

COURT FILE NUMBER 1103 18646  
COURT QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON



IN THE MATTER OF THE  
**COMPANIES' CREDITORS**  
**ARRANGEMENT ACT, R.S.C.**  
1985, Chapter C-36, AS AMENDED

AND IN THE MATTER OF A PLAN  
OF COMPROMISE OR  
ARRANGEMENT OF ARMAC  
INVESTMENTS LTD. (AB), LAKE  
EDEN PROJECTS INC. (AB),  
1204583 ALBERTA INC. (AB),  
1317517 ALBERTA INC. (AB),  
WESTRIDGE PARK LODGE  
DEVELOPMENT CORP (AB), and  
WESTRIDGE PARK LODGE AND  
GOLF RESORT LTD. (AB), HALF  
MOON LAKE RESORT LTD. (AB),  
NO. 50 CORPORATE VENTURES  
LTD. (BC), FISHPATHS RESORTS  
CORPORATION (BC), ARMAC  
INVESTMENT LTD. (BC), OSTROM  
ESTATES LTD. (BC), HAWKEYE  
MARINE GROUP LTD. (BC),  
JUBILEE MOUNTAIN HOLDINGS  
LTD. (BC), GIANT MOUNTAIN  
PROPERTIES LTD. (BC), and  
CHERRY BLOSSOM PARK  
DEVELOPMENT CORP (BC)

DOCUMENT **AFFIDAVIT OF JOHN KENNETH  
PURDY sworn on April 24<sup>th</sup>, 2012**

ADDRESS FOR SERVICE  
AND  
CONTACT INFORMATION  
OF  
PARTY FILING THIS  
DOCUMENT Taylor Law Office  
Suite 401, 10722 – 103 Avenue  
Edmonton, Alberta  
T5J 5G7  
Attention: Conan J. Taylor  
Phone: (780) 428-7770  
Fax: (780) 428-7775

I, JOHN KENNETH PURDY (also known as "Jack Purdy"), businessman, of the County of Strathcona, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I, either directly or through holding companies, legally and beneficially own and control 100% of the voting shares, and I am the sole director, of all the Applicants in these proceedings, and as such I have personal knowledge of the facts and matters hereinafter deposed to save and except where stated to be on information and belief and where so stated I verily believe the same to be true.
2. An Initial Order was granted in this matter dated December 1<sup>st</sup>, 2011 (the "Initial Order"), which Initial Order contemplated an initial thirty (30) day stay, subsequently extended by the Orders of the Honourable Mr. Justice D.R.G. Thomas dated December 20<sup>th</sup>, 2011, and February 15<sup>th</sup>, 2012, up to and including February 16<sup>th</sup>, and then May 4<sup>th</sup>, 2012, respectively.
3. The Applicants are continuing to work diligently, with the assistance of Alvarez & Marsal Canada Inc. (the "Monitor"), to finalize the formalization of a go-forward plan and overall restructuring of the Applicants' property and business assets so as to put in place a compromise or Plan of Arrangement that I continue to believe will be acceptable to the Applicants' creditors and other stakeholders.
4. The Third Report of the Monitor to be filed (the "Third Report"), sets out in some detail the efforts taken and which continue to be taken by the Applicants with the assistance of the Monitor in this restructuring effort.
5. I have read the Third Report of the Monitor dated April 27<sup>th</sup>, 2012, and agree with its contents. I confirm that all statements and reporting I have made to the Monitor and upon which the Monitor has based its conclusions and recommendations as set out in the Third Report have been made by me in good faith and are true to the best of my knowledge.
6. Given the complexity of issues and the number of property and business assets involved, continuing time is still required to allow the Applicants, with the assistance of the Monitor, to complete their restructuring efforts and to put forward a meaningful compromise or Plan of Arrangement.
7. Pursuant to the terms of the Claims Procedure Order granted in this matter by the Honourable Mr. Justice D.R.G. Thomas on February 15<sup>th</sup>, 2012, the claims process is underway. The Applicants are currently working with the Monitor to review the validity of the proof of claims submitted by the Affected Creditors. Based on preliminary review, I believe that the quantum of total claims will end up being in the 12-16 million dollar range. I remain of the strong belief that the total value of the Applicants' property and business assets are well in excess of the Applicants' total potential outstanding liabilities.
8. The Applicants have continued to work on completing outstanding financial statements. Attached respectively as Exhibits "A", "B", and "C" are copies of the Balance Sheets of 1317517 Alberta Ltd., Armac Investments Ltd. (AB), and Half Moon Lake Resort Ltd..
9. The Applicants continue to work on completing financial statements for Westridge Lodge Development Corp., Westridge Park Lodge and Golf Resort Ltd., Lake Eden Projects Inc., Jubilee Mountain Holdings Ltd., Giant Mountain Properties Ltd., and Cherry Blossom Park Development Corp., and expect to have these completed within the next 4-6 weeks.

