order**”);

AND UPON HAVING READ the Application of the Receiver filed on • for an order approving the sale transaction (the “**Transaction**”) contemplated by an Asset Purchase Agreement (the “**Asset Purchase Agreement**”) between the Receiver and Alexis Hotel Corporation (the “**Purchaser**”) dated • and appended to the Report of the Receiver dated • (the “**Report**”), and

vesting in the Purchaser the Debtor's right, title and interest in and to Purchased Assets (as defined in the Asset Purchase Agreement) (the "**Purchased Assets**");

AND UPON HAVING READ the Affidavits of Service; AND UPON HEARING FROM Counsel for the Receiver, Counsel for the Purchaser, and Counsel for the Plaintiff Silver Point Finance, LLC (together with its affiliates and assigns, "**Silver Point**");

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Service of notice of the Application for this Order in the manner given, and upon the parties so served, is good and sufficient notice of this Application and time for service is abridged to that actually given.
2. The Transaction is hereby approved, and the execution of the Asset Purchase Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to enter into the Consent Agreement (as defined in the Asset Purchase Agreement). The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. Upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Asset Purchase Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:
  - (a) any encumbrances or charges created by the Receivership Order; and
  - (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry

system (the encumbrances, charges, security interests referred to in subparagraphs 3(a) and (b) are referred to as the "**Encumbrances**"); and

for greater certainty, all of the Claims and Encumbrances affecting or relating to the Purchased Assets shall, upon delivery of the Receiver's Certificate to the Purchaser, be expunged and discharged as against the Purchased Assets, provided that the Claims and Encumbrances do not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule B**, and provided further that the Purchased Assets shall be and shall remain encumbered with the New Security (as defined in the Asset Purchase Agreement) on closing of the Transaction (the "**Closing**").

4. The Receiver is hereby authorized and directed to make a distribution to Silver Point, concurrently with the Closing of the \$3.5 million cash portion of the Purchase Price (as such amount may be adjusted by up to a maximum of \$500,000.00 in accordance with section 3.1(b) of the Asset Purchase Agreement) to be paid to the Receiver by the Purchaser on Closing (the "**Closing Payment**").
5. On Closing, the assumption of the Assumed Debt (as defined in the Asset Purchase Agreement) by the Purchaser and the distribution to Silver Point of the proceeds of the Closing Payment shall reduce the obligations of PCA owing to Silver Point in respect of the Existing Debt (as defined in the Asset Purchase Agreement) by \$33 million (the "**Silver Point Partial Payment**"). From and after the completion of the Silver Point Partial Payment: (i) an amount equal to the Existing Debt owing immediately prior to Closing by PCA less the Silver Point Partial Payment shall remain as an outstanding claim of Silver Point against PCA to the full extent permitted by law; and (ii) the amounts owing to Silver Point pursuant to the guarantees executed by each of PAHI (as defined in the Asset Purchase Agreement), PTA (as defined in the Asset Purchase Agreement) and APLP as guarantors of the Existing Debt shall remain as outstanding claims of Silver Point against such entities to the full extent provided for pursuant to the terms of such guarantees and as permitted by law.
6. The Receiver shall file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

7. The allocation of the Purchase Price (as defined and set out in Schedule 3.3 of the Asset Purchase Agreement) among the Purchased Assets is hereby approved.
8. Paragraph 16 of the Receivership Order is amended by adding the words "in the Receiver's possession or control at the time a claim is made" at the conclusion of the first sentence thereof.
9. Pursuant to section 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, and section 20(e) of the Alberta *Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Asset Purchase Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
10. Notwithstanding the pendency of these proceedings, and the bankruptcy of the Debtor, the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on the trustee in bankruptcy of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
11. Immediately after the Closing, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or Silver Point.
12. The Receiver, the Purchaser, Silver Point and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

13. This Honourable Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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**JUSTICE IN CHAMBERS  
COURT OF QUEEN'S BENCH OF ALBERTA**

