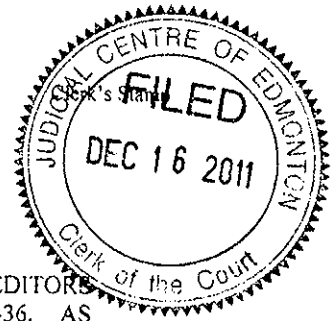


COURT FILE NUMBER 1103-18646  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON



APPLICANTS

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

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGMENT 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)  
(collectively, the "Purdy Group" or the "Applicant's")

DOCUMENT

**FIRST REPORT OF THE MONITOR**

**DECEMBER 15, 2011**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MONITOR**

ALVAREZ & MARSAL CANADA INC.  
Bow Valley Square II  
Suite 3300, 205 - 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V7  
Tim Reid/Orest Konowalchuk  
Telephone: (403) 538-4756 / (403) 538-4736  
Email: [treid@alvarezandmarsal.com](mailto:treid@alvarezandmarsal.com)  
[okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)

**COUNSEL**

FRASER MILNER CASGRAIN LLP  
Barristers & Solicitors  
Ray Rutman  
2900 Manulife Place, 10180 - 101 Street  
Edmonton, Alberta T5J 3V5  
Phone: (780) 423-7246  
Fax: (780) 423-7276  
Email: [Ray.Rutman@FMC-Law.com](mailto:Ray.Rutman@FMC-Law.com)  
File: 529227.7/RCR

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APPENDIX A	Organization Chart
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APPENDIX D	Mortgage & Advance Documents

## INTRODUCTION

1. On December 1, 2011, the Purdy Group sought and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended (the "CCAA") pursuant to an order of the Court of Queen's Bench of Alberta ("Court") (the "Initial Order").
2. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor of the Purdy Group (the "Monitor").
3. The purpose of this first report of the Monitor (the "First Report") is to provide the Court with an update in respect of the following:
  - a) a brief overview of the Purdy Group;
  - b) a brief operational update since the date of the Initial Order;
  - c) the Purdy Group's update on its restructuring efforts;
  - d) various actions commenced against the Purdy Group regarding the Lake Eden Funds since the date of the Initial Order;
  - e) an analysis of the budget to actual cash flow results for the period from December 1, 2011 to December 14, 2011 (the "Reporting Period");
  - f) the revised cash flow projections (the "Revised Forecast") from December 10, 2011 through February 16, 2012 (the "Forecast Period");
  - g) the notices issued to creditors regarding the granting of the Initial Order;
  - h) the Purdy Group's request for an extension to the Stay Period until, and including February 16, 2012; and

- i) the Monitor's recommendations.
- 4. Capitalized terms not defined in this First Report are as defined in the Initial Order.
- 5. The style of cause has either an (AB) or (BC) after each of the individual Applicant company names. The Monitor understands this was done to indicate in which province the individual applicants are located, and that those letters do not form a part of the legal name of the company. There are two different corporate entities with the name Armac Investments Ltd, one is a British Columbia ("B.C.") corporation and the other is an Alberta corporation.
- 6. All references to dollars are in Canadian currency unless otherwise noted.

#### **TERMS OF REFERENCE**

- 7. In preparing this First Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Purdy Group. The Monitor 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. The Purdy Group is a group of privately-held companies engaged in the business of property acquisition, development and sale in the Provinces of Alberta and British Columbia, as well as the management of operating businesses on the lands. The primary assets are geographically located mainly on the West Coast of Vancouver Island, British Columbia and in or around Edmonton, Alberta. The business of the Purdy Group is in the development and acquisition of commercial and resort properties.

9. The Purdy Group entities are owned 100% by its sole owner, director and officer, Mr. John (Jack) Kenneth Purdy (“Jack Purdy”), either directly or through holding companies, legally and beneficially.
10. The corporate organization of the Purdy Group is set out at Appendix A to this report. The Monitor is still investigating the affairs of the individual companies and will provide further analysis of the Purdy Group in a subsequent report.
11. Further background to the Purdy Group and their operations is contained in the materials filed relating to the Initial Order including the November 25, 2011 affidavit of Jack Purdy (the “November 25<sup>th</sup> Purdy Affidavit”). These documents, together with other information regarding this CCAA proceeding, including the Initial Order and the November 25<sup>th</sup> Purdy Affidavit, have been posted by the Monitor on its website at: [www.alvarezandmarsal.com/purdy](http://www.alvarezandmarsal.com/purdy).

#### **OVERVIEW OF THE PURDY GROUP**

12. The Purdy Group can logically be divided into two separate categories: the Alberta corporations and properties (the “Alberta Properties”) and the British Columbia corporations and properties (the “BC Properties”). The Monitor understands that there are six individual properties that form part of the Alberta Properties and 31 individual properties, including certain leases, that form part of the BC Properties, as discussed further below.
13. The Monitor continues to review various ownership agreements, information concerning corporate structure and the financial statements of the Purdy Group to confirm which individual properties belongs to which Applicant entity. Based on the current information available, the Monitor has set out a brief overview of the Alberta Properties and BC Properties below.

## **Alberta Properties**

### *Armac Investments Ltd. ("Armac AB")*

14. Formerly incorporated in Alberta as 1082054 Alberta Ltd. ("108"), 108 changed its name to Armac Investments Ltd. on March 3, 2004. Armac AB is a holding company that presently owns two properties:

- a) Range Road 210 – Sherwood Park (the "Equestrian Property")
  - i. The Equestrian Property was purchased approximately five years ago and consists of 40 acres of raw land with horse barns and a horse training track located on the property. The intention of this acquisition was to develop it into a Dude Ranch and to be utilized in conjunction with Half Moon Lake Resort. The property has never been utilized and has been vacant for a number of years.
  - ii. The Monitor is aware that there is currently foreclosure proceedings against Armac AB with respect to these lands that have been initiated by Royal Bank of Canada ("RBC")
  - iii. The Applicants very recently received an application by RBC for the sale of the property for \$423,000. The RBC debt is approximately \$210,000. The Applicant has advised the Monitor that it had originally paid approximately \$650,000 for the property many years ago. The Applicants are considering their position with respect to the foreclosure application.
- b) Onoway, Alberta ("Onoway")
  - i. The Onoway property is located approximately one hour west of Edmonton, Alberta and consists of 7.72 acres of raw land. The Monitor understands that preliminary plans have been made to develop 2 acres of the lands for two 3-story walk-up strata-titled condominium buildings totalling 98 units. In addition, the balance

of the lands is proposed to be developed into 16 duplex sites. No submissions or approvals for subdivision have been received and that process is currently on hold.

*Lake Eden Project Inc. (AB) ("Lake Eden")*

15. Lake Eden is incorporated in the province of Alberta and previously owned one significant development property, an old skill hill and vehicle recreational park located in the Parkland County near Edmonton, Alberta. This property was sold in a tax sale on or around August 18, 2010 (the "Lake Eden Property"). The tax sale generated proceeds of \$1.5 million of which approximately \$1.4 million remained as surplus available to Lake Eden (the "Lake Eden Funds").
16. At the time of the Initial Order, the Lake Eden Funds were held in by the Clerk of the Court for several months due to a contested action over the right to certain of these proceeds. Pursuant to the Initial Order, the Court allowed for the release of Lake Eden Funds to the Monitor to be distributed in accordance with the Initial Order. The Initial Order required the Monitor to hold in trust \$320,000 until further order of the Court. Subsequent to the Initial Order, a further order of the Court was granted, requiring the Monitor to hold an additional \$100,000 in trust pending further order of the Court.
17. The Monitor has received the approximate \$1.4 million and made distributions as authorized for retainers and professional fees and disbursements.

*1204583 Alberta Ltd. (dba Wildrose Vacations) ("Wildrose")*

18. Wildrose was incorporated in the province of Alberta and previously operated as a travel club with approximately 2,500 members. The Monitor understands that Wildrose sold its membership base to the Real Canadian Travel Store approximately one year ago in exchange for a \$1.9 million debenture repayable under certain terms and conditions. The Monitor is investigating the terms, conditions and collectability of this debenture.

*1317517 Alberta Ltd. ("131")*

19. 131 currently owns one property, the Jasper Place Building, located at 15625 Stony Plain Road in Edmonton, Alberta. This property (the "Stoney Plain Building") is located in the Glenwood neighbourhood in West Edmonton, Alberta that has a building area size of 7,622 sq. ft and is on a site area of approximately 15,400 sq. ft. Axxess Capital Partners ("Axxess") has a mortgage over this property and has commenced foreclosure proceedings.
20. The Monitor understands that the Stoney Plain Building is presently vacant and is currently for sale (listed prior to the CCAA) with Trikon Group real estate.

*Westridge Park Lodge Development Corp. ("Westridge Development")*

21. Formally called Cariboo Alloys Inc. ("Cariboo"), Cariboo changed its name to Westridge Park Lodge Development on March 2, 2009. Westridge Development was incorporated in the province Alberta for the purpose of development of the real estate owned by Westridge Park Lodge and Golf Resort Ltd, as discussed below. Westridge Development wholly owns the shares of Westridge Lodge and Golf.

*Westridge Park Lodge and Golf Resort Ltd. ("Westridge Lodge & Golf")*

22. Westridge Lodge & Golf currently has one property that consists of 129 acres of land, with approximately ½ mile of frontage on the North Saskatchewan River. This property is at the western end of Edmonton, close to Devon, Alberta, along the River Valley Alliance, which is one of the largest park systems in Canada. The Monitor understands that this property has a 50,000 square foot hotel and restaurant/convention facility, an executive 9-hole golf course and development plans to include reconfiguring a portion of the golf-course area to create a 242 Park Model RV site.
23. Westridge Lodge & Golf is currently not operating.

24. Axxess has a mortgage over this property and has commenced foreclosure proceedings.

*Half Moon Lake Resort Ltd. ("Half Moon")*

25. Half Moon is incorporated in Alberta and is the largest RV resort in the Edmonton area. It is located ½ hour east of Edmonton, in the County of Strathcona. The resort has ½ mile of lake frontage, and 139 acres of developable C6 (tourist commercial/residential) zoned lands. The resort has been in business for over 50 years and was purchased by Half Moon in 2004.
26. There are presently 216 serviced RV sites, a general store, a conference centre, a mini-golf course, baseball-diamonds, laundry and shower facilities and a large beach pavilion. Approximately 44 of the RV sites are subject to 35 year leases to third parties
27. Due to some environmental issues (as discussed in the November 25<sup>th</sup> Purdy Affidavit), the site has been closed for the past season. The Monitor understands that Half Moon has done certain remedial work and testing and expects to receive temporary approvals from Alberta Environment that will allow the resort to re-open for public use in 2012.
28. Axxess has mortgages over 27 of the RV lots and has commenced foreclosure proceedings.

**BC Properties**

*No. 50 Corporate Ventures ("No.50")*

29. No.50 is incorporated in the province of British Columbia and holds the shares of Fishpath Resorts, but otherwise has no operations.
30. The Monitor understands that this company was previously used to hold certain securities of Jack Purdy, when Jack Purdy was in the securities trading business some time ago.

*Fishpaths Resorts Corporation ("Fishpath Resorts")*

31. Fishpath Resorts was incorporated in the province of British Columbia and is currently one of the Purdy Group's only operating companies that consists of a 36-room hotel, 65 seat liquor establishment, 50 seat restaurant, pool & spa and large RV lot.
32. Commonly referred to as the Bamfield Trails Motel, it is located at 226 Frigate Road on West Coast Vancouver Island, British Columbia. The Monitor understands that the Bamfield Trails Hotel and three of the smaller lodges continue to operate and provide some limited and insignificant cash-flow sufficient at this time of year to cover its expenses.