10. As a result of unanticipated cost overruns, preservation and improvement costs in respect of the Bamfield Trails Motel property did exceed by a small margin (estimated at approximately \$5,000.00) the \$50,000.00 maximum expenditure per property set out at paragraph 6(a) of the Initial Order, with additional expenditures still required. Additionally, based on estimates obtained, total preservation and improvement costs in respect of the Half Moon Lake Resort property are now also anticipated to exceed this \$50,000.00 maximum. In both cases, however, additional work required is not expected to exceed \$100,000.00.
11. In respect to these two referenced properties, I believe additional expenditure above the present maximum of \$50,000.00 per property, and to a maximum of \$100,000.00, is required and will be to the general benefit of all creditors and other stakeholders, all of which is further detailed in the Third Report. The aggregate amount spent on all properties is not anticipated to exceed the \$500,000.00 provided for under the Initial Order.
12. The Applicants continue to review proposals from sales agents with a goal – subject to the approval of this Honourable Court – to list and market with the Monitor's consent the identified Non-Core Properties of the Applicants'. The Applicants efforts and intentions in this regard are further detailed and set out in the Third Report.
13. As also set out and detailed in the Third Report, the Applicants have engaged an independent consultant to assist the Applicants and the Monitor to more fully understand the ability of the of the Applicants to either improve financial and operating performance of the properties to be retained, or determine whether some or all of these properties should be sold, and if so any steps as should be taken by the Applicants to maximize proceeds of any sale. I believe that the initial report of the consultant, anticipated to be available by May 15<sup>th</sup>, 2012, will be of invaluable assistance to the Applicants and the Monitor in assessing and finalizing restructuring efforts and putting forward a meaningful compromise or Plan of Arrangement.
14. As also set out and detailed in the Third Report, foreclosure proceedings have continued in respect of the one of the Applicants' Non-Core Properties located in Sherwood Park, Alberta, and an Order approving a sale of this property was granted on April 10<sup>th</sup>, 2012 (closing date scheduled for May 15<sup>th</sup>, 2012). It is anticipated that there will be excess funds after payment of the foreclosing party (Royal Bank of Canada) in amount of approximately \$175,000.00 to \$200,000.00. These funds are required by the Applicants to fund its continuing cash flow during the restructuring process, which expenditures I continue to believe will be to the benefit of all creditors and other stakeholders. Attached as Exhibit "D" hereto is a copy of the current Certificate of Title in respect of this property and the referenced Order approving sale.
15. Attached to this my affidavit as Exhibit "E" is a copy of the Applicants' Actual to Forecast Cash Flow Results for the period January 28<sup>th</sup>, 2012 to April 20<sup>th</sup>, 2012, and a copy of the Projected Cash Flow Statement for the period of April 21<sup>st</sup>, 2012 to June 29<sup>th</sup>, 2012 (the "Forecast Period").
16. I believe that the Projected Cash Flow Statement is reasonable and achievable. I further believe that the Applicants have sufficient available cash to meet their current obligations through the Forecast Period.

17. I believe that the Stay Extension and other relief being sought is necessary for the Applicants in furtherance of their restructuring initiatives, and to develop a compromise or Plan of Arrangement acceptable to their creditors.
18. I believe that any forced sale strategies would certainly result in a substantial reduction in realizations, would negatively impact the nature of any potential compromise of Plan of Arrangement presently being undertaken by the Applicants, and would certainly be to the significant detriment of all creditors and other stakeholders.
19. I am acting in good faith and with due diligence, and in the best interests of my creditors.
20. I remain very confident and believe that the Applicants will be able to make a viable proposal if the extension and other relief being applied for is granted.
21. I believe that no creditor will be materially prejudiced if the extension being applied for is granted.
22. I make this Affidavit in support of an application for an amendment of paragraph 13 of the Initial Order dated December 1, 2011, as further amended by the Orders of the Honourable Mr. Justice D.R.G. Thomas dated December 20<sup>th</sup>, 2011, and February 15<sup>th</sup>, 2012, extending the "Stay Period" to June 29<sup>th</sup>, 2012.