**Schedule A – Form of Receiver’s Certificate**

COURT FILE NUMBER	B103-823083, B103-823084, B103-823085, B103-82306, 1403-01612
COURT	COURT OF QUEEN’S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF PARAGON CANADA ALEXIS, ULC; ALEXIS/PARAGON LIMITED PARTNERSHIP; and PARAGON TAMARACK ALEXIS GENERAL PARTNERSHIP
PLAINTIFF	SILVER POINT FINANCE, LLC
DEFENDANT	PARAGON CANADA ALEXIS, ULC; ALEXIS/PARAGON LIMITED PARTNERSHIP; and PARAGON TAMARACK ALEXIS GENERAL PARTNERSHIP
DOCUMENT	<b>RECEIVER’S CERTIFICATE</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	PARLEE MCLAWS LLP 1500, 10180 – 101 Street Edmonton, Alberta, T5J 4K1 Phone: (780) 423-8532 Fax: (780) 423-2870 Attention: Jeremy H. Hockin, Q.C. File No: 73150.1/JHH

**RECITALS**

- A. Pursuant to an Order of the Honourable Justice D.R.G. Thomas of the Court of Queen’s Bench of Alberta (the “**Court**”) dated January 31, 2014, Alvarez & Marsal Canada Inc. was appointed as the receiver and manager (the “**Receiver**”) of the undertaking, property

and assets of, inter alios, Paragon Canada Alexis, ULC and Alexis / Paragon Limited Partnership (collectively referred to as the “**Debtor**”);

- B. Pursuant to an Order of the Court dated ●, the Court approved the Asset Purchase Agreement made as of March 10, 2014 (the “**Asset Purchase Agreement**”) between the Receiver as Vendor and Alexis Hotel Corporation (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Closing Payment and the assumption of the Assumed Debt by the Purchaser in consideration for the Purchased Assets; (ii) that the conditions to Closing as set out in the Asset Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver;
- C. On March 10, 2014, the Purchaser, the Vendor and Silver Point Finance, LLC and SPCP Group, LLC (collectively, “**Silver Point**”) executed a Consent Agreement (the “**Consent Agreement**”) pursuant to which the parties to the Consent Agreement agreed that (i) they shall not undertake or complete the transactions described in the Asset Purchase Agreement and (ii) the closing of the transactions described in the Asset Purchase Agreement shall not occur, unless and until Silver Point has executed and delivered a consent form to the Receiver confirming that that the conditions precedent in Article III of the Consent Agreement have been satisfied or waived by Silver Point (the “**Silver Point Consent**”).
- D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Asset Purchase Agreement.

**THE RECEIVER CERTIFIES** the following:

- 1. The Purchaser has paid and the Receiver has received the Closing Payment and the Purchaser has assumed the Assumed Debt in consideration for the Purchased Assets pursuant to the Asset Purchase Agreement;

2. The conditions to Closing as set out in the Asset Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. Silver Point has executed and delivered the Silver Point Consent to the Receiver.
5. This Certificate was delivered by the Receiver at • a.m. / p.m. on •.

**Alvarez & Marsal Canada Inc., in its capacity  
as Receiver of the undertaking, property and  
assets of Paragon Canada Alexis, ULC and  
Alexis / Paragon Limited Partnership and not  
in its personal capacity**

Per: \_\_\_\_\_

Name: Tim Reid

Title: Senior Vice President

**Schedule B – Permitted Encumbrances**

**A. Personal Property Registry Encumbrances:**

	<b><u>Registration No.</u></b>	<b><u>Debtor</u></b>	<b><u>Secured Party</u></b>	<b><u>Collateral Description</u></b>
1.	07110807604	Paragon Canada Alexis, ULC	Husky Oil Marketing Company, A Div Of Husky Oil Li	<u>General Collateral:</u> One (1) two post mid sign Three (3) illum canopy fascia boxes c/w flex faces (340ft) One (1) illum food store sign box c/w flex face (3'x24') Storepoint (two lanes) Dispenser graphics One (1) MM695 exterior bulk merchandiser Two (2) MM686 exterior slimline merchandisers Eight (8) MU702 exterior garbage cans Six (6) MU707 3 in 1 full serve units Instructional signs Three (3) MS 503 Hurrican (sic) signs Eight (8) pump toppers Two (2) wallboard signs
2.	12022402233	Paragon Canada Alexis, ULC	Ge Vfs Canada Limited Partnership	<u>General Collateral:</u> All goods which are copiers together with all replacements and substitutions thereof and all parts, accessories, accessions and attachments thereto and all proceeds thereof, including all proceeds which are accounts, goods, chattel paper, securities, documents of title, instruments, money, intangibles, crops or insurance proceeds (reference lease no. 8720180-001)