*Armac Investments Ltd. ("Armac BC")*

33. Armac BC was incorporate on or around 1955 in the province of British Columbia.
34. Armac BC is a holding company for the majority of the other applicants but it also owns most of the property located in the communities of Port Alberni and Bamfield on West Coast Vancouver Island, British Columbia. The Armac BC's properties and properties owned by other of the Applicants in B.C. are commonly referred to as the Hawkeye Marine Group ("Hawkeye Marine"). Armac BC owns approximately 26 parcels of land in Bamfield and Port Alberni area. Some of these lands have buildings on them, but with the exception of one property in Port Alberni, that are now operating or leased.
35. The Armac BC Properties are further described in detail in the November 25<sup>th</sup> Purdy Affidavit.
36. Substantially all of the Armac BC lands have tax arrears and are at various stages of being taken over by the BC Crown in their tax sale process. Many of the titles are now in the name of the BC Crown; however, Armac BC still has an

opportunity to pay the tax arrears and redeem the properties from the tax sale process.

37. Canada Revenue Agency ("CRA") has mortgages and Tax Judgments registered against most of the Armac BC lands and one Port Alberni property at 5968 River Rd is listed for sale.

*Ostrom Estates Ltd. ("Ostrom")*

38. Ostrom is incorporated in the province of British Columbia and has a 50% interest in one significant property located at 200 South Bamfield. Armac BC owns the other 50%. This property is a 2/3<sup>rd</sup> of a mile harbour ocean front property (38 acres of waterfront property) that is RA2 zoned, located in South Bamfield, West Coast Vancouver Island, British Columbia.
39. CRA has a mortgage over this property and it is listed for sale under a foreclosure process.
40. There are property tax arrears outstanding on this property.

*Hawkeye Marine Group Ltd. ("Hawkeye Group")*

41. Hawkeye Group is incorporated in the province of British Columbia with no operations. It was incorporated for the purposes of advancing the initiatives regarding all of Armac BC properties (mainly the Hawkeye Marine properties).

*Jubilee Mountain Holdings Ltd. ("Jubilee")*

42. Jubilee is a holding company that was incorporated in the province of British Columbia that currently holds 20-acres of raw land in the Town of Spillamachen, British Columbia. There are property tax arrears outstanding on this property.

*Giant Mountain Properties Ltd. ("Giant Mountain")*

43. Giant Mountain is a holding company that was incorporated in the province of British Columbia that currently holds 50-acres of raw land in the Town of Spillamachen, British Columbia. This property is adjacent to the Jubilee.

44. There are property tax arrears outstanding on the property.

*Cherry Blossom Park Development Corp. ("Cherry Blossom")*

45. Cherry Blossom is a holding company incorporated in the province of British Columbia and is located at 5611 Culverton Road, Duncan, Vancouver Island, British Columbia (the "Culverton Property"). The Culverton Property totals 18-acres of raw land and is in the final process of being rezoned into a 50- lot for a centralized adult community project.
46. There are property tax arrears outstanding on this property.

**OPERATIONAL UPDATE**

47. Following the granting of the Initial Order, the Purdy Group has not experienced a material change to its operations and/or holdings; has maintained its operations at Fishpath Resorts and has generally enjoyed the support of its critical vendors.

**RESTRUCTURING UPDATE**

**Discussions with the Purdy Group**

48. Since the date of the Initial Order, the Monitor has initiated dialogue with the Purdy Group to consider and develop certain restructuring options available to the Purdy Group.
49. Some of the initiatives discussed and being pursued include, but are not limited to:
- a) selling multiple "non-essential" Purdy Group assets from the Alberta Properties and/or BC Properties (the "Purdy Group Assets") with some proceeds to be used for restructuring and some to fund a plan to its creditors;

- b) identify certain minor improvements and development steps on the Purdy Group Assets that will assist in increasing the their marketability;
  - c) putting in place sustainable replacement funding as may be necessary in furtherance of successfully maintaining the Purdy Group as an on-going viable business, with the purpose of being able to pay all their obligations as they come due; and
  - d) identifying and addressing the property tax arrears in Alberta and B.C. to determine which should be paid to preserve the property.
50. The restructuring initiatives are currently at the preliminary stages and the Monitor will report on the status of these initiatives in upcoming reports.

#### **LAKE EDEN FUNDS HELD IN TRUST**

##### **Byron Loewen Garnishee Application**

51. As discussed in par. 35 and 36 in the November 25<sup>th</sup> Purdy Affidavit, an Order for Judgment against Garnishee ("Order for Judgement") was obtained by Byron Loewen ("Loewen") on November 1, 2011, in the amount of \$316,034.13 plus costs in the amount of \$4,777.42, against Lake Eden (the "Lake Eden Contested Funds").
52. Pursuant to the Initial Order, the Monitor was required to set aside the Lake Eden Contested Funds of \$320,000 in trust pending further order from the Court in relation to this Order for Judgement. The Monitor confirms that it has complied with this direction from the Court.
53. Loewen has brought an application to be heard by this Honourable Court on December 20, 2011, seeking to have the Lake Eden Contested Funds paid to Loewen.

54. The Monitor has discussed the circumstances surrounding the Order for Judgment with Purdy and his legal counsel, reviewed the available pleadings and discussed same with Monitor's counsel. The following summarizes the Monitor's understanding of the facts:
- a) The original claim of Loewen was against one or all of the corporate entities "Armac", Fishpath and 50 Corporate Ventures ("Judgment Companies") and related to an employment contract with one or all of those entities to assist with the development of the Hawkeye Marine Group properties on West Coast Vancouver Island, British Columbia in the communities of Bamfield and Port Alberni.
  - b) A judgment was obtained in B.C. against the Judgment Companies in the amount of approximately \$100,000 (the "BC Judgment")
  - c) There are two Armac companies as discussed earlier in this report (Armac BC and Armac AB) and although it is not clear from the material, which Armac is part of the Judgment Companies, Purdy and his counsel advise it is Armac BC.
  - d) The BC Judgment was registered in Alberta against the Judgment Companies, but a writ of enforcement was obtained in Alberta and registered against Armac AB for the approximate amount of \$100,000 (the "AB Writ").
  - e) An Alberta garnishee summons against Lake Eden was then obtained by Loewen on the strength of the AB Writ. Two other writs were filed against Armac AB at the Alberta personal property and registry (the "Alberta PPR") one in favour of CRA for \$201,701 and one in favour of Prowex Disposal for \$14,867. The garnishee summons included these two writs and the Loewen writ for \$100,000 (the "Writ Holders") for a total of \$316,034 ("Garnishee Summons").

- f) The Garnishee Summons was served on Lake Eden, but was not responded to. Loewen then sought from the Court, an Order for Judgement.
- g) As of the date of the Initial Order neither the Garnishee Summons nor the Order for Judgment had been executed.
- h) Lake Eden is a debtor of Armac AB and possibly of Armac BC. Likewise, Armac AB is a creditor of Lake Eden and Armac BC may be a creditor of Lake Eden. The total Armac receivable from Lake Eden is in excess of \$2.0 million.
- i) Armac AB had a \$7,540,000 mortgage registered against the Lake Eden lands sold by tax sale. The mortgage is appended as Exhibit E to the Affidavit of Purdy dated December, 2011. If valid, Armac AB would have a secured claim over the Lake Eden Contested Funds and the balance of the Lake Eden Funds. There is a contingent claim against Lake Eden in the amount of \$100,000. Aside from these claims and the potential claim of the writ holders discussed below, the Monitor is not aware of any other creditors of Lake Eden. The Monitor has reviewed copies of cheques from Armac AB in respect of Lake Eden in the amount of \$914,088.7 and legal correspondence indicating a further \$829,499.00 was advanced to Lake Eden by either Armac AB or Armac BC for a total of \$1,743,587.70 before interest charges. In addition, the mortgage bears interest at 18% per annum. The advances were made between July 2004 and July 2007. Accruing interest only on the \$914,088.70 amount advanced directly by Armac AB would at a minimum \$700,000 bringing the debt due to Armac AB to a minimum of \$1,614,088.70. The mortgage and copies of the advances are attached as Appendix D.
- j) The total claims of the Purdy Group of Companies is in excess of \$11.0 million.

55. Based on the foregoing, the Monitor does not believe that the Writ Holders have a priority claim to the Lake Eden Contested Funds over other creditors and that, for the reasons set out below, the Writ Holders do not have a convincing argument as to why they should be entitled to the Lake Eden Contested Funds over the Purdy Group (unless additional information can be provided to the Monitor to the contrary):

- a) The Writ Holder claims are unsecured claims against either Armac AB or Armac BC not against Lake Eden.
- b) The Applicants indicate the Loewen claim is against Armac BC and if that is the case the writ of Loewen should not have been issued against Armac AB.
- c) Armac AB has a registered mortgage and appears to have advanced in excess of \$2.0 million to Lake Eden on a secured basis. It is not perfectly clear which Armac advanced the entirety of the funds, but the Monitor is advised by Purdy that the intention was that the holder of the mortgage, was to be the party advancing the funds.
- d) If the Armac AB mortgage is valid, and the Monitor has no reason to believe they are not, Armac AB as a secured creditor of Eden would be entitled to the Lake Eden surplus funds in priority to unsecured creditors of Armac AB by virtue of the Municipal Government Act.
- e) If the Armac AB mortgage is for some reason not valid, the same conclusion may be reached as:
  - i. Armac BC and Armac AB have significant unsecured and secured creditors in addition to the Writ Holders and the Writ Holders should not have any priority over the other creditors of the two Armac companies in these proceedings;

- ii. By virtue of the Initial Order there is a stay of proceedings which precludes continuing with the Garnishee Summons or Order for Judgment without leave of the Court;
- iii. The Initial Order at paragraph 9 precludes the Applicants from making any payments to creditors as of the date of the Initial Order; and
- iv. The funds are required by the applicants for restructuring purposes for the equal benefit of all creditors.

#### **Camphenhout Application**

- 56. On December 9, 2011, counsel for the Applicants received a letter from counsel representing three former owners of cottage property at Lake Eden, in Parkland County, claiming they may have an equitable interest in the Lake Eden lands sold by Parkland County for arrears of taxes and have commenced an action against Parkland County and the purchaser of the lands. In the alternative these former owners claim they may be entitled to a portion of the surplus funds by virtue of the Municipal Government Act and were seeking to vary the Initial Order.
- 57. The Parties agreed that the maximum claim to the surplus funds would be \$100,000 and a Consent Order was issued directing the Monitor to hold a further \$100,000 in trust, pending further order of the Court.
- 58. The Monitor is holding the funds in Trust.

#### **BUDGET TO ACTUAL RESULTS – DECEMBER 1, 2011 TO DECEMBER 14, 2011**

- 59. The cash flow budget to actual presented at Appendix B to this report for the Reporting Period contains the actual cash receipts and disbursements relating to the Purdy Group as compared to the cash flow forecasts previously provided to this Court in the Proposed Monitor's Report (the "Proposed Monitor's Report

Forecast"). The table below provides a summary of the budget to actual cash flow:

<b>The Purdy Group</b> <b>Budget to Actual Cash Flow Results</b> <b>for the period of December 1, 2011 to December 14, 2011</b>			
	<b>FORECAST</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>Week 1 to Week 3 Dec.1 - Dec.14, 2011</b>	<b>Week 1 to Week 3 Dec.1 - Dec.14, 2011</b>	<b>Week 1 to Week 3 Dec.1 - Dec.14, 2011</b>
<b>Receipts</b>	1,400,000	1,417,234	17,234
<b>Operating disbursements</b>	305,000	108,853	196,147
<b>Restructuring retainer fees</b>	525,000	525,000	-
<b>Funds held in trust</b>	-	420,000	(420,000)
<b>Net change in cash flow</b>	570,000	363,381	(206,619)
<b>Opening cash</b>	-	-	-
<b>Net change in cash flow</b>	570,000	363,381	(206,619)
<b>Ending cash</b>	570,000	363,381	(206,619)

60. Receipts for the Reporting Period totalled \$1,417,234, representing a favourable variance of approximately \$17,234 from the receipts set out in the Proposed Monitor's Report Forecast. This positive variance was primarily due to higher than anticipated Lake Eden Funds held in trust with this Court and higher than expected accrued interest earned on these trust funds.
61. Operating disbursements for the Reporting Period totalled approximately \$108,853 representing a favourable variance of approximately \$196,147. This variance was primarily due to the timing of certain property tax arrears and

preservation costs that were supposed to have been incurred in the Reporting Period, but will now be paid in the Forecast Period.

