

COURT FILE NUMBER

1403 10990

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

ROYAL BANK OF CANADA

DEFENDANTS

SPRAGUE-ROSSER CONTRACTING CO. LTD.,
SPRAGUE-ROSSER DEVELOPMENTS INC.,
PACIFIC FEDERATION EQUITY GROUP INC.,
JEFFERY JESSAMINE, DANIEL EDWARDS and
MATTHEW MACKAY

DOCUMENT

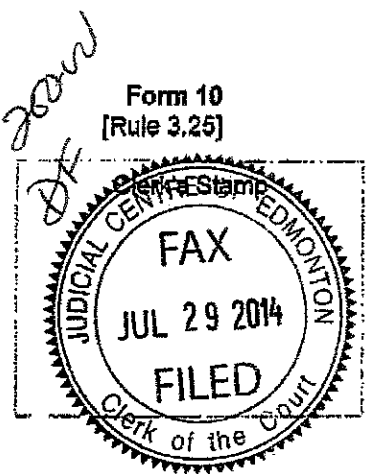
STATEMENT OF CLAIM

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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File No. 01100375-0590



NOTICE TO DEFENDANT(S):

You are being sued. You are a Defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

I. PARTIES

1. The Plaintiff, Royal Bank of Canada ("**Royal Bank**" or the "**Bank**"), is a Canadian chartered bank with offices throughout Alberta including branch offices in the City of Calgary, in the Province of Alberta.
2. The Defendant, Sprague-Rosser Contracting Co. Ltd. ("**Contracting**" or the "**Borrower**"), is a corporation duly registered to carry on business in the Province of Alberta.
3. The Defendants, Sprague-Rosser Developments Inc. ("**Developments**") and Pacific Federation Equity Group Inc. ("**Pacific**"), are each corporations duly registered to carry on business in the Province of Alberta.
4. The Defendants Jeffery Jessamine ("**Jessamine**"), David Edwards ("**Edwards**") and Matthew Mackay ("**Mackay**") are each individuals resident in or near the City of Edmonton, in the Province of Alberta.

5. Collectively, Developments and Pacific are referred to as the "**Corporate Guarantors**".
6. Collectively, Jessamine, Edwards and Mackay are referred to as the "**Individual Guarantors**".
7. Collectively, the Corporate Guarantors and the Individual Guarantors are referred to as the "**Guarantors**".

II. LOAN INDEBTEDNESS

8. Royal Bank, as lender, provided various loans to the Borrower through a series of loan agreements including through an Offering Letter from the Bank to the Borrower dated April 25, 2013, as amended by Amending Agreements dated May 14, 2014, June 11, 2014, June 27, 2014 and July 7, 2014 and as may be and were further amended, restated and/or supplemented from time to time (collectively, the "**Loan Agreements**"). Under the terms of the Loan Agreements, the Bank agreed to provide the Borrower with various credit facilities all on the terms set out in the Loan Agreements and all related and amending documents (the "**Credit Facilities**").
9. In accordance with the terms of the Loan Agreements, the Bank advanced various loans to Contracting from time to time.
10. Contracting agreed to repay the principal and interest advanced from time to time by the Bank at such times and on such terms with such interest and costs as set out under the terms of the Loan Agreements and related Security (as that term is defined below).
11. As at July 18, 2014, the total indebtedness owing by the Borrower to the Bank under the Loan Agreements and Credit Facilities was approximately \$20,000,000.00 in principal, plus interest, associated costs, fees and disbursements with additional interest and other charges accrued and accruing thereon at the rates and on the terms established by the Loan Agreements (the "**Indebtedness**").
12. Contracting failed to make punctual payments in accordance with the terms of the Loan Agreements and, accordingly, for this and for other reasons, Contracting is in default of the Loan Agreements.

III. GRANTING OF SECURITY

13. As security for amounts advanced pursuant to the Loan Agreements, Contracting granted various security to the Bank, including the following, as amended, supplemented and/or restated from time to time:
 - (a) a General Security Agreement;
 - (b) certain Real Property Mortgages; and
 - (c) further and other security(collectively, the "**Security**").
14. It is an express term of the Loan Agreements and the Security that the Indebtedness owing to the Bank was repayable on demand or upon the occurrence of a default by the Borrower.
15. By the terms of the Loan Agreements and the Security, in the event of a default by the Borrower in the payment to the Bank of any of the monies secured thereby, the Bank is entitled to exercise various remedies, one of which is the appointment of a receiver and manager.

IV. THE GUARANTEES

16. The Corporate Guarantors have each provided to the Bank unlimited guarantees in support of the Borrower's debt to the Bank.
17. The Corporate Guarantors have each provided General Security Agreements in support of their obligations to the Bank providing security over all of their assets and providing for various remedies, one of which is the appointment of a Receiver and Manager over the Corporate Guarantors.
18. The Individual Guarantors have each provided to the Bank limited guarantees in support of the Borrower's debt to the Bank in the following limited amounts:

Individual Guarantor	Limited Amount of Guarantee
Jessamine	\$5,100,000.
Jessamine	\$ 595,000.
Edwards	\$1,190,000.
Mackay	\$1,615,000.

19. The Bank states that the guarantees provided by the Corporate Guarantors and Individual Guarantors are valid and enforceable.

V. DEMAND FOR REPAYMENT

20. The Borrower has failed to make punctual payments in accordance with the terms of the Loan Agreements and, for this and for other reasons, the Borrower is in default of the Loan Agreements and Security.
21. On July 18, 2014, the Bank through its legal counsel delivered to the Borrower and each of the Guarantors a demand (the "**Demands**") and Notice of Intention to Enforce Security (the "**Notices**") pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**").
22. Since issuing the Demands and Notices under the BIA, no payout nor payment has been received by the Bank on account of the Indebtedness owing by the Borrower, as guaranteed by the Guarantors.

VI. PROCEDURAL ISSUES

23. The Bank's claim raises no triable issues and any defence would be without merit. Accordingly, no trial will be necessary and in the event a defence is provided the Bank will request an order for summary judgment.
24. In the event that a trial is ordered necessary, Royal Bank proposes that the trial of this action be held at the Law Courts Building, in the City of Edmonton, in the Province of Alberta.

VII. REMEDY SOUGHT

25. The Bank seeks the following remedies against the Defendants:
 - (a) a declaration that the Borrower, Contracting, is in default of the Loan Agreements, the Security, and its payment of the Indebtedness to the Bank;

- (b) a declaration that the guarantees described herein are valid and enforceable;
- (c) a declaration as to the amounts owing to the Bank by Contracting and the Guarantors and judgment in the amount found to be owing;
- (d) a declaration that the Security held by the Bank as against Contracting and the Corporate Guarantors has become enforceable and that the Security constitutes valid and enforceable security in accordance with the terms thereof;
- (e) an order for the appointment of a receiver and manager or, alternatively, the appointment of a receiver over all of the assets, undertakings and property of the Borrower and the Corporate Guarantors or such assets, undertakings and/or property as the Bank may direct and deem appropriate from time to time;
- (f) interest in accordance with the terms of the Loan Agreements and the Security, or, alternatively, pursuant to the provisions of the *Judgment Interest Act*, RSA 2000, c J-8;
- (g) costs on a solicitor and his own client basis in accordance with the terms of the Loan Agreements, the Security and the Guarantees, or, alternately, costs; and
- (h) such further and other relief as this Honourable Court may deem just and appropriate.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.