3.	08061319181	Alexis Paragon Limited Partnership, Eagle River Casino	Cash N Go Ltd and Access Cash General Partnership	<u>General Collateral:</u> Location Terminal ID Model Serial# Additional Information: Eagle River 1 Front Entrance EMS81476 RL5000 LRL5318080021564 ATM Machine Eagle River 2 Rear Entrance EMS81477 RL5000 LRL5318080021598 ATM Machine Eagle River 3 Washroom EMS81478 RL5000 LRL5318080021547 ATM Machine Eagle River 4 Bar EMS81479 RL5000 LRL5318080021581 ATM Machine Eagle River 5 Poker Room EMS81480 RL5114 LRL5114051333049 ATM Machine Eagle River 6 Truck Stop EMS81481 RL5114 LRL5114071694505 ATM Machine
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**B. Other Encumbrances:**

1. Agreement regarding Access Road on Reserve between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated March 1, 2007, registered at Indian Land Registry System as Registration No. 350322.
2. Agreement regarding Access Road on Provincial Land; License of Occupation granted to Alexis/Paragon Limited Partnership by the Alberta Minister of Sustainable Resource Development, Issue Date: September 22, 2006, registered with Alberta Department of Sustainable Resources as Registration No. LOC061570.
3. Sewer Forcemain Permit between Her Majesty the Queen, in Right of Canada and Alexis/Paragon Limited Partnership (as Permittee) dated July 25, 2007, registered at Indian Land Registry System as Registration No. 350326.
4. Miscellaneous Lease No. MLL 070184 regarding a Highway Sign between Her Majesty the Queen, in Right of Alberta, represented by the Minister of Sustainable Resource Development (as Lessor) and Alexis/Paragon Limited Partnership (as Lessee) dated December 5, 2007, registered with Alberta Department of Sustainable Resources as Registration No. MLL070184.

# APPENDIX

## C

## Estimated Fair Market Value of the Eagle River Group

Prepared by the Receiver in support of its recommendation to proceed with the Proposed Transaction

### Introduction

This analysis summarizes the Receiver's approach to estimating the fair market value of the Eagle River Group business and assets being purchased by Alexis Hotel Corp. ("AHC").

The estimate of value is being determined on an en bloc going concern basis using valuation principles established for that purpose. The estimate of value includes the business and operations of APLP and PCA, to the extent of its interest in ACLP through the Casino Management Agreement. In preparing this analysis, the Receiver has not considered any allocation of value to individual assets, other than assets surplus to the operations.

### Estimated Fair Market Value

The assets, undertaking and business are being sold on a going concern basis and therefore the valuation has been prepared using an earnings based methodology.

The Receiver has used a number of commonly used approaches to valuation as follows:

- Valuation of comparable M&A transactions;
- Valuations of comparable listed companies; and
- Asset based valuation given the nature of the transaction.

The Receiver reviewed comparable transactions of gas stations and travel plazas but there are very few disclosed M&A transactions involving gas stations and there is no public data available upon which to calculate valuation benchmarks based on EBITDA or revenues. There are also very few comparable transactions involving the sale of casinos of the size of the Eagle River Group and there is no public data available on these transactions.

There are also no directly comparable listed companies to the Eagle River Group as most of the casino companies are either much larger single site casinos or have multiples casinos in their portfolio. We have reviewed broker reports on small listed regional casino groups with operations in Canada and have used these estimates, with appropriate discounts, to arrive at fair market value of the Eagle River Group.

The final methodology we have considered is an asset based valuation. There are no appraisals of the casino and travel plaza property since construction was completed in 2007 and the Receiver did not believe it warranted to obtain an appraisal as there would be few comparables for a direct comparison appraisal and we have prepared our own income estimate of value. We have estimated the cost based

valuation based on the net book value of the buildings, leasehold improvements and other fixtures, fittings and equipment.

The Receiver is of the view that the most applicable valuation methodologies are the EBITDA multiple and the cost based methods.