62. The Purdy Group incurred \$525,000 in restructuring retainer fee expenses that were previously forecast in the Proposed Monitor's Report Forecast.
63. The Monitor was directed by this Honourable Court to hold \$420,000 of the Lake Eden Funds in trust, pending further order from this Honourable Court that was not previously forecast.
64. The ending total cash balance as at December 14, 2011 was \$363,381 compared to the forecast cash balance amount of \$570,000, for the reasons discussed above.

#### **REVISED CASH FLOW FORECAST THROUGH FEBRUARY 16, 2012**

65. The Purdy Group, with the assistance of the Monitor, has prepared a Revised Forecast for Forecast Period, which is attached as Appendix C. Management has prepared the Revised Forecast based on the most current information available.
66. The table below summarizes cash flow for the Forecast Period:

<b>Purdy Group Revised Forecast</b>	<b>Dec.15/11 - Feb.16/12</b>
<b>RECEIPTS</b>	
Fishpath trade sales and rental receipts	13,800
<b>Total receipts</b>	<u>13,800</u>
<b>DISBURSEMENTS</b>	
Fishpath operating disbursements	7,000
Advances / Management fees	9,600
Property tax arrears	206,000
Contingency	15,000
Preservation, repair and marketing costs	130,000
<b>Total operating disbursements</b>	<u>367,600</u>
<b>Restructuring retainer fees</b>	<u>-</u>
<b>Total disbursements</b>	<u>367,600</u>
<b>NET CHANGE IN CASH FLOWS</b>	<u>(353,800)</u>
<b>OPENING CASH</b>	363,381
<b>NET CHANGE IN CASH FLOWS</b>	<u>(353,800)</u>
<b>ENDING CASH</b>	<u>9,581</u>

67. As summarized above, the Purdy Group is projecting total cash receipts of approximately \$13,800 and cash disbursements for operations of approximately \$367,600, resulting in a net decrease in cash of approximately \$353,800 during the Forecast Period.
68. The Monitor has reviewed the assumptions supporting the Revised Forecast with the Purdy Group management and believes the assumptions to be reasonable.
69. Significant assumptions made by the Purdy Group management with respect to the Revised Forecast are:

- a) trade sales and rental sales relate primarily to the estimated collection of approximately \$13,800 in sales and rental receipts at the Fishpath Resort;
- b) Fishpath operating disbursements of approximately \$7,000 relating primarily to various general and administrative expenses, wages and benefits and utility costs associated in operating Fishpath Resort;
- c) advances and/or management fees payable of approximately \$10,000 to Jack Purdy for management services in relation to operating the Purdy Group;
- d) property tax arrears of approximately \$206,000 relating primarily to the payment of certain outstanding property taxes held by the Purdy Group in within the Alberta Properties and BC Properties;
- e) contingency costs of approximately \$15,000 to cover unforeseen costs that may arise that were not previously captured in the Revised Forecast; and
- f) preservation, repair and marketing costs of approximately \$130,000 have been identified as costs that are anticipated to be incurred by the Purdy Group to ensure certain of its properties are in an appropriate selling state for the purposes of developing a successful plan of arrangement;

70. Based on the Purdy Group's assumptions, the Revised Forecast indicates that the Purdy Group will continue to have sufficient available cash to meet its current obligations through the Forecast Period.

## **NOTICE TO CREDITORS**

71. Pursuant to the terms of the Initial Order, the Monitor:
- a) published the Notice to Creditor (the "Notice") in the Globe & Mail (National Edition) on December 9, 2011 and December 14, 2011;
  - b) made the Initial Order publicly available on the Monitor's web-site effective December 6, 2011;
  - c) on December 9, 2011 mailed the Notice to every known creditor (the "Known Creditors") of the Purdy Group having a claim of more than \$1,000; and
  - d) prepared a list of showing the names and addresses of the Known Creditors and made the list publicly available on the Monitor's website effective December 9, 2011.
72. The Notice also advised that if a creditor had any other questions or concerns of the Notice that the creditor could contact Monitor directly by providing the creditor with Monitor contact information.

## **THE PURDY GROUP'S REQUEST FOR AN EXTENSION TO THE STAY PERIOD**

73. Pursuant to the Initial Order, the Purdy Group's stay period expires at midnight on December 30, 2011 (the "Stay Period"). The Purdy Group is seeking an extension of the Stay Period until, and including February 16, 2011 (the "Stay Extension").
74. The Stay Extension is necessary for the Purdy Group to develop a restructuring plan or plan of arrangement.

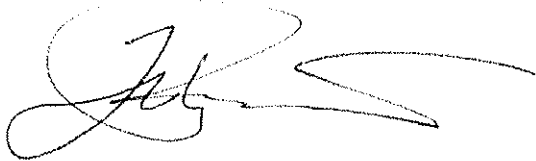
75. In the Monitor's view, the Purdy Group is acting in good faith and with due diligence during this CCAA proceeding. The Monitor is of the view that the Stay Extension is appropriate in the circumstances.

**RECOMMENDATION**

76. The Monitor recommends that this Honourable Court approve the Stay Extension.

All of which is respectfully submitted this 15<sup>th</sup> December, 2011

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Proposed Monitor of  
Purdy Group of Companies**

A handwritten signature in black ink, appearing to be 'TR', with a long horizontal stroke extending to the right.

Tim Reid, CA•CIRP  
Senior Vice-President

A handwritten signature in black ink, appearing to be 'OK', with a long horizontal stroke extending to the right.

Orest Konowalchuk, CA•CIRP  
Senior Manager

# APPENDIX A

## **LISTING OF PURDY GROUP OF COMPANIES**

ARMAC INVESTMENTS LTD. (AB)

LAKE EDEN PROJECTS INC. (AB)

1204583 ALBERTA INC. (AB)

1317517 ALBERTA INC. (AB)

WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB)

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)

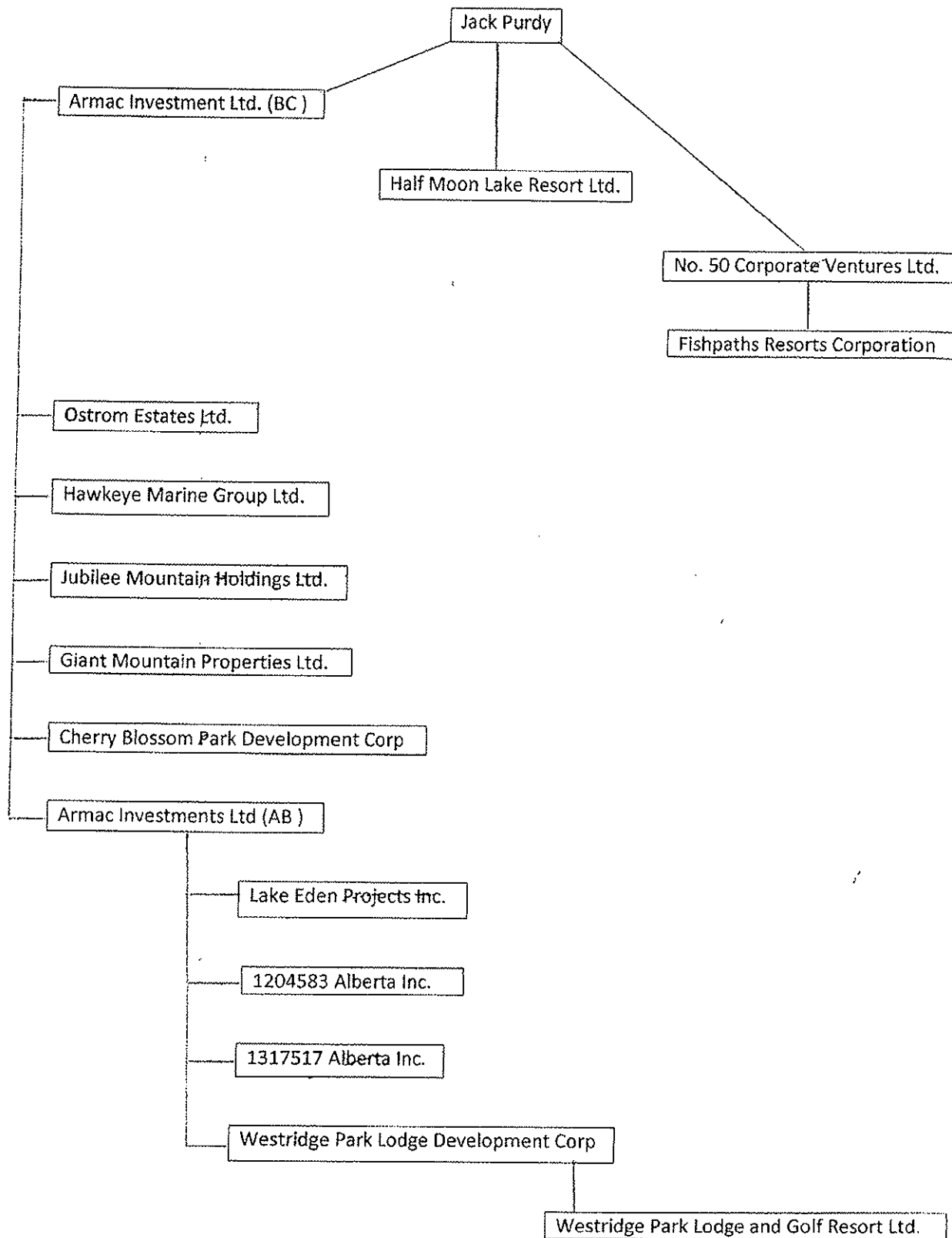
GIANT MOUNTAIN PROPERTIES LTD. (BC)

CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)

### **NOTE:**

As discussed in the First Report of the Monitor, the above corporate names have either an (AB) or (BC) after each of the individual applicant company names. The Monitors notes this was done to indicate in which province the individual applicants are located, and as such, those letters do not form a part of the legal name of the company.

There are two Armac Investments Ltd. entities; one is a British Columbia ("B.C.") Corporation and the other is an Alberta Corporation.



# APPENDIX B


Purdy Group of Companies  
 Budget to Actual Cash Flow Results  
 For the period of December 1, 2011 to December 14, 2011 (the "Reporting Period")  
 (in CDN dollars)

	FORECAST	ACTUAL	VARIANCE
	Week 1 to Week 3	Week 1 to Week 3	Week 1 to Week 3
Week ending:	Dec.1 - Dec.14, 2011	Dec.1 - Dec.14, 2011	Dec.1 - Dec.14, 2011
<b>RECEIPTS</b>			
Collection of funds held in trust	1,400,000	1,417,234	17,234
<b>Total receipts</b>	<b>1,400,000</b>	<b>1,417,234</b>	<b>17,234</b>
<b>DISBURSEMENTS</b>			
Fishpath operating disbursements	-	-	-
Professional fees	100,000	108,853	(8,853)
Property tax arrears	100,000	-	100,000
Contingency	5,000	-	5,000
Preservation, repair and marketing costs	100,000	-	100,000
<b>Total operating disbursements</b>	<b>305,000</b>	<b>108,853</b>	<b>196,147</b>
<b>Restructuring retainer fees</b>	<b>525,000</b>	<b>525,000</b>	<b>-</b>
<b>Funds held in trust</b>	<b>-</b>	<b>420,000</b>	<b>(420,000)</b>
<b>Total disbursements</b>	<b>830,000</b>	<b>1,053,853</b>	<b>(223,853)</b>
<b>NET CHANGE IN CASH</b>	<b>570,000</b>	<b>363,381</b>	<b>(206,619)</b>
<b>OPENING CASH</b>			
	-	-	-
Net change in cash	570,000	363,381	(206,619)
<b>ENDING CASH</b>	<b>570,000</b>	<b>363,381</b>	<b>(206,619)</b>

# APPENDIX C

Purdy Group of Companies  
 Projected Cash Flow Statement\*  
 For the period of December 15, 2011 to February 16, 2012 (the "Forecast Period")  
 (in CDN dollars)