**Conan Taylor**  
Barrister & Solicitor

**CONAN J. TAYLOR**  
Barrister and Solicitor

# Craig S. Harrison, Public Accountant

11054 - 156<sup>th</sup> Street  
Edmonton, Alberta T5P 4M8

Tel/Fax: (250) 712-1646  
Email: charrison.hvl@gmail.com

## NOTICE TO READER

We have compiled the balance sheet of 1317517 Alberta Ltd. as at December 31, 2011 from information provided by management. We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Edmonton, Alberta  
March 21, 2012

Craig S. Harrison  
Public Accountant

This is Exhibit "A" referred to in the  
Affidavit of  
John Kenneth Purdy  
Sworn before me this 27 day  
of April A.D., 2012  
[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta

CONAN J. TAYLOR  
Barrister and Solicitor

**1317517 ALBERTA LTD.**  
**(Incorporated under the laws of the Province of Alberta)**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2011**  
(Unaudited – see Notice to Reader)

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ASSETS	2011	2010
<b>NON-CURRENT</b>		
Re-development property		
Land, building, and improvements, at cost (Note 1)	1,392,140	1,371,070
<b>TOTAL ASSETS</b>	<b>1,392,140</b>	<b>1,371,070</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Property taxes payable	42,140	21,070
<b>NON-CURRENT</b>		
Due to Armac Investments Ltd. (Alberta) (Note 2)	1,349,900	1,349,900
<b>TOTAL LIABILITIES</b>	<b>1,392,040</b>	<b>1,370,970</b>
<b>SHAREHOLDER'S EQUITY</b>		
<b>SHARE CAPITAL</b>	<b>100</b>	<b>100</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1,392,140</b>	<b>1,371,070</b>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

**1317517 ALBERTA LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
(Unaudited – see Notice to Reader)

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are as follows:

**Capitalization of Costs:**

The company capitalizes all construction redevelopment and soft costs during the period of construction or development as part of the cost of revenue producing property under construction and land held for development.

**2. DUE TO ARMAC INVESTMENTS LTD. (ALBERTA)**

The advances from Armac Investments Ltd. (Alberta) are not secured and have no fixed terms of repayment.

## Craig S. Harrison, Public Accountant

11054 - 156<sup>th</sup> Street  
Edmonton, Alberta T5P 4M8

Tel/Fax: (250) 712 - 1646  
Email: [charrison.hvl@gmail.com](mailto:charrison.hvl@gmail.com)

### NOTICE TO READER

We have compiled the balance sheet of Half Moon Lake Resort Ltd. as at December 31, 2010 and the statement of loss and deficit for the year then ended from information provided by management. We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Edmonton, Alberta  
March 25, 2012

Craig S. Harrison  
Public Accountant

This is Exhibit "B" referred to in the  
Affidavit of  
John Kenneth Purdy  
Sworn before me this 27 day  
of April A.D., 20 12  
[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta  
**CONAN J. TAYLOR**  
Barrister and Solicitor



**HALF MOON LAKE RESORT LTD.**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2010**  
(Unaudited – see Notice to Reader)

ASSETS	2010	2009
<b>CURRENT</b>		
Cash	\$ -----	\$232
Accounts receivable	77,431	77,431
Mortgage receivable	70,000	-----
Inventory	111,307	111,307
	<u>258,738</u>	<u>188,970</u>
<b>NON-CURRENT</b>		
Capital assets (Note 2)	1,768,381	1,698,362
<b>TOTAL ASSETS</b>	<u>2,027,119</u>	<u>1,887,332</u>

**LIABILITIES**

<b>CURRENT</b>		
Bank overdraft	273	----
Accounts payable	133,903	80,995
Goods and services tax payable	61,326	60,639
Unearned revenue	106,857	----
	<u>302,359</u>	<u>141,634</u>
<b>NON-CURRENT</b>		
Due To Armac Investments Ltd. (Alberta)	1,837,534	1,788,121
<b>TOTAL LIABILITIES</b>	<u>2,139,893</u>	<u>1,929,755</u>

**SHAREHOLDER'S EQUITY**

<b>SHARE CAPITAL</b>	100	100
<b>RETAINED EARNINGS (DEFICIT)</b>	(112,874)	(42,523)
<b>TOTAL SHAREHOLDER EQUITY</b>	<u>(112,774)</u>	<u>(42,423)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<u>2,027,119</u>	<u>1,887,332</u>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

**HALF MOON LAKE RESORT LTD.**  
**STATEMENT OF EARNINGS AND RETAINED EARNINGS (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(Unaudited – see Notice to Reader)