EBITDA Multiple Valuation Methodology

A summary of the EBITDA estimates and multiples used as follows:

	EBITDA	EV/EBITDA multiple used		
Year	\$ million	4.5X	5.0x	6.0X
2013E	3.3	\$14.85m	\$16.5m	\$21.8m
2014F	4.4	\$19.6m	\$21.8m	\$26.2m

The EBITDA includes the combined operations of PCA, APLP and ACLP and include the FNDF proceeds received or receivable in any given year. The fiscal 2013 EBITDA for the year ended December 31 is estimated based on internal financial statements. The fiscal 2014 EBITDA is forecast based on internally prepared management budgets.

The EV/EBITDA multiples applied above are based on listed company comparable data but have been reduced by 25% to reflect the lack of liquidity associated with an investment in a private company such as the Eagle River Group.

These estimates suggest an enterprise value range of \$15.0 million to \$26.0 million with a midpoint based on a 5 times multiple of between \$16.5 and \$22.0 million.

In addition, at February 28, 2014 the Eagle River Group has surplus assets with an estimated value of \$14.5 million including:

1. cash and FNDF grant proceeds receivable of approximately \$7.0 million; and
2. various intellectual property and a completed foundation/pad for the construction of a hotel with an estimated fair market value of \$7.5 million

The total estimated fair market value on an EBITDA multiple basis is therefore in the range of \$29.5 to \$40.5 million, with a midpoint of between \$31.0 and \$36.5 million.

### *Depreciated Cost Based Valuation Methodology*

The assets included in the APA include both current assets and capital assets . Based on the most recent unaudited internal financial statements available, the net book value of the assets of the Eagle River Group as at October 31, 2013 are:

Cash and FNDF Grants Receivable	\$7.0 million
Capital Assets	<u>\$23.0 million</u>
Total Assets	<u>\$30.0 million</u>

We have assumed the depreciated cost represents replacement cost in respect of the capital assets. Therefore, on a depreciated cost basis the estimated fair market value is in the range of \$30.0 million.

### **Conclusion**

Based on the above analysis, the Receiver estimates that the fair market value of the Eagle River Group is in the range of \$30.0 to \$35.0 million.

The purchase price agreed to is \$33.0 million and the amount of the indebtedness outstanding to Silverpoint as at January 31, 2014 was \$82.9 million.

Consequently, the Receiver supports the sale to AHC.

### **Scope Limitation**

In preparing the within analysis the Receiver has relied primarily upon the representations of management and employees of the Eagle River Group as well as unaudited financial information contained in the Eagle River Group's books and records. The Receiver has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

This estimate of fair market value has been prepared solely for the purposes set out in this report and should not be used or relied upon for any other purposes.

# APPENDIX

## D

## **CONSENT AGREEMENT**

**THIS AGREEMENT** made as of the 10<sup>th</sup> day of March, 2014.

**BETWEEN:**

**ALVAREZ & MARSAL CANADA INC.,**

solely in its capacity as court-appointed receiver and manager of Paragon Canada Alexis, ULC and Alexis/Paragon Limited Partnership  
(the “Vendor”)

- and -

**ALEXIS HOTEL CORPORATION**

(the “Purchaser”)

- and -

**SILVER POINT FINANCE, LLC**

- and -

**SPCP GROUP, LLC**

(collectively with Silver Point Finance, LLC, “Silver Point”)

**WHEREAS** the Vendor and the Purchaser have entered into an Asset Purchase Agreement (the “APA”) as of the date hereof, pursuant to which the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the right, title and interest in and to the Purchased Assets (as such term is defined in the APA) on the terms and conditions of the APA;

**AND WHEREAS** the obligation of the Vendor to sell the Purchased Assets and to transfer the Assumed Liabilities (as such term is defined in the APA), the obligation of the Purchaser to purchase the Purchased Assets and assume the Assumed Liabilities, the occurrence of the Closing (as hereinafter defined) and the completion of the transactions contemplated in the APA are subject to the fulfillment, performance and satisfaction of, or compliance with certain conditions precedent, including, without limitation, the delivery of the Silver Point Consent (as defined in this Consent Agreement);

**AND WHEREAS** the parties to this Consent Agreement (each a “Consent Party” and collectively, the “Consent Parties”) wish to establish certain conditions precedent to the completion of the transactions described in the APA that are in favour of Silver Point.