Week ending:	Week 4 23-Dec-11	Week 5 30-Dec-11	Week 6 06-Jan-12	Week 7 13-Jan-12	Week 8 20-Jan-12	Week 9 27-Jan-12	Week 10 03-Feb-12	Week 11 10-Feb-12	Week 12 17-Feb-12	Total
<b>RECEIPTS</b>										
Fishpath trade sales and rental receipts	-	6,900	-	-	-	6,900	-	-	-	13,800
<b>Total receipts</b>	-	6,900	-	-	-	6,900	-	-	-	13,800
<b>DISBURSEMENTS</b>										
Fishpath operating disbursements	-	3,500	-	-	-	3,500	-	-	-	7,000
Advances / Management fees	-	4,400	-	-	-	5,200	-	-	-	9,600
Property tax arrears	106,000	-	-	-	50,000	-	50,000	-	-	206,000
Contingency	-	5,000	-	-	-	5,000	-	-	5,000	15,000
Preservation, repair and marketing costs	-	-	50,000	-	-	40,000	-	40,000	-	130,000
<b>Total operating disbursements</b>	106,000	12,900	50,000	-	50,000	53,700	50,000	40,000	5,000	367,600
Restructuring retainer fees	-	-	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	106,000	12,900	50,000	-	50,000	53,700	50,000	40,000	5,000	367,600
<b>NET CHANGE IN CASH</b>	(106,000)	(6,000)	(50,000)	-	(50,000)	(46,800)	(50,000)	(40,000)	(5,000)	(353,800)
<b>OPENING CASH</b>	363,381	257,381	251,381	201,381	201,381	151,381	104,581	54,581	14,581	363,381
Net change in cash	(106,000)	(6,000)	(50,000)	-	(50,000)	(46,800)	(50,000)	(40,000)	(5,000)	(353,800)
<b>ENDING CASH</b>	257,381	251,381	201,381	201,381	151,381	104,581	54,581	14,581	9,581	9,581

  
 Jack Purdy  
 President & Chief Executive Officer

*Dec 15/2011*  
 Date

# APPENDIX D

**CERTIFIED COPY OF RESOLUTION OF THE DIRECTORS OF  
LAKE EDEN PROJECTS INC.**

**(the "Corporation")**

**"RESOLVED:**

1. THAT the Corporation borrow from **Armac Investments Ltd.** (hereinafter called the "**Lender**") the principal sum of **Seven Million Five Hundred and Forty Thousand (\$7,540,000.00) Dollars** together with interest thereon as provided in that certain Commitment Letter between the Lender and the Corporation dated the 1st day of October, 2005.
2. THAT as security for the repayment of the said loan the Corporation do execute and deliver to and in favour of the Lender the security listed in the Security Schedule attached hereto, together with any other security as may be required by the Lender, such securities and documents to be in such form and upon such terms and conditions as the President or Secretary or any Director of the Corporation in their sole discretion may approve, the signing of such securities and documents by one or more of them to be conclusive evidence of such approval.
3. THAT any Officer or Director of the Corporation is hereby authorized for and on behalf of and in the name of the Corporation to execute and deliver such further deeds, documents, assignments or authorities as may be necessary to carry out effectively the terms of the said loan and the securities to be granted with respect thereto."

\*\*\*\*\*

**CERTIFICATE**

I, John Kenneth Purdy, Secretary/Treasurer of **EDEN LAKE PROJECTS INC.**  
HEREBY CERTIFY that:

1. The foregoing Resolutions are true and correct copies of Resolutions duly passed by the Directors of **EDEN LAKE PROJECTS INC.**, in strict accordance with the provisions set forth and contained in the By-laws of the Corporation, and that the said Resolutions have not since been varied, amended or revoked and are now in full force and effect as of the date hereof.
2. The passage, adoption and implementation thereof by the Directors of the Corporation is within the power and authority granted to the Directors of the Corporation by the Corporation's By-laws.

CERTIFIED under seal of the Corporation this 25<sup>th</sup> day of October, 2005.

  
\_\_\_\_\_  
SECRETARY/TREASURER

**SECURITY SCHEDULE**

1. Real Property Mortgage for the Lands described in the Land Schedule attached thereto
2. General Security Agreement
3. Assignment of Insurance



LAND SCHEDULE

The Lands are legally described as follows:

PLAN 8520616  
BLOCK 1  
LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS



# MORTGAGE

## THE LAND TITLES ACT

Eden Lake Projects Inc. of Edmonton, Alberta, (hereinafter called the "Borrower") being registered, or entitled to become registered, as owner of an estate in fee simple in possession, subject to registered encumbrances, liens and interests, if any, on the existing Certificate of Title, for those lands located in the Province of Alberta described in the LAND SCHEDULE attached hereto (which together with the services, buildings, improvements, and fixtures located thereon, now or thereafter, are collectively called the "Lands");

IN CONSIDERATION of the sum of Seven Million Five Hundred and Forty Thousand (\$7,540,000.00) Dollars (the "Principal Sum") lent to the Borrower by ARMAC INVESTMENTS LTD., a body corporate having an Office at 6312 50th Street, in the City of Edmonton, in the Province of Alberta, T6B 3K4 (who and whose successors and assigns are herein included in the expression the "Lender"), the receipt of which Principal Sum the Borrower does hereby acknowledge, the Borrower COVENANTS with the Lender as follows:

### 1. PRINCIPAL AND INTEREST

The Borrower will unconditionally pay to the Lender without deduction, abatement or set off, at the above address, or at such other place as the Lender may in writing direct, the Principal Sum in lawful money of Canada, on demand, with interest thereon at the rate of Eighteen (18%) per cent per annum (the "Mortgage Rate"), not in advance, as well after as before maturity, both before and after default and both before and after judgment, until paid, as follows:

- (a) Interest only at the Mortgage Rate on the Principal Sum, computed from and including the first day of October, 2005, the balance of principal and interest to become due and payable on October 1, 2010, except in the event of a prior demand by the Lender. At the option of the Lender, interest so due and payable may be deducted from advances made from time to time hereunder, provided that the Lender may, in its sole option, on notice to the Borrower at any time, require interest on any advance calculated from and including the date of disbursement to be due and paid forthwith.
- (b) The Borrower will pay to the Lender interest on the Principal Sum or so much thereof as may be advanced or which shall from time to time remain unpaid at the Mortgage Rate and in the manner aforesaid and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Mortgage Rate as well after as before maturity of this Mortgage, and as well after as before judgment, under this Mortgage until paid, and shall be payable at the times, in the manner, and at the place here before provided for payment of principal, and all such interest and compound interest shall be a charge on the Lands. Interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be. In the event of nonpayment of any of the monies hereby secured at the time herein set for payment thereof, the Borrower will, so long as any part thereof remains unpaid, pay interest at the Mortgage Rate from day to day on the same.
- (c) The Lender may, at its sole option, amend the first payment date and the final payment date, or either of them by notice in writing sent by ordinary mail to the Borrower or to the Borrower's solicitor and/or by way of an Amending Agreement which Agreement the Borrower agrees to execute promptly and return to the Lender's solicitor.
- (d) Except in the event of a prior demand, the Principal Sum plus any outstanding interest shall be paid in full no later than January 1, 2010.



2. PAYMENT METHOD

The Borrower shall from time to time, if required by the Lender, provide a series of post-dated cheques or a signed pre-authorized withdrawal form or forms directed to the Lender or to the bank or financial institution at which the Borrower regularly keeps a chequing account, so as to enable the Lender to receive payments from time to time as required under this Mortgage. In the event of default under this Mortgage, the Lender may require future payments to be by certified funds or banker's draft.

3. TAXES

Subject as hereinafter in this paragraph provided, the Borrower will pay when and as the same falls due, all taxes, rates, liens, charges, encumbrances or claims which are or which may become charges or claims against the Lands or on this Mortgage or on the Lender in respect of this Mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (herein together referred to as "Taxes"):

- (a) The Lender may deduct from time to time from advances of monies under this Mortgage amounts sufficient to pay the Taxes which have become due and payable and are unpaid from time to time as advances are made;
- (b) The Borrower shall in each year during the currency hereof pay to the Lender in equal monthly installments such amounts as the Lender may estimate as being the annual Taxes (including, without limitation, supplemental tax assessments) next becoming due and payable, the said monthly installments to be paid with and in addition to the monthly installments of interest and principal due and payable under this Mortgage, and the Borrower shall also pay to the Lender before the due date of the current annual Taxes any additional sums that may be requisite in order that out of such monthly and additional payments the Lender may pay the whole amount of the annual Taxes on or before the due date thereof, or if such amount is payable in installments on or before the due date for payment of the first installment thereof;
- (c) Notwithstanding the foregoing provisions, the Lender may deduct from any advance or advances of the monies secured by this Mortgage an amount or amounts, estimated by the Lender, which together with the ensuing monthly payments by the Borrower to the Lender on account of Taxes as estimated by the Lender will be sufficient to fully pay and discharge such Taxes as may be levied within the year following the date that the first monthly installment is due hereunder. If all the Taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Lender may estimate the amount of such Taxes for the purpose of such deduction. If the amount of the Taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Borrower to the Lender in addition to the other payments herein provided to be made;
- (d) Notwithstanding the foregoing, where the period between the date that the first monthly installment is due hereunder and the next following due date for Taxes is less than one year, the Lender may at its option and as an alternative to or in addition to deduction of Tax-payment monies from advances, require the Borrower to pay (and the Borrower shall pay accordingly) to the Lender in equal monthly installments during such period and during the next succeeding 12-month period an amount estimated by the Lender to be sufficient to pay on or before the expiration of the said succeeding 12-month period, all Taxes which shall become due and payable during the said two periods and during the balance of the year in which the said succeeding 12-month period expires; and the Borrower shall also pay to the Lender forthwith on demand the amount, if any, by which the actual Taxes exceed such estimated amount;
- (e) So long as the Borrower is not in default under any covenant or agreement contained in this

Mortgage, the Lender shall apply such deduction and payments on the Taxes as they become due, but nothing herein contained shall obligate the Lender to apply such payments on account of Taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided, however, that if before any sum or sums so paid to the Lender shall have been so applied there shall be default by the Borrower in respect of any payment of principal, interest or other amount as herein provided, the Lender may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;

- (f) The Borrower shall be charged and shall pay to the Lender interest at the Mortgage Rate on the debit balance, if any, in the mortgage account outstanding after payment of Taxes by the Lender, until such debit balance is fully repaid;
- (g) Notwithstanding the provisions of clauses (b), (c) and (d) above, the Lender may, at its sole option, request the borrower to pay the Taxes as and when such Taxes become due and to submit to the Lender tax receipts evidencing the payment of the Taxes within 30 days after they become due, and in such case, the aforesaid monthly installments, where applicable, will be adjusted accordingly. Taxes shall be deemed to be due for the purposes of this Mortgage on the day on which they are levied by the applicable taxing authority or on the last day on which they may be paid without penalty, whichever is later, or if the Taxes are payable in installments on or before the due date for payment of the first installment thereof;
- (h) In default of the payment by the Borrower of monies for Taxes as aforesaid, then the Lender may (but shall not be obligated to) pay such Taxes and also any liens, charges and encumbrances which may be charged against the Lands. All monies expended by the Lender for any of such purposes together with interest thereon at the Mortgage Rate and shall be added to the principal monies hereby secured and repaid by the Borrower to the Lender forthwith and until repaid shall be a charge on the Lands;
- (i) If the Lands or any part thereof are sold or forfeited for nonpayment of Taxes while any sum remains unpaid under this Mortgage, the Lender may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Lender may pay, either in its own name or in the Borrower's name and on the Borrower's behalf, any and all sums necessary to be paid to redeem such Lands so sold or forfeited, and to re-vest such Lands in the Borrower, and the Borrower hereby nominates and appoints the Lender agent of the Borrower to pay any such monies on the Borrower's behalf and in the Borrower's name, and any monies so expended by the Lender together with interest thereon at the Mortgage Rate shall be repaid by the Borrower forthwith. In the alternative, the Lender shall have the right to bid on and/or purchase the Lands at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (j) The Borrower shall transmit to the Lender all tax bills and other notices affecting the imposition of Taxes forthwith after receipt of same by the Borrower and the Borrower authorizes the Lender to obtain any tax or assessment information concerning the Lands directly from the taxing authority having jurisdiction over the Lands;
- (k) The Borrower will, if required by the Lender, enroll in the taxing authority's tax installment payment plan; and
- (l) The Borrower irrevocably consents to the release to the Lender of all information about the Lands or the Borrower's operations from any governmental agency, including name and address of the property owner and amount of monthly payment if property taxes are paid through the tax installment plan. This authorization is granted in accordance with of the *Freedom of*



*Information and Protection of Privacy Act of Alberta or any such similar legislation.*


4. INSURANCE

The Borrower will at its expense, during the continuance of this security, maintain or cause to be maintained with financially sound and licensed insurers acceptable to the Lender, insurance in accordance with the following requirements:

- (a) The Borrower will forthwith insure and keep insured in favour of the Lender each and every building or improvement now or hereafter placed or erected upon the Lands both during erection and thereafter, including any plate glass, against loss or damage by fire, smoke, earthquake, tempest, tornado, cyclone, lightning, floods, and other risks and hazards customarily insured against by an extended coverage or additional perils supplemental contract of insurance, and such insurance shall include insurance in respect of the boilers, pressure vessels, machinery and like equipment, if any, against loss or damage to such equipment and any other improvements by rupture of any steam boiler or other object generating or operated by steam and/or closed circulation, hot water heating system and/or pressure vessel or sprinkler system operated within or on the Lands;
- (b) If any portion of the Lands are now or at any time rented or leased by the Borrower to any tenant or tenants, the Borrower shall, at the option of the Lender, keep the Lands insured in a form and wording satisfactory to the Lender, against loss of rental income and third party liability coverage in such amount as the Lender may from time to time require;
- (c) The Borrower will insure all portions of the improvements below grade, including the foundation of any and all improvements to the Lands;
- (d) All policies of insurance required to be maintained by the Borrower shall be effected upon terms and conditions satisfactory to the Lender and shall:
  - (i) regarding property insurance, be in an amount equal to the full undepreciated replacement cost of the improvements to the Lands;
  - (ii) be primary without right of contribution from any other insurance which is carried by the Borrower and expressly provide that all provisions thereof, except the limits of liability, shall operate in the same manner as if there was a separate policy covering each insured;
  - (iii) not contain any percentage co-insurance provisions;
  - (iv) provide that if any premium or installment is not paid when due, or if such insurance is cancelled, terminated or materially changed for any reason whatsoever, the insurers thereunder will promptly notify the Lender and that no cancellation, termination or change shall be effective in respect of the Lender until thirty (30) days after the giving of such notice;
  - (v) provide for any loss under each policy to be made payable to the Lender as its interests may appear pursuant to a Mortgage clause approved by the Insurance Bureau of Canada except for public liability insurance where the Lender shall be a named insured; and
  - (vi) include a cost replacement endorsement, which will specifically delete the requirement of reconstruction on same or adjacent site.

- (e) The Borrower shall deliver, at least fifteen (15) days before the expiry of any insurance or at least five (5) days prior to the date fixed for cancellation of a policy should notice of cancellation be given, evidence of renewal or replacement thereof;
- (f) In the event that the Borrower neglects to keep the improvements to the Lands or any of them insured as aforesaid or fails to deliver such policies and receipts or produce evidence of renewal, the Lender shall be entitled but shall not be obliged to insure the said improvements or any of them or may require any insurance upon the Lands to be cancelled and new insurance concurrently effected, all at the expense of the Borrower, and any amount paid by the Lender therefore shall bear interest at the Mortgage Rate and shall be dealt with as provided herein and that if, for any reason the Lender is unable to effect or maintain new insurance as hereinbefore provided, or in the case of the cancellation of any insurance upon the said improvements for any cause whatsoever, the whole of the Principal Sum and interest and all other monies hereby secured and not previously paid shall forthwith become due and payable at the option of the Lender;
- (g) On the happening of any loss or damage, the Borrower shall immediately notify the Lender and shall furnish, at its own expense, all necessary proofs and do all necessary acts to enable the Lender to obtain payment of the insurance monies and any insurance money received may, at the option of the Lender, be applied in rebuilding, reinstating or repairing the Lands or be paid to the Borrower or any other person appearing by the registered title to be or to have been the owner of the said Lands or to be applied or partly applied in one way and partly in another, or it may be applied, in the sole discretion of the Lender in whole or in part, on amounts outstanding and secured hereunder or parts thereof, whether due or not then due and the Borrower waives the benefit of any law or legislation to the contrary and in particular, the *Insurance Act of Alberta* and the *Fire Prevention (Metropolis) Act, 1774*;
- (h) To ensure that the Lender may apply insurance monies in the manner aforesaid, the Lender shall have a lien with priority ranking equal to that of the Mortgage on all insurance proceeds and the Borrower assigns and releases to the Lender all its rights to receive the insurance proceeds. The Borrower irrevocably constitutes and appoints the Lender as its agent for the purpose of demanding, recovering, and receiving payment of all insurance monies to which the Borrower becomes entitled. Nothing herein will render the Lender liable to the Borrower for any act done by the Lender in pursuance of this Power of Attorney or for its failure to do any act or take any step in relation thereto;
- (i) Notwithstanding the foregoing clauses, the Borrower shall put in place and provide the Lender with evidence of such other types of insurance as may be reasonably required from time to time by the Lender or as required under any Commitment Letter and such insurance shall be in a form and wording satisfactory to the Lender; and
- (j) The Borrower irrevocably consents to the release to the Lender of all information concerning insurance and instructs its insurers and its insurance agents to release such information required by the Lender from time to time. This authorization is granted in accordance with the *Freedom of Information and Protection of Privacy Act of Alberta*, *Personal Information Protection and Electronic Documents Act of Canada* and *Personal Information Protection Act of Alberta* or any such similar legislation.

5. MAINTENANCE OF CHARGE

- (a) The Borrower will fully and effectually maintain and keep the security hereby created as a valid and effective security during the currency hereof and, unless otherwise allowed by the Lender, will not permit or suffer the registration of any encumbrance, lien, or charge whatsoever, which could rank
- 

prior to the charge of this Mortgage; provided that the registration of any such lien or privilege shall not be deemed to be a breach of this covenant if the Borrower shall in good faith contest the same and shall, if the Lender so requires, give security to the satisfaction of the Lender for the due payment of the amount claimed in respect thereof, together with possible costs, in case it shall be a valid lien charge or encumbrance.

- (b) The Lender may pay the amount of any encumbrance, lien, or charge referred to in the preceding paragraph together with all costs and expenses incurred in connection therewith including solicitor's charges on a solicitor and his own client basis, and the amount so paid shall be payable forthwith by the Borrower to the Lender and until so paid shall be added to and become part of the principal money hereby secured and shall be a charge on the Lands with interest thereon at the Mortgage Rate and the non payment of such amount shall be a default hereunder. In the event of the Lender paying such amount, the Lender shall be subrogated to and entitled to all the rights, equities, and securities of the payee, and the Lender is authorized to retain any discharge thereof without registration if the Lender thinks proper to do so. The decision of the Lender as to the validity or amount of any advance or disbursement made under this Mortgage of a claim so paid shall be final and binding on the Borrower.
- (c) In the event the Lands are abandoned by the Borrower or appear to be so abandoned, or in the event it appears to the Lender that there is any present risk or future risk of destruction or damage to the Lands, whether or not there is any default under the terms of this Mortgage, the Lender shall have the right to enter any building located on the Lands and shall have the right to forcibly enter if necessary, for the purpose of preserving the said building and maintaining adequate utilities to the premises. The Lender shall not by such action be deemed to be a Lender in possession and shall not be considered a trespasser. All of the Lender's costs with respect to so protecting or preserving the Lands or premises thereon shall be added to the Principal Sum secured herein and shall be a charge upon the Lands.

6. WASTE

The Borrower will not permit or commit any act of waste on the Lands or do any other act or thing by which the value of the Lands shall in the opinion of the Lender be diminished and the Borrower will properly and sufficiently repair, maintain, and keep the improvements now or hereafter on the Lands, and fixtures and appurtenances belonging thereto in good and substantial repair. If, in the opinion of the Lender, the Lands are not at any time in proper state of repair, the Lender may serve notice upon the Borrower to make such repairs or replacements as the Lender deems proper and in the event of the Borrower not having complied or not being in the process of diligently complying with such requisition, the Lender may authorize the making of such repairs or replacements by its agents, employees or contractors and they may enter upon the Lands for the purpose of doing such work with or without the Borrower's concurrence and the cost thereof shall be repaid to the Lender by the Borrower and until paid shall be secured by this Mortgage, shall bear interest until paid at the Mortgage Rate and shall (together with the said interest) be a charge upon the Lands.

7. ALTERATIONS

Subject to the terms of any Commitment Letter that may have been entered into between the Borrower and the Lender, the Borrower will not change the use of the Lands nor make or permit to be made any material alterations or additions to the Lands without the consent of the Lender. At no time shall the Lands be used in a manner that would contravene the legislation, requirements, orders, ordinances, or regulations of any applicable governmental authority in force from time to time.



8. INSPECTION

At such time or times as the Lender may deem necessary and without the concurrence of the Borrower or any other person, the Lender may send its inspector or agent to view the Lands and such person shall be entitled to enter upon, inspect and report the value, state and condition of the Lands, and may retain a solicitor to examine and report upon the title of same and all monies so expended by the Lender shall be repaid by the Borrower to the Lender and until repaid shall be added to the principal monies advanced under this Mortgage and shall bear interest at the Mortgage Rate.

9. PRIOR CHARGE

- (a) If the Borrower makes default in the performance of the covenants, payments or conditions contained in any prior mortgages, Agreements for Sale, easements, restrictive covenants, or other charges (the "Prior Charge") secured upon the Lands, then such default shall constitute a default hereunder and the entire unpaid balance hereby secured together with interest, shall, at the option of the Lender, become forthwith due and payable. The Lender shall be at liberty in case of such default, but shall not be obligated, to pay any arrears or other sums payable under the Prior Charge, or pay off all or any portion of the principal and/or interest thereby secured. The Borrower irrevocably assigns to the Lender its right of redemption with respect to the Prior Charge that may be required to give effect to this clause. Any amounts so paid by the Lender shall be added to the amount hereby secured, shall bear interest at the Mortgage Rate until paid, shall be (together with the said interest) a charge upon the Lands, and (unless repaid to the Lender upon demand), shall be recoverable from the Borrower in the same manner as if such sum had been originally advanced and secured hereby.
- (b) The Borrower irrevocably consents to the release to the Lender of all information concerning the Prior Charge or any other charges secured against the Lands and instructs the holders of all such charges to provide the Lender with such information as may be required by the Lender from time to time. This authorization is granted in accordance with the *Freedom of Information and Protection of Privacy Act of Alberta*, *Personal Information Protection and Electronic Documents Act of Canada* and *Personal Information Protection Act of Alberta*.
- (c) The Borrower shall preserve and maintain in good standing all easements, rights of way, and restrictive covenants registered in priority to this Mortgage and shall not allow such encumbrances to be discharged or amended without the prior written consent of the Lender which shall not be unreasonably withheld.

10. SHORT COVENANTS

THE BORROWER COVENANTS AND AGREES WITH THE LENDER THAT THE BORROWER:

- (i) has a good title to the Lands;
- (ii) has the right to Mortgage the Lands;
- (iii) on default the Lender shall have quiet possession of the Lands, free from all encumbrances;
- (iv) Will execute such further assurances of the Lands as may be requisite;
- (vii) has done no act to encumber the Lands other than is described on the existing Certificate of Title; and
- (vi) the improvements on the lands comply with municipal by-laws and ordinances and do



not encroach onto adjoining lands.

11. ADVANCES


Neither execution nor registration nor acceptance of this Mortgage, nor the advance of part of the monies secured hereby, shall bind the Lender to advance the Principal Sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or Commitment Letter issued by the Lender, but nevertheless this Mortgage shall take effect forthwith on the execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Lender may advance the same in one or more sums to or on behalf of the Borrower at any future date or dates and the amount of such advance when so made shall be secured hereby and be repayable with interest as herein provided.

12. RE-ADVANCES

- (a) This Mortgage may be held by the Lender as security for a revolving line of credit up to a specific sum equal to the Principal Sum and accordingly this Mortgage shall be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with the same in the *Land Titles Act of Alberta*. This Mortgage is and shall be a continuing security to the Lender for the repayment of all present and future amounts owing in respect of the Principal Sum lent. Any portion of the Principal Sum may be advanced or re-advanced by the Lender in one or more sums at any future date or dates and shall be secured by this Mortgage and repayable with interest at the Mortgage Rate and this Mortgage shall be deemed to be taken as security for the ultimate balance of the monies hereby secured. Nothing herein shall require the Lender to make re-advances nor shall anything in this clause be deemed to create a right of pre-payment by the Borrower.
- (b) In the event a prior mortgage is a permitted encumbrance, the Borrower will not request the prior mortgagee to re-advance funds under its mortgage without the written consent of the Lender.

13. EXPROPRIATION

If the Lands, or any material part thereof, shall be expropriated the amount of the Principal Sum remaining unpaid, shall at the option of the Lender forthwith become due and payable, together with interest thereon at the Mortgage Rate to the date of payment, and together with a bonus equal to a sum of three (3) months interest at the Mortgage Rate, calculated on the amount of principal so remaining unpaid. The Borrower further agrees, subject to the rights of any permitted prior mortgagee:

- (a) The damages, proceeds, consideration, and award for such expropriation, to the extent of the full amount of the indebtedness owing under this Mortgage and obligations secured hereby remaining unpaid, are hereby irrevocably assigned by the Borrower to, and shall be paid forthwith to, the Lender;
  - (b) The Borrower acknowledges that it is aware of the provisions of Sections 49 and 52 of the *Expropriation Act of Alberta* and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and in addition the Borrower covenants to pay to the Lender the balance between the monies owing to the Lender under this Mortgage and the monies paid by the expropriating authority to the Lender;
  - (c) Any monies awarded by an order of the Surface Rights Board with respect to all or any part of the Lands to the extent of the full amount of the indebtedness owing under this Mortgage and obligations secured hereby remaining unpaid are herewith assigned by the Borrower and shall be paid forthwith to the Lender.
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14. CONDOMINIUM

In the event that the Lands or part thereof are now or at any time hereafter become a condominium under the *Condominium Property Act of Alberta* or similar legislation then the following shall apply:

- (a) The Borrower shall comply with, observe, and perform all provisions of the *Condominium Property Act of Alberta*, its regulations and the by-laws, rules, and regulations of the Condominium Corporation from time to time in force;
- (b) Without limiting the generality of the preceding sub-paragraph, the Borrower will promptly pay when due, all assessments, installments, or payments owing by the Borrower to the Condominium Corporation;
- (c) Upon breach of any covenant or provision contained in this section, then regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Lender, at its option and without notice to the Borrower may pay such contribution owing to the Condominium Corporation or rectify any such default or breach by the Borrower and such default or breach shall be a default under the terms of this Mortgage and in addition to any other rights it may have the Lender may distrain for arrears for any assessments, installments, or payments paid by the Lender;
- (d) The Borrower hereby irrevocably assigns, transfers and sets over unto the Lender all its rights which now exist, or may hereafter come into existence, to vote at meetings of the Condominium Corporation:
  - (i) In all cases in which a unanimous or special resolution is required by the *Condominium Property Act of Alberta* as amended, the By-Laws of the Corporation, or any Agreement with the Condominium Corporation; and
  - (ii) In all other cases other than as referred to in (i) of this clause, provided that in the event the Lender is either not present, or present by proxy, or if present, does not wish to vote, then the Borrower may exercise the voting right without further authority;
- (e) In the event this Mortgage is a blanket mortgage against more than one condominium unit, this Mortgage shall not in any way be fractionalized and this Mortgage shall continue and operate as full security on each and every condominium unit and the consent by the Lender to a Condominium Plan shall not entitle the Borrower or any successor or assign to any partial break out or discharge of this Mortgage as to any unit or units.

15. CONSTRUCTION

In the event this Mortgage is a building or construction mortgage, the Borrower agrees that:

- (a) The improvements being erected or to be erected and all materials brought onto the Lands form part of the security for full amount of the monies secured by this Mortgage;
  - (b) All advances on this Mortgage are to be made and used in accordance with the progress of construction of such improvements and in furtherance of their completion and occupation;
  - (c) The Borrower will construct the improvements on the Lands in a good and workmanlike manner and in accordance with plans and specifications which have been or which may hereafter be approved by the Lender or, if applicable, Canada Mortgage and Housing Corporation, in accordance with applicable building codes and requirements of governmental authorities, and will carry on diligently to complete the construction of the said improvements. When so required by the Lender the Borrower shall supply the Lender with evidence or confirmation from
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any such municipal or governmental authorities of such compliance and the Lender is authorized to make any inquiries it may deem appropriate from any such municipal or governmental authorities;

- (d) Any defects or variation in the construction of the Project on the Lands as reported to the Lender by its consultants shall be promptly corrected by the Borrower to the satisfaction of the Lender;
- (e) In the event that any such improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, or in the event of other default, the Lender may enter the Lands and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Lender may see fit including the retention of such contractors, subcontractors or agents it may choose. Any monies spent by the Lender pursuant to this sub-clause including a management fee of 15% of such monies spent shall be a charge on the Lands and bear interest at the Mortgage Rate and shall be deemed to constitute part of the Principal Sum. In the event the Lender exercises its rights under this sub-clause, the rights and benefits of the Borrower in and to any regulatory permits and all contracts with trades and suppliers or professionals are assigned to the Lender to such extent as the Lender may require;
- (f) The Lender shall be entitled, at the expense of the Borrower, to inspect all aspects of the construction and make tests of materials, and the Borrower will not cover any portion of the construction work requiring inspection by the Lender until the Lender has inspected the same, and the Borrower shall forthwith remedy and carry out against any work which does not conform to the Lender's reasonable requirements;
- (g) The Borrower shall, at its expense, provide to the Lender such documents, contracts, permits, and other materials in respect of construction as the Lender requires from time to time;
- (h) The Lender shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Borrower under the *Builder's Lien Act of Alberta*; provided that if the Lender holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Lender, such holdbacks shall not constitute the lien fund under the said Act. The Lender may, at its option, make advances under the Mortgage directly to pay trades and suppliers owed money in the course of construction;
- (i) No entry or occupation by the Lender shall be deemed to make the Lender a Lender in possession.
- (j) No extra work or materials or change in plans and specifications shall be ordered or authorized by the Borrower without the prior written consent of the Lender which shall not be unreasonably withheld; and
- (k) If a budget shortfall amount (as described below) has arisen and has continued for 30 days or more, the Borrower shall, on demand by the Lender, forthwith pay to the Lender such monies as are required to satisfy the budget shortfall amount, being the amount, if any, by which the aggregate cost, as determined by the Lender, to complete construction of the Project (as defined in the Commitment Letter) including the interest estimated to accrue due on the Loan to the date of completion of the Project, exceeds the unadvanced portion of the Loan (or if the Loan comprises more than one loan, exceeds the unadvanced portion of the construction loan included in the Loan). The monies so paid to the Lender shall be held by the Lender as cash collateral to secure the obligations of the Borrower to the Lender until released by the Lender in its discretion for injection by the Borrower into the Project to satisfy the budget shortfall. The obligations of the Borrower under this clause shall be continuing obligations in favour of the Lender which shall not be



terminated by reason of a demand being made on the Borrower by the Lender, and the Lender shall be entitled to demand and re-demand payment from the Borrower from time to time and at any time.

16. USE OF MONEY

The Lender shall not be charged with any monies receivable or collectable out of the Lands or otherwise except those actually received by the Lender, and all revenue of the Lands received or collected by the Lender from any source other than payment by the Borrower may, at the option of the Lender, be retained in a suspense account or used in maintaining or insuring or improving the Lands, or in payment of taxes or other charges against the Lands, or applied on the Mortgage account, and the Lender shall not be under any liability to pay interest on any sums in a suspense account.

17. EVENTS OF DEFAULT

"Events of Default" means the occurrence of any one or more of the following events:

- (a) a default by the Borrower in the observance or performance of any of the terms or conditions of this Mortgage, any the collateral security or any Commitment or Facility Letter between the Lender and the Borrower;
- (b) an order being made or an effective resolution being passed for the winding up of the Borrower or a petition being filed for the winding up of the Borrower;
- (c) the Borrower becoming insolvent or the filing or presenting of a petition in bankruptcy against the Borrower;
- (d) the appointment of a Receiver or Receiver Manager of the Borrower or any of its assets either privately or by court appointment;
- (e) if the Borrower shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act of Canada*, become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act of Canada*, the *Companies Creditor's Arrangement Act of Canada*, or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant and default herein;
- (f) the conduct of any unlawful activity on the Lands;
- (g) any execution, sequestration or other process of any Court becoming enforceable against the Borrower or a distress or analogous process being levied upon the property of the Borrower or any part thereof which is not satisfied or discharged, as the case may be, within 15 days from the date upon which the Borrower receives written notice of the same from the Lender; and
- (h) any other event which, pursuant to the terms of the Mortgage constitutes, or is deemed to constitute, an Event of Default.

18. REMEDIES AND POWERS ON DEFAULT

Upon the occurrence of an Event of Default:

- (a) The whole of the principal monies, interest, and other sums secured hereby shall, at the option of the Lender, become due and payable provided, however, the Lender may elect at its option, to enforce this Mortgage or any collateral security for collection of only outstanding arrears of payments;



- (b) The Lender may forthwith take such proceedings to realize on its security created by this Mortgage or any collateral security, by foreclosing the same or otherwise as it may by law be entitled including an action on the covenants of the Borrower;
- (c) the Lender shall not be required to sell the Lands or any portion thereof in any sequence or order or marshal any Lands or assets secured by this Mortgage or collateral security;
- (d) The Lender at its option may, at the Borrower's expense, and when and to such extent as the Lender deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos, or stipulations required to be performed or observed by the Borrower hereunder;
- (e) The Lender may enter into possession, either by itself or by its agent, of the Lands and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Lands or any part thereof for such periods, on such terms, and at such rents as the Lender shall think proper. The power of sale granted under this Mortgage may be exercised either before or after and subject to any such demise or lease;
- (f) It shall and may be lawful for, and the Borrower does hereby grant full power, right and licence to the Lender, to enter, seize and distrain upon the Lands or any part thereof and to seize and distrain upon goods situated thereon, and by distress warrant to recover by way of rent reserved as in the case of demise of the Lands as much of the monies owing hereunder as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent and the Borrower waives all rights to exemptions from distress and seizure under any law and also waives compliance with the provisions of the *Civil Enforcement Act of Alberta*, and any amendment thereto, or any Act passed in amendment or substitution thereof;
- (g) the Lender may at such time or times as the Lender may deem necessary and without the concurrence of any person, enter upon the Lands and may make such arrangements for completing the construction, repairing or, putting in order of any buildings or other improvements on the Lands, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Lands as the Lender may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Lender or other person appointed for the above purposes, shall be forthwith payable to the Lender and shall be a charge upon the Lands and shall bear interest at the Mortgage Rate until paid;
- (h) be entitled, after giving seven clear days notice of its intention (which notice may run concurrent with the notice period required pursuant to the *Land Titles Act of Alberta* in respect of notice of intention to file a certificate in respect of the Power of Attorney) to sell and dispose of the Lands (by public auction and/or private contract) with or without entering into possession of the same; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Lender under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety, or irregularity shall invalidate any sale made or purporting to be made of the Lands and the Lender may sell, transfer and convey any part of the Lands on such terms of credit, or part cash and part credit, secured by contract or agreement or sale or mortgage, or otherwise, as shall in the opinion of the Lender be most advantageous, and for such price as can reasonably be obtained therefore; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Lender is not to be accountable for or charged with any monies until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Lands to satisfy interest or parts of the Principal Sum overdue, leaving the principal or parts thereof to run with interest payable at the Mortgage Rate; and the Lender may make stipulations as to the title or evidences or




commencement of title or otherwise as the Lender shall deem proper; and the Lender may buy in or rescind or vary any contract for sale of the Lands and any resale thereof; and on any sale or release, the Lender shall not be answerable for loss occasioned thereby; and for any of such purposes the Lender may make and execute all agreements and assurances that the Lender shall deem advisable or necessary; and in case any sale held by the Lender under and by virtue of the laws of the Province of Alberta under the power of sale herein continued should prove abortive, the Lender may take foreclosure proceedings in respect of the Lands in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the monies secured by this Mortgage remaining due to the Lender after realizing all the Lands, then the Borrower will pay to the Lender on demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of monies payable under this Mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Borrower;