	2010	2009
<b>REVENUE</b>		
Trade sales	349,508	419,546
<b>EXPENSES</b>		
Advertising and business promotion	8,987	-----
Bank charges and interest	1,162	2,115
Insurance	13,577	13,961
Interest on long-term debt	-----	60,183
License, fees and dues	781	1,725
Office	7,778	6,681
Professional fees	20,261	3,300
Property taxes	50,874	33,873
Repairs and maintenance	62,788	47,227
Supplies	45,048	68,389
Sub contract	56,467	9,525
Travel	-----	665
Telephone, cable and internet	6,247	6,115
Utilities	26,434	52,007
Vehicle operation	11,082	11,224
Wages and employee benefits	<u>63,729</u>	<u>86,484</u>
<b>TOTAL EXPENSES</b>	<u>375,215</u>	<u>403,474</u>
<b>NET INCOME (LOSS) BEFORE OTHER ITEMS</b>	(25,707)	16,072
<b>OTHER EXPENSE</b>		
Amortization	-----	3,726
Administration	<u>44,644</u>	-----
	<u>44,644</u>	<u>3,726</u>
<b>NET EARNINGS (LOSS) FOR THE YEAR</b>	(70,351)	12,346
<b>RETAINED EARNINGS, (DEFICIT) - beginning of year</b>	(42,523)	(54,869)
<b>RETAINED EARNINGS, (DEFICIT) - end of year</b>	\$(112,874)	\$(42,523)

The attached notes form an integral part of these financial statements.

**HALF MOON LAKE RESORT LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**  
(Unaudited – see Notice to Reader)

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are as follows:

**(a) Property and Equipment:**

Property and equipment are recorded at cost. Amortization is calculated by the declining balance method at the following annual rates:

Buildings	4%
Land Improvements	8%
Equipment	20%

Only one-half of these rates are used in the year of acquisition

**2. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2010</b>	<b>Net 2009</b>
Land	895,233	n/a	895,233	825,214
Buildings & Improvements	800,000	----	800,000	800,000
Plant & Equipment	97,161	24,013	73,148	73,148
	<b>\$1,792,394</b>	<b>24,013</b>	<b>1,768,381</b>	<b>\$1,698,362</b>

# Craig S. Harrison, Public Accountant

11054 - 156<sup>th</sup> Street  
Edmonton, Alberta T5P 4M8

Tel/Fax: (250) 712-1646  
Email: charrison.hvl@gmail.com

## NOTICE TO READER

We have compiled the balance sheet of Armac Investments Ltd. (Alberta) as at December 31, 2011 and the statement of income and deficit for the year then ended from information provided by management. We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Edmonton, Alberta  
March 21, 2012

Craig S. Harrison  
Public Accountant

This is Exhibit C referred to in the  
Affidavit of  
John Kenneth Rudy  
Sworn before me this 27 day  
of April A.D., 2012  
[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta

CONAN J. TAYLOR  
Barrister and Solicitor

**ARMAC INVESTMENTS LTD. (ALBERTA)**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2011**  
(Unaudited – see Notice to Reader)

	<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>CURRENT</b>			
Cash		\$-----	\$ ----
Accounts receivable		300,819	300,644
		300,819	300,644
<b>NON-CURRENT</b>			
Capital assets (Note 2)		71,110	71,110
<b>LONG TERM INVESTMENTS (Note 3)</b>		9,825,668	9,825,668
<b>TOTAL ASSETS</b>		10,197,597	10,197,422
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Bank overdraft		74	57
Accounts payable		71,441	52,471
Current portion of long term debt		231,525	220,500
		303,040	273,028
<b>NON-CURRENT</b>			
Long-term debt (Note 4)		9,711,727	8,873,425
Due to Shareholder		1,536,574	1,536,574
Due to Armac Investments Ltd. (B.C.)		1,528,568	1,568,262
		12,776,869	11,978,261
<b>TOTAL LIABILITIES</b>		13,079,909	12,251,289
<b>SHAREHOLDER'S EQUITY</b>			
<b>SHARE CAPITAL</b>		100	100
<b>RETAINED EARNINGS (DEFICIT)</b>		(2,882,412)	(2,053,967)
<b>TOTAL SHAREHOLDER EQUITY</b>		(2,882,312)	(2,053,867)
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		10,197,597	10,197,422

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

**ARMAC INVESTMENTS LTD. (ALBERTA)**  
**STATEMENT OF EARNINGS AND RETAINED EARNINGS (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
(Unaudited – see Notice to Reader)

	2011	2010
<b>REVENUE</b>		
Rental income	-----	43,516
 <b>EXPENSES</b>		
Advertising and business promotion	----	1,191
Bank charges and interest	17	1,410
Interest on long-term debt	809,633	831,221
License, fees and dues	----	997
Office	----	2,938
Professional fees	3,500	11,609
Property taxes	15,295	2,000
Repairs and maintenance	----	2,350
Telephone, cable and utilities	----	857
Travel	----	762
Vehicle operation	----	5,779
<b>TOTAL EXPENSES</b>	<b>828,445</b>	<b>861,114</b>
 <b>NET INCOME (LOSS) FOR THE YEAR</b>	 <b>(828,445)</b>	 <b>(817,598)</b>
 <b>RETAINED EARNINGS, (DEFICIT) - beginning of year</b>	 <b>(2,053,967)</b>	 <b>(1,236,369)</b>
 <b>RETAINED EARNINGS, (DEFICIT) - end of year</b>	 <b>\$(2,882,412)</b>	 <b>\$(2,053,967)</b>

The attached notes form an integral part of these financial statements.

**ARMAC INVESTMENTS LTD. (ALBERTA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
(Unaudited – see Notice to Reader)

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are as follows:

(a) Property and Equipment

Property and equipment are recorded at cost. Amortization is calculated by the declining balance method at the following annual rates:

Furniture and fixtures	20%
Automotive equipment	30%
Construction equipment	20%

Only one-half of these rates are used in the year of acquisition

**2. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2011</b>	<b>Net 2010</b>
Automotive Equipment	40,410	-----	40,410	40,410
Excavation Equipment	30,700	-----	30,700	30,700
	<b>\$71,110</b>	<b>-----</b>	<b>71,110</b>	<b>\$71,110</b>

**ARMAC INVESTMENTS LTD. (ALBERTA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**3. LONG – TERM INVESTMENTS**

The company holds an investment or development interest in the following projects:

(a) Land held for re-development: 7.71 Acres Onoway, Alberta	\$285,000.
(b) Land held for re-development: 40.59 Acres Sherwood Park, Alberta	450,000.
(c) Westridge Park Lodge Ltd. 130 Acre Golf Course, Parkland County, AB.	3,478,558.
(d) Half Moon Lake Resort Ltd. R.V. resort, Strathcona County, Alberta	1,837,534.
(e) Fishpath Resorts Corporation Fishing resort, Bamfield, B.C.	584,867.
(f) Lake Eden Projects Inc.	1,816,806.
(g) 1317517 Alberta Ltd. Commercial Building, Edmonton, AB	1,350,000.
(h) 1204583 Alberta Inc. (Wildrose)	22,903
	<u>\$9,825,668.</u>

**4. LONG – TERM DEBT**

**Mortgage Payable**

The Mortgage payable to Axxess Capital Partners is repayable in monthly instalments of interest only. As funds have been advanced by the lender at various times the interest rate varies from 10.875% to 12.75% depending on the date of each advance.





## LAND TITLE CERTIFICATE

S

LINC  
0012 682 886SHORT LEGAL  
7921845;;CTITLE NUMBER  
072 131 665

## LEGAL DESCRIPTION

PLAN 7921845

LOT C

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 16.4 HECTARES (40.53 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE

ATS REFERENCE: 4;20;51;18;SW

MUNICIPALITY: STRATHCONA COUNTY

REFERENCE NUMBER: 062 495 590

REGISTERED OWNER(S)				
REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
072 131 665	07/03/2007	TRANSFER OF LAND	\$630,000	\$630,000

## OWNERS

ARMAC INVESTMENTS LTD..  
OF 11617-106 AVE  
EDMONTON  
ALBERTA T5H 0S1

## ENCUMBRANCES, LIENS &amp; INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
------------------------	--------------	-------------

052 390 670	14/09/2005	MORTGAGE MORTGAGER - ROYAL BANK OF CANADA. 5104 DONNELLY CRESCENT REGINA SASKATCHEWAN S4X4C9
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( CONTINUED )

This is Exhibit "D" referred to in the  
Affidavit of

John Kenneth Purdy

Sworn before me this 27 day

of April AD. 2012


A Commissioner for Oaths  
in and for the Province of AlbertaCONAN J. TAYLOR  
Barrister and Solicitor