**NOW THEREFORE** in consideration of the covenants, conditions, agreements, representations, warranties and promises contained in this Consent Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Consent Parties, the Consent Parties hereby agree as follows:

## **INTERPRETATION**

### **Definitions**

Capitalized terms used but not otherwise defined in this Consent Agreement have the meanings ascribed thereto in the APA, provided that if the definition of any such terms are deleted, amended or modified in the APA, the deletion, modification or amendment thereof shall have no effect on the meaning of such defined terms for purposes of this Consent Agreement unless such deletion, modification or amendment has been agreed to in writing by each of the Consent Parties.

## **SILVER POINT CONSENT**

### **Delivery of Consent by Silver Point**

Upon the satisfaction of each of the conditions precedent in favour of Silver Point set out in 0 below (or the waiver thereof by Silver Point), Silver Point shall execute and deliver to the Vendor a certificate (the "**Silver Point Consent**") in the form attached as Exhibit A to this Consent Agreement.

### **Silver Point Consent Required to Undertake Transactions**

Each of the Consent Parties agrees that (i) it shall not undertake or complete the transactions described in the APA and (ii) the Closing of the transactions referred to in the APA shall not occur, unless and until Silver Point has executed and delivered the Silver Point Consent to the Vendor.

## **CONDITIONS OF CLOSING IN FAVOUR OF SILVER POINT**

### **Conditions of Closing**

The transactions contemplated by the APA and the Closing are subject to the satisfaction, on or prior to the Closing Date, of each of the conditions precedent set forth in this 0 or the waiver thereof by Silver Point in an instrument in writing executed by Silver Point:

- (a) Silver Point and the Alexis Entities shall have completed, executed and delivered the Debt Purchase Agreement on terms acceptable to Silver Point, and the Alexis Entities shall have paid, on or prior to Closing, \$1 million in cash to Silver Point as consideration for the purchase by the Alexis Entities, on a joint and several basis, of \$2 million (face value) of the Existing Debt;
- (b) each of the Vendor and the Purchaser shall have confirmed to Silver Point in writing that, subject to the delivery of the Silver Point Consent as contemplated in this Consent Agreement, all of the conditions precedent to the transactions in the APA have been satisfied (or waived by the applicable beneficiaries of such conditions, if applicable), and

the Purchaser shall have confirmed to Silver Point in writing that all of the conditions precedent to the New Senior Secured Credit Agreement, the New Security and the other Definitive Documentation in favour of the Purchaser and its applicable Affiliates have been satisfied (or waived by the applicable beneficiaries of such conditions, if applicable);

- (c) arrangements satisfactory to Silver Point shall have been entered into to provide for the irrevocable distribution by the Vendor to Silver Point on Closing of the \$3.5 million cash portion of the Purchase Price (as such amount may be adjusted by up to a maximum of \$500,000 in accordance with section 3.1(b) of the APA) in partial reduction of the Existing Debt owed by PCA; and
- (d) (i) The Purchaser, the Purchaser's applicable Affiliates and Silver Point shall have completed, executed and delivered the New Senior Secured Credit Agreement, the New Security and the other Definitive Documentation on terms acceptable to Silver Point, (ii) all conditions precedent to the New Senior Secured Loan, the New Security and the other Definitive Documentation in favour of Silver Point shall have been satisfied (or waived by Silver Point in its sole discretion pursuant to an instrument in writing executed by Silver Point), (iii) the New Senior Secured Credit Agreement, the New Security and the other Definitive Documentation shall be effective, binding and enforceable upon Closing to the satisfaction of Silver Point.

### **THIRD PARTY BENEFICIARY**

#### **Third Party Beneficiary**

The Vendor and the Purchaser hereby acknowledge to Silver Point and agree that Silver Point is a third party beneficiary of the provisions of the APA that provide it with rights (including consent and approval rights), and such rights shall enure to the benefit of and shall be enforceable by Silver Point, its successors and assigns.

### **GENERAL**

#### **Waiver**

Except as otherwise expressly set out herein, no waiver of any provision of this Consent Agreement shall be binding unless it is in writing. No indulgence, forbearance or other accommodation by a Consent Party shall constitute a waiver of such Consent Party's right to insist on performance in full and in a timely manner of all covenants in this Consent Agreement or in any document delivered pursuant to this Consent Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Consent Agreement at any time.