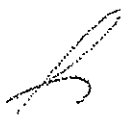
- (i) In any action to enforce this Mortgage, service of any notice or legal proceedings on the Borrower may be delivered, at the option of the Lender, to either the address of the Lands, the Borrower's residence or place of business, or the last known address of the Borrower. Provided, however, nothing shall prevent the Lender from serving documents personally or by registered mail or in any other manner permitted by the law;
- (j) The Lender may exercise each of its remedies and powers at any time and from time to time when there shall be default under this Mortgage. This Mortgage shall be in addition to and not in substitution for any other security specifically granted or otherwise given by the Borrower to the Lender and held by the Lender from time to time. No remedy herein conferred to the Lender is intended to be exclusive of any other remedy contained herein or in any collateral security or elsewhere, but each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any other collateral security or hereafter to exist by law or by statute;
- (k) if the Lender is a Corporation, any discretion, option, decision, or opinion under this Mortgage on the part of the Lender shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the manager or acting manager for the time being of any branch office of the Lender, or any officer, employee or agent appointed by the Lender for that purpose; and
- (l) if the Lender becomes the owner of the Lands by virtue of a final Order for Foreclosure, the Borrower shall nevertheless remain liable to the Lender for any deficiency amounts still owing to the Lender after crediting the value of the Lands against the Mortgage indebtedness and the Borrower waives the benefits of any legislation to the contrary.

19. RECEIVER

At any time and from time to time when there shall be default under the provisions of this Mortgage, the Lender may at such time and from time to time and with or without entry into possession of the Lands or any part thereof, appoint a receiver or a manager or a receiver and manager of the Lands or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

- (a) the statutory declaration of an officer of the Lender as to default under the provisions of this Mortgage shall be conclusive evidence thereof;
  - (b) every such receiver shall be the irrevocable agent or attorney of the Borrower for the collection of
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all rents falling due in respect of the Lands or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;

- (c) every such receiver may, in the discretion of the Lender, be vested with all or any of the powers and discretions of the Lender;
  - (d) the Lender may from time to time, by writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Lands or from the proceeds of the judicial sale of the Lands;
  - (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Borrower and in no event the agent or attorney of the Lender, and the Lender shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
  - (f) the appointment of every such receiver by the Lender shall not incur or create any liability on the part of the Lender to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Lender a Lender in possession in respect of the Lands or any part thereof;
  - (g) every such receiver shall from time to time have the power to rent any portion of the Lands which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Borrower and he shall have authority to execute under seal any lease of such portion of the Lands in the name of and on behalf of the Borrower, and the Borrower undertakes to ratify and confirm whatever any such receiver may do in respect of the Lands;
  - (h) every such receiver shall have full power to complete any unfinished construction upon the Lands with the intent that the Lands and the improvements thereon when so completed shall be a complete structure as represented by the Borrower to the Lender for the purpose of obtaining this Mortgage loan;
  - (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Lands or any part thereof in the name of the Borrower for the purpose of securing the payment of rental from the Lands or any part thereof;
  - (j) no such receiver shall be liable to the Borrower to account for monies or damages other than cash received by him in respect of the Lands or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Lender, in the following order, pay:
    - (i) his remuneration aforesaid;
    - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Lands or any part thereof;
    - (iii) interest, principal and other monies which may from time to time, be or become charged upon the Lands in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Lands or any part thereof;
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- (iv) to the Lender, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
- (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency, or lump sum payments or expenses with respect to the Lands; and
- (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Borrower;
- (k) save as to claims for an accounting under sub-clause (j) of this clause, the Borrower hereby releases and discharges the Lender and every such receiver from every claim of every nature which may arise or accrue to the Borrower or any person claiming through or under the Borrower by reason or as a result of anything done by the Lender or any such receiver under the provisions of this clause, unless such claim be the direct and proximate result of dishonesty or gross neglect;
- (l) the power of sale, foreclosure and any other remedies of the Lender may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder;
- (m) the Lender may exercise each or any of the foregoing powers and remedies and may do so without notice to the Borrower.

20. ASSIGNMENT OF LEASES AND RENTS, AND WARRANTIES

If the Lands or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Borrower hereby assigns, transfers, and sets over unto the Lender all leases already in existence, and those to be created in the future, and all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Lands or any part thereof together with all warranties and guarantees relating thereto or to the Lands, to have and to hold unto the Lender until all monies owing and all obligations of the Borrower in respect of this Mortgage have been fully paid and fulfilled, subject to the following terms and conditions:

- (a) The Lender shall under no circumstances become a Lender in possession, or liable to account to the Borrower or credit the Borrower with any monies on account of this Mortgage except those which shall come into its hands, and subject to all deductions and payments made out of the rentals received from the Lands as herein provided;
- (b) The Lender may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this Mortgage and without the necessity of first commencing legal proceedings with respect to the Borrower's default giving rise to the Lender's right to give notice to tenants under this clause;
- (c) Although this is a present assignment, the Lender shall not exercise its rights hereunder until the Lender determines that default has been made under the Mortgage and at its option decides to exercise its rights;
- (d) The Borrower shall not at any time during the existence of this Mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Lands or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Lender; nor shall the Borrower grant any general assignment of book debts which would cover such rentals;
- (e) The Borrower shall not collect more than two (2) months rental in advance;




- (f) Neither the taking of this assignment nor anything done in pursuance hereof shall make the Lender liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them;
- (g) The exercise of this clause or of any collateral security with respect to rentals shall not entitle the Borrower to redeem this Mortgage nor shall it be deemed to be an acceleration of the Mortgage indebtedness;
- (h) The Borrower will from time to time on demand furnish the Lender with a current list of all leases in such detail as the Lender requires;
- (i) The Borrower will give the Lender prompt notice of any default by any lessee that has not been corrected within thirty (30) days from the date of default;
- (j) The Borrower appoints the Lender as its Irrevocable Power of Attorney for the purposes of enforcing this clause; and
- (k) In the event the Borrower has granted the Lender a separate Assignment of Leases and Rents, then nothing herein shall prejudice or limit the Lender's rights to proceed under such other instrument and in the event of a conflict between the terms of this clause and such other instrument then the Lender shall be entitled to determine which prevails.

#### 21. CROSS-DEFAULT

A default by the Borrower hereunder shall constitute a default under all other instruments or agreements, if any, securing and/or evidencing the loan herein and a default by the Borrower under any such instruments or agreements shall constitute a default hereunder and in particular a default under any of the terms of any loan Commitment Letter or agreement between the Borrower and the Lender pursuant to which this Mortgage is granted shall constitute a default hereunder and a default hereunder shall constitute a default in the said Commitment Letter or agreement.

#### 22. EXPENSES

All expenses, fees, charges, contingent liabilities, or payments incurred, expended, suffered, or paid by the Lender (whether with the knowledge, consent, concurrence, or acquiescence of the Borrower or otherwise) with respect to the following matters, that is to say:

- (a) all solicitors', inspectors', valuers', and surveyors' fees and expenses for drawing, registering, or renewing this Mortgage and for examining the Lands and the title thereto, and for making or maintaining this Mortgage a first charge (or subject only to the prior encumbrances acceptable to the Lender);
  - (b) all sums which the Lender may advance for insurance premiums, property taxes, or rates;
  - (c) all sums which the Lender may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Lands or on this Mortgage or against the Lender in respect of this Mortgage;
  - (d) all sums which the Lender may expend in maintaining, repairing, restoring or completing the construction on the Lands;
  - (e) the cost of inspecting, leasing, managing, selling, or improving the Lands, including the price or value of any goods or services of any sort or description supplied for use on the Lands;
- 

- (f) present or future liability to the Lender resulting from the issuance of Letter of credit and or Letters of Guarantee on behalf of the Borrower or its Guarantors or arranging such Letters through other lending institutions;
- (g) all sums paid to a receiver of the Lands;
- (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy, or purpose hereunder provided or implied, and including an allowance for the time, work, and expenses of the Lender or any agent or employee of the Lender, for any purpose provided for herein; and
- (i) all costs resulting from the default of the Borrower including legal fees on a solicitor and his own client basis incurred, or paid, or owing by the Lender as a result of any default hereunder or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Lands, and generally in any other proceedings, matter, or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Lands, and all such monies shall be repayable to the Lender on demand, or if not demanded, then with the next ensuing installment except as herein otherwise provided. All such sums together with interest thereon and all other monies payable by the Borrower under this Mortgage shall be deemed to constitute part of the mortgage monies and are added to and include in the Principal Sum secured hereby.

#### 23. ATTORNEY

As further assurance to the rights and remedies granted by the Borrower to the Lender, the Borrower, as the registered owner of the Lands, hereby irrevocably appoints the Lender, on its own behalf, or any receiver or manager or receiver and manager appointed by the Lender attorney on behalf of the Borrower to sell, lease, mortgage, transfer, or convey the Lands in accordance with the provisions of this Mortgage and to execute all instruments, and do all acts, matters, and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Borrower in respect of the Lands, and for the enforcement of all contracts, covenants, or conditions binding on any lessee or occupier of the Lands or on any other person in respect of it, and for the taking and maintaining possession of the Lands, and for protecting it from waste, damage, or trespass.

#### 24. ATTORNMEN

For better securing the punctual payment of the monies owing by the Borrower hereunder, the Borrower hereby attorns and becomes tenant to the Lender of the Lands at a monthly rental equivalent to the monthly installments secured hereby, the same to be paid on each day appointed for the payment of monthly installments secured hereby, and if any judgment, execution or attachment shall be issued against any of the goods or Lands of the Borrower or if the Borrower shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act of Canada* or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Lender and the Borrower. The Lender may at any time after default hereunder enter upon the Mortgaged Premises, or any part thereof, and determine the tenancy hereby created without giving the Borrower any notice to quit; but neither this clause nor anything done by virtue thereof, shall render the Lender a Lender in possession or accountable for any monies except those actually received.

#### 25. HAZARDOUS SUBSTANCES AND INDEMNITY

The Borrower represents and warrants to the Lender that:

- (a) neither the Borrower nor, to the best knowledge of the Borrower, has any other person ever caused or permitted any Hazardous Substances to be placed, held, located, or disposed of on, under, or at the Lands and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of Hazardous Substances) and that no enforcement actions in respect thereof are threatened or pending; and
- (b) the Borrower agrees to abide by and adhere to all environmental laws and regulations applicable to the Lands including laws respecting the disposal and emission of Hazardous Substances and will promptly advise the Lender of any environmental compliance orders issued concerning the Lands and will take such action as is required to comply with these orders.
- (c) "Hazardous Substances" means any substance which is hazardous to persons or property and includes without limiting the generality of the foregoing:
  - (i) radioactive materials;
  - (ii) explosives;
  - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish, or plant;
  - (iv) any solid, liquid, gas, or odor, or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
    - (1) endangers the health, safety or welfare of persons or the health of animal life;
    - (2) interferes with normal enjoyment of life or property; or
    - (3) causes damage to plant life or to property;
  - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
  - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Borrower, the Lender, or the Lands.
- (d) The Borrower indemnifies and saves harmless the Lender, its directors and officers, and the Lender's successors and assigns from and against any and all losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and how own client basis including disbursements and applicable taxes) and expenses of any kind whatsoever including, without limitation:
  - (i) the costs of defending, counter-claiming, or claiming against third parties in respect of any action or matter including legal fees, costs, and disbursements on a solicitor and his own client basis and at all court levels;
  - (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Lender with or without the consent of the Borrower and;



- (iii) the costs of repair, clean-up, or restoration paid by the Lender and any fines levied against the Lender;

which at any time or from time to time may be paid, incurred or asserted against the Lender, as a direct or indirect result of the breach of this charge by the Borrower or of the presence on or under, or the escape, seepage, disposal, use, generation, storage, leakage, spillage, discharge, emission, release or threatened release, of Hazardous Substances on or from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of this Mortgage or any collateral security and the full repayment of the Mortgage monies.