-----  
 ENCUMBRANCES, LIENS & INTERESTS  
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REGISTRATION		PAGE 2
NUMBER	DATE (D/M/Y)	# 072 131 665
-----		
ORIGINAL PRINCIPAL AMOUNT: \$232,500		
092 183 281	05/06/2009	CERTIFICATE OF LIS PENDENS BY - S & D INTERNATIONAL GROUP INC..
102 188 977	02/06/2010	WRIT CREDITOR - HER MAJESTY THE QUEEN IN RIGHT OF CANADA C/O MINISTER OF NATIONAL REVENUE CANADA REVENUE AGENCY 9700 JASPER AVE EDMONTON ALBERTA T5J4C8 DEBTOR - ARMAC INVESTMENTS LTD.. 2800, 10060 JASPER AVENUE EDMONTON ALBERTA T5J3V9 AMOUNT: \$196,312 AND COSTS IF ANY ACTION NUMBER: ITA-6797-10
102 446 910	22/12/2010	CAVEAT RE : NOTICE OF INTENTION TO SELL UNDER CIVIL ENFORCEMENT ACT CAVEATOR - CONSOLIDATED CIVIL ENFORCEMENT INC.. 200, 807 MANNING ROAD NE CALGARY ALBERTA T2E7M8
112 071 164	15/03/2011	TAX NOTIFICATION BY - STRATHCONA COUNTY. 2001 SHERWOOD DRIVE SHERWOOD PARK, ALBERTA T8A3W7
112 336 425	21/10/2011	WRIT CREDITOR - BYRON LOEWEN C/O 400, 10357-109 STREET EDMONTON ALBERTA T5J1N3 DEBTOR - ARMAC INVESTMENTS LTD.. C/O 201, 585-16 STREET WEST VANCOUVER BRITISH COLUMBIA V7V3R8 AMOUNT: \$99,165 AND COSTS IF ANY ACTION NUMBER: 1103 07351

( CONTINUED )

I hereby certify this to be a  
true copy of the original.

  
for Clerk of the Court



**COURT FILE NUMBER:**

0803 03636

**COURT:**

COURT OF QUEEN'S BENCH OF ALBERTA  
EDMONTON

**JUDICIAL CENTRE:**

**PLAINTIFF(S):**

ROYAL BANK OF CANADA

**DEFENDANT:**

ARMAC INVESTMENTS LTD.

**DOCUMENT:**

**ORDER CONFIRMING SALE  
AND VESTING TITLE**

**ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT:**

**Witten LLP**  
Barristers & Solicitors  
Suite 2500, Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6  
Solicitors for the Plaintiff

ATTN: Steven M. Shafir  
FILE: 103551-128 SMS/sdd  
PHONE: (780) 428-0501  
FAX: (780) 425-0769

**DATE ORDER WAS PRONOUNCED:**

TUESDAY, APRIL 10, 2012

**LOCATION ORDER WAS PRONOUNCED:**

Law Courts, 1A Sir Winston Churchill Square,  
Edmonton, AB

**NAME OF MASTER WHO MADE THIS  
ORDER:**

L. A. Smart

Upon the application of the plaintiff; and upon reading the redemption order previously granted in the proceedings; and upon it appearing that the defendant has failed to redeem within the redemption period; and upon considering the offer to purchase referred to in the affidavit of offer filed; and upon hearing counsel for the plaintiff; and upon no one appearing for the Defendant;

**IT IS HEREBY ORDERED THAT:**

1. In this order the mortgaged lands are the following:

PLAN 7921845

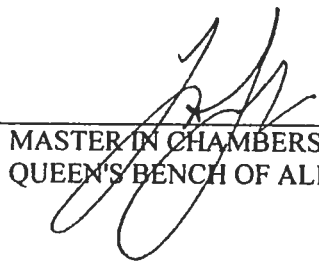
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EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The Offer to Purchase submitted by Royal Farms Equine Center Inc. and/or Todd Wilson and Sheila Wilson (the "Purchaser") in the amount of \$455,000.00 for the purchase of the mortgaged lands, is hereby approved and accepted. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them forthwith.
3. The Purchaser shall, on or before the 15<sup>th</sup> day of May 2012 (the "Closing Date") either pay to the plaintiff's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the plaintiff's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this order.
4. The plaintiff's lawyer shall distribute the sale proceeds as follows:
  - (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other charges owing to the said municipality with respect to the mortgaged lands, if any, and;
  - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
  - (c) by paying out any registered financial encumbrancer ranking prior to the plaintiff's mortgage, if any, and;
  - (d) by paying to Canada Revenue Agency, the amount any Goods and Services Tax ("GST") payable as a result of the sale transaction approved by this Order, if any, and;
  - (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any, and;
  - (f) by paying the amount owing to the Plaintiff under and pursuant to the mortgage which is the subject of the within proceeding, inclusive of costs on a solicitor and own client full-indemnity basis, to be assessed by an assessment officer prior to payment. The costs shall be assessed on an ex parte basis where the defendant did not oppose the application for this order, or where the defendant has approved the amount of costs sought, otherwise the Plaintiff shall have its costs assessed pursuant to Rule 10.37, and
  - (g) by retaining any reasonable holdback to a maximum of \$1,500 for undetermined liabilities, including utilities, inspection fees and property taxes, which holdback shall be accounted for pursuant to paragraph 5 of this order, and;
  - (h) by paying the remainder, if any, into Court to be held by the Clerk of the Court until further Order of this Honourable Court.
5. The plaintiff shall cause an affidavit to be filed setting forth an accounting of funds pursuant to the preceding paragraph within 30 days of the Closing Date, or receipt of the adjusted purchase price, whichever is later, and serve copies of that affidavit on all parties and subsequent

encumbrancers. The parties served with the affidavit may bring any concerns with the accounting to the attention of the court, on notice to all parties and subsequent encumbrancers.

6. The defendant, any tenants, and any other occupants shall, on or before Apr. 11, 2012 deliver up to the Purchaser vacant possession of the mortgaged lands. Service of this order may be made on the occupants by posting same on the main entrance door to the mortgaged lands. A Civil Enforcement Agency has authority, after service of this order has been effected, to evict any occupant of the mortgaged lands on the later of the aforesaid date or 20 days after the posting has occurred.
7. Upon written confirmation from the plaintiff's solicitor that they have received or are satisfied it will receive payment from the Purchaser, the Registrar of Land Titles shall cancel the existing Certificate of Title to the Lands and shall issue new Certificate of Title covering the Lands in the name of Royal Farms Equine Center Inc. and/or Todd Wilson and Sheila Wilson of 51231 Range Road 210, Sherwood Park, Alberta T8G 1G1 or such nominee(s) as may be designated in writing by the Purchasers free and clear of all registered encumbrances, liens and interests.
8. Any interest in the mortgaged lands of the defendant, anyone claiming through the defendant, or any other subordinate encumbrancer is hereby extinguished.
9. The requirement for service of documents prior to entry of this order, set out in rule 9.35(1)(a), is hereby waived.
10. The Registrar of Land Titles shall comply with this order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.

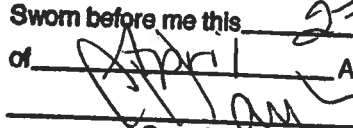
  
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MASTER IN CHAMBERS, COURT OF  
QUEEN'S BENCH OF ALBERTA

**Purdy Group of Companies**  
**Actual to Forecast Cash Flow Results**  
**For the period of January 28, 2012 to April 20, 2012 (the "Reporting Period")**  
**(in CDN dollars)**

	ACTUAL	FORECAST	VARIANCE
Week ending:	Week 10 to Week 21 Jan.28/12 - Apr.20/12	Week 10 to Week 21 Jan.28/12 - Apr.20/12	Week 10 to Week 21 Jan.28/12 - Apr.20/12
<b>RECEIPTS</b>			
Fishpath trade sales and rental receipts	16,468	2,250	14,218
Half Moon Lake Resort receipts	13,539	-	13,539
Funds held in trust	320,000	320,000	-
<b>Total receipts</b>	<b>350,007</b>	<b>322,250</b>	<b>27,757</b>
<b>DISBURSEMENTS</b>			
Fishpath operating disbursements	47,738	21,500	(26,238)
Half Moon Lake operating disbursements	26,312	13,500	(12,812)
Management fees, wages and salaries	34,217	34,200	(17)
Contractor fees and expenses	2,923	30,000	27,077
Property tax arrears	-	95,000	95,000
Contingency	2,495	15,000	12,505
Preservation, repair and marketing costs	112,423	150,000	37,577
<b>Total operating disbursements</b>	<b>226,108</b>	<b>359,200</b>	<b>133,092</b>
<b>Restructuring retainer fees</b>	<b>-</b>	<b>150,000</b>	<b>150,000</b>
<b>NET CHANGE IN CASH</b>	<b>123,898</b>	<b>(186,950)</b>	<b>310,848</b>
<b>OPENING CASH</b>	<b>229,422</b>	<b>229,422</b>	<b>-</b>
<b>Net change in cash</b>	<b>123,898</b>	<b>(186,950)</b>	<b>310,848</b>
<b>ENDING CASH</b>	<b>353,320</b>	<b>42,472</b>	<b>310,848</b>