### **Severability**

If any provision of this Consent Agreement or portion thereof or the application thereof to any Consent Party or circumstance shall to any extent be illegal, invalid or unenforceable: (a) the remainder of this Consent Agreement or the application of such provision or portion thereof to any other Consent Party or circumstance shall not be affected thereby; and (b) the Consent Parties will negotiate in good faith to amend this Consent Agreement to implement the intentions set forth in this Consent Agreement. Each provision of this Consent Agreement shall be legal, valid and enforceable to the fullest extent permitted by law.

### **Further Assurances**

The Consent Parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Consent Agreement, and each Consent Party shall provide such further documents or instruments required by any other Consent Party as may be reasonably necessary or desirable to effect the purpose of this Consent Agreement and carry out its provisions.

### **Currency**

All references to currency in this Consent Agreement, unless expressly stated otherwise, are references to the lawful currency of Canada.

### **Applicable Law**

This Consent Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated, in all respects, as an Alberta contract.

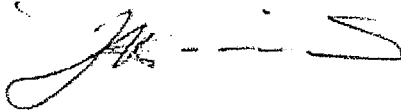
### **Counterparts**

This Consent Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

**[SIGNATURE PAGES TO IMMEDIATELY FOLLOW]**

**IN WITNESS WHEREOF** the Parties have duly executed this Agreement as of the date first written above.

**ALVAREZ AND MARSAL CANADA INC.**  
solely in its capacity as court-appointed receiver  
and manager of Paragon Canada Alexis, ULC, and  
Alexis/Paragon Limited Partnership



By: \_\_\_\_\_  
Name: Tim Reid  
Title: Senior Vice President

**ALEXIS HOTEL CORPORATION**

By: \_\_\_\_\_  
Name: Don Kootenay  
Title: President

**SILVER POINT FINANCE, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**SPCP GROUP, LLC**

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

**ALVAREZ AND MARSAL CANADA INC.**  
solely in its capacity as court-appointed receiver  
and manager of Paragon Canada Alexis, ULC, and  
Alexis/Paragon Limited Partnership

By: \_\_\_\_\_  
Name: Tim Reid  
Title: Senior Vice President

**ALEXIS HOTEL CORPORATION**

By:  \_\_\_\_\_  
Name: Don Kootenay  
Title: President

**SILVER POINT FINANCE, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**SPCP GROUP, LLC**

By: \_\_\_\_\_  
Name:  
Title:

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By: \_\_\_\_\_  
Name: Tim Reid  
Title: Senior Vice President

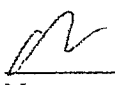
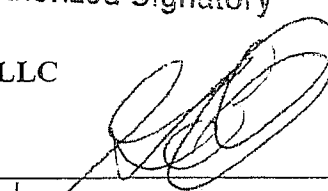
**ALEXIS HOTEL CORPORATION**

By: \_\_\_\_\_  
Name: Don Kootenay  
Title: President

**SILVER POINT FINANCE, LLC**

By:  \_\_\_\_\_  
Name: Michael A. Gatto  
Title: Authorized Signatory

**SPCP GROUP, LLC**

By:   \_\_\_\_\_  
Name: Michael A. Gatto  
Title: Authorized Signatory



## **EXHIBIT A**

### **SILVER POINT CONSENT**

**WHEREAS** Silver Point Finance, LLC and SPCP Group LLC (collectively, "**Silver Point**") are parties to the Consent Agreement dated March 10, 2014 (the "**Consent Agreement**") among and between Alvarez and Marsal Canada Inc., solely in its capacity as court-appointed receiver and manager of Paragon Canada Alexis, ULC and Alexis/Paragon Limited Partnership (the "**Vendor**"), Alexis Hotel Corporation (the "**Purchaser**") and Silver Point;

**AND WHEREAS** pursuant to Section 0 of the Consent Agreement, the Vendor, the Purchaser and Silver Point agreed that the transactions contemplated in the APA shall not be undertaken or completed and the Closing (as defined in the APA) shall not occur unless and until Silver Point has executed and delivered this Silver Point Consent to the Vendor.

**NOW THEREFORE**, Silver Point hereby delivers the Silver Point Consent to the Vendor and confirms that each of the conditions precedent in Silver Point's favour contained in 0 of the Consent Agreement has been satisfied or waived by Silver Point.

**SILVER POINT FINANCE, LLC**

By: \_\_\_\_\_

Name:

Title: