



This is Affidavit #1
of Resja Campfens in this case
and was made on January 25, 2017

Bankruptcy Division
Vancouver Registry
Court No. B-170055
Estate Nos. 11-2203806, 11-2203807

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF
SEA BREEZE POWER CORP. AND SEA BREEZE ENERGY INC.**

AFFIDAVIT

I, Resja Campfens, of 3023 - 595 Burrard Street, Vancouver, British Columbia,
businesswoman SWEAR THAT:

1. I am the President and Chief Executive Officer of Sea Breeze Power Corp. ("**Power Corp.**") and its wholly owned subsidiary Sea Breeze Energy Inc. ("**Energy Inc.**") (together, the "**Companies**") and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true.
2. I am authorized to make this Affidavit on behalf of the Companies.
3. I have reviewed the amended proposal of the Companies dated January 18, 2017 (as amended, the "**Proposal**") and I am familiar with the terms of the Proposal. Capitalized terms used herein and not otherwise defined have the same meanings given to them in the Proposal.
4. As detailed in the Trustee's Report on the Proposal dated January 6, 2017 (the "**Trustee Report**"), which I have reviewed, the Companies are engaged in the development of hydro-electric, wind power generation and transmission projects in the province of British Columbia. While the potential value of certain projects is significant, all projects are currently in the development stage and do not generate sufficient revenue to allow the Companies to fund their

ongoing operations. As a result, the Companies have historically operated at a loss and have relied on equity financing and secured loans from shareholders and/or the directors (the “**Directors**”) of Power Corp., or entities related to the Directors, to fund their operations.

5. For the reasons detailed in the Trustee Report, by the end of 2016 the Companies were unable to meet their obligations as they came due and on December 30, 2016, the Companies, with the support of the Secured Creditor Sponsors, commenced proposal proceedings under the BIA .

6. The primary objectives of the Companies in undertaking a restructuring under the BIA are to maximize creditor recoveries through an orderly liquidation of the Companies’ assets, including through a transaction with the Secured Creditor Sponsors and the realization of the Residual Assets, and allow the Companies’ important development work to continue. For the last several months, the Companies have worked diligently with their advisors, the Trustee and the Secured Creditor Sponsors and their advisors to develop the Proposal and negotiate the Purchase and Sale Agreement in order to meet those objectives.

7. The material terms of the Purchase and Sale Agreement, including the Purchase Price and the assets to be transferred under the agreement, have been agreed to by the Companies and the Secured Creditor Sponsors. Although the Purchase and Sale Agreement has not been executed as at the date of this Affidavit, the Companies have no reason to believe the material terms will change in any way.

8. Prior to the completion of the transactions contemplated by the Purchase and Sale Agreement, Power Corp. intends to amalgamate with two of its wholly owned subsidiaries (the “**Amalgamating Subsidiaries**”) that own certain key development projects. Historically, Power Corp. has funded these projects by paying expenditures on behalf of the Amalgamating Subsidiaries and Power Corp. The Companies have been advised by their tax advisor that there are advantages to amalgamating Power Corp. and the Amalgamating Subsidiaries prior to completion of the Purchase and Sale Agreement so the projects and expenditures are held by the same corporation before the transaction is initiated.

9. The Companies have reviewed the books and records of the Amalgamating Subsidiaries and other members of the Sea Breeze corporate group. Based on this review, the Companies are not aware of any existing claims against the Amalgamating Subsidiaries. For that reason, I believe that the amalgamation of these companies with Power Corp. will not affect the Proposal or the anticipated creditor recoveries thereunder.

10. Attached hereto as **Exhibit A** is a copy of the Director's resolution passed by the Directors of Power Corp. on January 24, 2017, approving the amalgamation.

11. The Companies continue to work diligently with their advisors and the Secured Creditor Sponsors to finalize the Purchase and Sale Agreement so that the Companies can seek Court approval of it at the same time as the Trustee seeks approval of the Proposal. If the Court approves both the Proposal and the Purchase and Sale Agreement, the Companies intend to complete the Purchase and Sale Transactions as soon as practicable in order to effect the implementation of the Proposal and the sale of the Residual Assets in a timely manner.


12. The Secured Creditor Sponsors have agreed to fund the restructuring process through to the implementation of the Proposal, but have recently expressed reservations to the Companies about funding in advance the process relating to the realization of the Residual Assets, which process will involve the participation of the Trustee and the Companies' legal counsel, Fasken Martineau DuMoulin, LLP ("**FMD**"). The Companies have been advised by the Trustee and FMD that they are prepared to perform their obligations and assist the Companies in carrying out the transaction(s) necessary to realize on the Residual Assets without advance funding from the Secured Creditor Sponsors, provided they have reasonable security for the payment of their respective fees and costs.

13. Accordingly, to provide security for the fees and costs of the Trustee and FMD arising in relation to the realization of the Residual Assets, the Companies understand that the Trustee intends to apply for a charge in the maximum amount of \$150,000 (the "**Administration Charge**") over the Residual Assets, with such charge to rank in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, including the Proposal Beneficiaries.

14. I have been advised by the Secured Creditor Sponsors that they support the granting of the Administration Charge as proposed and that they agree the amount of the charge is reasonable security in the circumstances. The Companies also support granting the Administration Charge on the terms being proposed. The successful implementation of the Proposal requires the ongoing participation of the Trustee and FMD to assist in the sale of the Residual Assets. It is unreasonable to expect the Trustee and FMD to participate in implementing the Proposal and working to realize on the Residual Assets unless they are provided with reasonable security for the payment of the fees and costs they incur in doing so.

SWORN BEFORE ME at Vancouver,)
British Columbia, on January 25, 2017)
)
)
)
)
)

A Commissioner for taking Affidavits for)
British Columbia)



RESJA CAMPFENS

DANIELLE R. TOIGO
Barrister & Solicitor
Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3
604 631 4783

This is Exhibit "A" referred to in the
affidavit of RESJA CAMPFENS
made before me on this 25TH
day of JANUARY 20 17
A Commissioner for taking
Affidavits for British Columbia

SEA BREEZE POWER CORP.

RESOLUTIONS CONSENTED TO IN WRITING
BY ALL THE DIRECTORS OF SEA BREEZE POWER CORP.

AMALGAMATION

WHEREAS:

- A. Sea Breeze Power Corp., and one of its wholly owned subsidiaries (together, the "Companies"), commenced proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on December 30, 2016, with the intention of restructuring Sea Breeze Power Corp.'s capital structure for the benefit of the Companies' creditors and other stakeholders.
- B. At a meeting of creditors held January 18, 2017, the creditors of the Companies entitled to do so voted to approve the Companies' Amended Proposal dated January 18, 2017 (the "Proposal").
- C. A condition precedent to the implementation of the Proposal is the amalgamation of Sea Breeze Power Corp., SB Okanagan Holding (03) Corp. and SB Prince Rupert Holding Corp. under the name of "Sea Breeze Power Corp." (as amalgamated, "Amalgamated Sea Breeze Power Corp.").
- D. Each of SB Okanagan Holding (03) Corp. and Prince Rupert Holding Corp. are wholly owned by Sea Breeze Power Corp.
- E. Sea Breeze Power Corp. wishes to amalgamate with SB Okanagan Holding (03) Corp. and SB Prince Rupert Holding Corp. pursuant to section 273 of the *Business Corporations Act* (British Columbia) (the "Act"), and to apply to the Court for an Order approving the amalgamation pursuant to section 276 of the Act; and
- F. Pursuant to section 273(1)(c) of the Act, Sea Breeze Power Corp. is required to obtain a resolution of its directors that meets the requirements of section 273(1)(d) of the Act prior to applying to the British Columbia Supreme Court for an Order approving the amalgamation.

RESOLVED THAT:

1. The amalgamation of Sea Breeze Power Corp. with SB Okanagan Holding (03) Corp. and SB Prince Rupert Holding Corp. is approved.
2. Upon the amalgamation being effected in accordance with the Act, the shares of each of SB Okanagan Holding (03) Corp. and SB Prince Rupert Holding Corp. shall be cancelled without any repayment of capital in respect of those shares.

3. Amalgamated Sea Breeze Power Corp. shall continue to use the name "Sea Breeze Power Corp." and shall have as its notice of articles and articles, the notice of articles and articles of Sea Breeze Power Corp.
4. Amalgamated Sea Breeze Power Corp. shall refrain from issuing securities in connection with the amalgamation.
5. Any one director or officer is authorized to take, or cause to be taken, for and on behalf of Sea Breeze Power Corp., any and all action such director or officer deems necessary or desirable to carry out the purpose and intent of the foregoing resolutions and to make, execute and deliver or cause to be made, executed and delivered all documents and instruments, in the name and on behalf of Sea Breeze Power Corp., under Sea Breeze Power Corp.'s corporate seal or otherwise, as such director or officer may deem necessary or desirable in connection therewith and to perform and observe, or cause to be performed or observed, the obligations of Sea Breeze Power Corp. under all of the documents and instruments referred to herein or contemplated hereby.

These resolutions may be signed in as many counterparts as may be necessary, and may be signed by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date set forth below.

The undersigned, being all the directors of Sea Breeze Power Corp., consent to the foregoing resolutions.

Dated as of January 24, 2017.

HENRY P. ANDERSON III

MARK E. HOFFMAN

CHUCK HOFFMAN

GREGORY HOFFMAN



KEN L. PURYEAR

- 2 -

3. Amalgamated Sea Breeze Power Corp. shall continue to use the name "Sea Breeze Power Corp." and shall have as its notice of articles and articles, the notice of articles and articles of Sea Breeze Power Corp.
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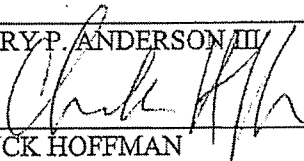
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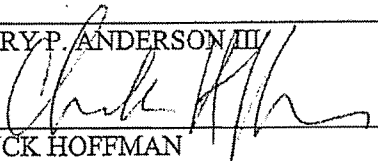
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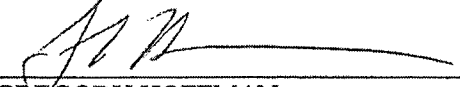
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AFFIDAVIT #1 OF RESJA CAMPFENS

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