  
 Jack Purdy  
 President & Chief Executive Officer

  
 Date Apr 26/2012

This is Exhibit "E" referred to in the  
 Affidavit of John Kenneth Purdy  
 Sworn before me this 27 day  
 of April A.D., 20 12  
  
 A Commissioner for Oaths  
 in and for the Province of Alberta

**CONAN J. TAYLOR**  
 Barrister and Solicitor

**Purdy Group of Companies**  
**Projected Cash Flow Statement\***  
For the period of April 21, 2012 to June 29, 2012 (the "Forecast Period")  
(In CDN dollars)

	Week ending:	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Week 30	Week 31	Week 32	Total
		20-Apr-12	27-Apr-12	4-May-12	11-May-12	18-May-12	25-May-12	1-Jun-12	8-Jun-12	15-Jun-12	22-Jun-12	29-Jun-12	
<b>RECEIPTS</b>													
Fishpath trade sales and rental receipts		11,800	16,420	10,000	10,000	10,000	10,000	10,000	10,000	15,000	15,000	20,000	153,220
Half Moon Lake Resort receipts		-	-	4,415	-	18,750	14,400	22,530	26,245	11,145	14,860	19,275	131,620
Proceeds from sale of foreclosed property		-	-	-	-	170,000	-	-	-	-	-	-	170,000
<b>Total receipts</b>		<b>11,800</b>	<b>16,420</b>	<b>14,415</b>	<b>10,000</b>	<b>198,750</b>	<b>24,400</b>	<b>37,530</b>	<b>41,245</b>	<b>26,145</b>	<b>34,860</b>	<b>39,275</b>	<b>454,840</b>
<b>DISBURSEMENTS</b>													
Fishpath operating disbursements		9,000	9,200	3,500	3,500	3,500	3,500	5,250	5,250	5,250	7,000	7,000	61,950
Half Moon Lake Resort disbursements		7,550	11,200	7,500	11,200	7,550	11,200	7,500	11,200	7,500	11,200	7,500	101,100
Management fees, wages and salaries		-	-	5,000	-	-	-	5,000	4,800	-	-	-	14,800
Consultant fees and expenses		-	10,000	-	-	-	-	15,000	-	-	-	-	25,000
Property tax payments		-	-	-	-	-	-	60,000	-	-	-	-	110,000
Contingency		-	-	5,000	-	-	-	5,000	-	-	-	-	10,000
Preservation, repair and marketing costs		31,830	3,750	42,000	10,500	3,600	3,750	-	10,500	3,800	-	23,170	132,700
<b>Total operating disbursements</b>		<b>48,380</b>	<b>34,150</b>	<b>63,000</b>	<b>25,200</b>	<b>14,650</b>	<b>18,450</b>	<b>97,750</b>	<b>31,750</b>	<b>16,350</b>	<b>18,200</b>	<b>87,670</b>	<b>456,550</b>
Restructuring fees		145,000	-	-	-	-	75,000	-	-	-	-	-	295,000
<b>Total disbursements</b>		<b>193,380</b>	<b>34,150</b>	<b>63,000</b>	<b>25,200</b>	<b>14,650</b>	<b>93,450</b>	<b>97,750</b>	<b>31,750</b>	<b>16,350</b>	<b>93,200</b>	<b>87,670</b>	<b>750,550</b>
<b>NET CHANGE IN CASH</b>													
		(181,580)	(17,730)	(48,585)	(15,200)	184,100	(69,050)	(60,220)	9,495	9,795	(58,340)	(48,395)	(295,710)
<b>OPENING CASH</b>		<b>353,320</b>	<b>171,740</b>	<b>154,010</b>	<b>105,425</b>	<b>90,225</b>	<b>274,325</b>	<b>206,275</b>	<b>145,056</b>	<b>154,550</b>	<b>164,345</b>	<b>106,005</b>	<b>353,320</b>
Net change in cash		(181,580)	(17,730)	(48,585)	(15,200)	184,100	(69,050)	(60,220)	9,495	9,795	(58,340)	(48,395)	(295,710)
<b>ENDING CASH</b>		<b>171,740</b>	<b>154,010</b>	<b>105,425</b>	<b>90,225</b>	<b>274,325</b>	<b>205,275</b>	<b>145,056</b>	<b>154,550</b>	<b>164,345</b>	<b>106,005</b>	<b>57,610</b>	<b>57,610</b>

*Jack Purdy*  
President & Chief Executive Officer

Date

*Apr 27/2012*