26. RECORDS

Subject to the provisions of any Commitment Letter between the Lender and the Borrower, if the Borrower derives income from the Lands, the Borrower will maintain full and correct books and records showing in detail the earnings and expenses of the Lands, and will permit the Lender and its representatives to obtain lease information from tenants and to examine the said books and records and all supporting vouchers and data at any time and from time to time upon requests by the Lender, and at any time and from time to time the Borrower will furnish the Lender at its request within thirty (30) days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by Statutory Declaration of the Borrower, or the chief executive officer of the Borrower, if the Borrower is a corporation.

27. MANAGEMENT

If the Borrower derives income from the Lands then, subject to the terms of the Commitment Letter, the Lands must, at all times, be professionally managed, leased and operated to a standard acceptable to the Lender failing which, the Lender reserves the right at its sole discretion to appoint new property managers at the sole expense of the Borrower.

28. ASSUMPTION

No sale or other dealings by the Borrower of the Lands or any part thereof shall in any way change the liability of the Borrower or alter the rights of the Lender against the Borrower or any other person liable for payment of the monies owing or the performance of the obligations hereby secured. Upon the sale of the Lands the Lender in its discretion and with or without notice to or the consent of the Borrower may enter into an agreement with anyone to assume this Mortgage, to grant an extension of time, or to change the rate of interest, or to alter or amend in any way the terms of payment of this Mortgage, or waive the performance of any covenants herein, or surrender, release, or omit to perfect or enforce any security or remedies which the Lender may now or hereafter have; and may discharge, either with or without payment, part or all of the Lands as the Lender may think best, without prejudice to or in any way limiting or lessening the liability of the Borrower, any surety, guarantor or any other person liable for payment. The Lender shall incur no liability to any person by reason of anything aforesaid, and any agreement or liability aforesaid shall continue in full force as long as any money remains unpaid on this Mortgage, but the Lender shall not be bound to exhaust its recourse against the Borrower or other parties, or the security it may hold, before being entitled to payment from any surety or

~~guarantor~~ of the amounts secured

29. RENEWAL OR AMENDMENT

If the Lender agrees to renew, extend, or amend this Mortgage, such renewal, extension, or amending agreement need not be registered against the title to the Lands. Such agreement will be



binding upon the Borrower and assigns and all subsequent lenders, encumbrancers, or other parties claiming an interest in the Lands. Such agreement will take priority as against such assignees and subsequent lenders, encumbrancers, or other parties. It will not be necessary to register such agreement in order to retain the priority of this Mortgage so altered, provided, however, that the Lender may at any time, in its discretion, register such agreement by caveat or a mortgage amending agreement. It is expressly acknowledged that such agreement may increase the rate of interest chargeable hereunder and alter the manner of its repayment. All such renewals shall be done at the Borrower's expense. No such renewal, even if made by an assignee of the Borrower, shall in any way release or render unenforceable the covenants or obligations of the Borrower which shall continue notwithstanding such renewal or amendment.

30. FUNDING INTO TRUST

If all or any portion of the Principal Sum is advanced by the Lender to be held by the Lender's solicitor in trust as a result of verbal or written request of the Borrower or the Borrower's solicitor, then the Borrower shall pay to the Lender interest accrued on the amounts so advanced at the Mortgage Rate from the date of advance by the Lender notwithstanding that the funds continue to be held in trust and not advanced to the Borrower or the Borrower's solicitor.

31. MAXIMUM RETURN TO LENDER

The Borrower acknowledges and agrees that the payment of interest or any bonus and further consideration to the Lender is a fair payment based on the business terms of this loan. The Borrower and the Lender hereby acknowledge and agree that it is their express intention and desire that in no event shall the total payment to the Lender whether for interest, fees, bonus, participation, additional consideration or otherwise, exceed the maximum payment permitted by law and the parties further acknowledge and agree that notwithstanding any other terms or conditions of this Commitment Letter, or any security documents or other agreements, the maximum amount payable to the Lender shall not exceed the maximum allowable return permitted under the laws of Canada and the provisions of this Commitment Letter shall be modified and are deemed to be modified to the extent necessary to effect the foregoing. Any payment of interest that exceeds the maximum referred to above, shall be deemed to be a payment on account of the Principal Sum.

32. RELEASE OF SECURITY


The Lender may at any time release any part of the Lands, or any of the covenants and agreements herein contained, or any collateral security, either with or without any consideration therefore, and without being accountable for the value thereof, or for any money except what is actually received, and without thereby releasing or affecting any other part of the Lands or any of the other covenants or agreements herein contained or releasing any surety or any other security.

33. WAIVER

No extension of time, waiver, or other indulgence given by the Lender to the Borrower, or anyone claiming under the Borrower, shall in any way affect or prejudice the rights of the Lender against the Borrower, any guarantor, or any other person liable for payment of the monies hereby secured and any such waiver shall apply only to the particular breach so waived.

34. JUDGMENT

The taking of a judgment on any of the covenants or agreements contained herein shall not operate as a merger thereof or effect the Lender's rights to interest at the Mortgage Rate and at the times provided herein nor shall the doctrine of res judicata apply against the Lender. The Borrower waives all relevant provisions of the *Interest Act of Canada* or any legislation similar thereto or in



replacement thereof.

35. SEVERABILITY

If any provision of this Mortgage shall be found to be or be deemed illegal or invalid, the remainder of the Mortgage shall not be affected thereby.

36. DUE ON SALE

Unless the Lender has otherwise agreed to the repayment of the loan from the closing of sales of individual units or lots comprising the Lands, in the event of the Borrower selling or agreeing to sell, transferring, conveying, assigning, or otherwise disposing of the Lands or any part thereof, without the prior written consent of the Lender, the full amount secured hereunder, including principal and interest, shall immediately become due and payable at the option of the Lender. In the case of a corporate Borrower, any change in control of the corporation shall constitute a default under this clause. Nothing herein shall be construed as permitting the Borrower to prepay this Mortgage. Acceptance by the Lender of any installment payment or other payment under this Mortgage from any entity other than the Borrower shall not constitute a waiver by the Lender of its rights under this clause, nor a consent by the Lender of any such sale or disposal of the Lands as above described.

37. DISCHARGE


The Lender shall have a reasonable time after payment of the Mortgage monies in full within which to prepare and execute a discharge or partial discharge of the Mortgage. Interest at the Mortgage Rate shall continue to run and accrue until actual payment in full has been received by the Lender. Any payment that is received after 12 noon on any date shall be deemed for the purpose of calculation of interest to have been made and received on the next bank business day. To the extent permitted by law, all legal and other expenses for the preparation and execution of such discharge or partial discharge shall be borne by the Borrower; and

38. COMMITMENT LETTER

The Borrower agrees that the terms and conditions of any Commitment Letter (if any) issued by the Lender, (the 'Commitment Letter') shall survive the execution and registration of this Mortgage and shall continue to be in full force and effect. The obligations of the Commitment Letter are secured by this Mortgage. Default by the Borrower of any of the terms or requirements contained in the Commitment Letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this Mortgage and the Commitment Letter, the terms and provisions of the Commitment Letter shall prevail and govern. Reference to the 'Commitment Letter' includes the Commitment Letter and all subsequent letters of amendments thereto.

39. SUCCESSORS AND ASSIGNS

Where this Mortgage is executed by more than one party all covenants and agreements herein shall be construed and taken as against such executing parties as being joint and several and the heirs, executors, administrators, successors, and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements, and provisos contained herein. The Lender may assign and transfer its rights under this Mortgage, in whole or in part, without prior notice to or the consent of the Borrower.



40. RECEIPT OF MORTGAGE

The Borrower acknowledges receipt of a true copy of this Mortgage.

41. CHARGE

For better securing to the Lender repayment of the Principal Sum, interest, and other monies and obligations hereby secured, the Borrower does hereby Mortgage and charge to the Lender all of the Borrower's estate and interest in the Lands together with the benefits and advantages of all easements, franchises, and privileges now or hereafter pertaining thereto. The charge hereof shall take effect upon execution of this Mortgage.

IN WITNESS WHEREOF, the Borrower has executed this Mortgage and affixed its seal as of this 2<sup>nd</sup> day of October, 2005.



Witness

EDEN LAKE PROJECTS INC.

Per:



Per:

LAND SCHEDULE

The Lands are legally described as follows:

PLAN 8520616

BLOCK 1

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

A handwritten signature or mark, possibly a stylized 'S' or 'L', located in the bottom right corner of the page.



**CIBC  
CERTIFIED**

AUG 08 2006

10102 JASPER AVENUE  
EDMONTON, AB T5J 1W5**DO NOT DESTROY**ARMAC INVESTMENTS LTD.  
6312 - 50TH ST. N.W.  
EDMONTON, ALBERTA T6B 3K4

0855

DATE

August 8 / 2006

*Bennett Jones*

\$ 2353.70

*Two thousand three hundred fifty three and 70/100*

70 DOLLARS

CANADIAN IMPERIAL BANK OF COMMERCE  
COMMERCE PLACE  
10102 JASPER AVE.  
EDMONTON, ALBERTA T5J 1W5

ARMAC INVESTMENTS LTD.

RE

*interest + fees on hole Ellen Page's  
on per Feb 27 letter.*

PER




*[Signature]*

5909019

⑈000855⑈ ⑆00059⑆010⑆

09⑈30016⑈

Account number changed due to certification  
Numéro de compte modifié en raison de la  
certification de chèques


<b>ARMAC INVESTMENTS</b> 11617 - 106 AVE. N.W. EDMONTON, ALBERTA T5H 0S1 Tel: (780) 485-5166		1280 DATE <u>May 4/2007</u>
PAY to <u>Bennett Jones Inc Trust</u>		\$ <u>407,000.00</u>
the order of <u>Harold and June Clark</u>		<input checked="" type="checkbox"/> 100 DOLLARS 
	CANADIAN IMPERIAL BANK OF COMMERCE COMMERCE PLACE 10102 JASPER AVE. EDMONTON, ALBERTA T5J 1W5	ARMAC INVESTMENTS
RE <u>partial payment on Mr. Edouard's line</u>		PER <u>[Signature]</u>
17th Feb 2007		
⑈001280⑈ ⑆00059⑈010⑆ 59⑈09619⑈		


**ARMAC INVESTMENTS**  
11617 - 106 AVE. N.W.  
EDMONTON, ALBERTA T5H 0S1  
Tel: (780) 485-5166

1441


DATE Jan 29 / 2007

PAY to Bernette Jones \$ 230,235.06  
the order of Tina Looe City Hall no debt fin

 CANADIAN IMPERIAL BANK OF COMMERCE  
COMMERCE PLACE  
10102 JASPER AVE.  
EDMONTON, ALBERTA T5J 1W5

DOLLARS  Security  
with  
feature.

RE This payment is for the mortgage  
Bill Hill



ARMAC INVESTMENTS

PER [Signature]

⑈001441⑈ ⑆00059⑈0101⑆ 59⑈09619⑈



Goloboff &amp; Mazzei

July 9/2005

Ats R Goloboff / Lawrence.

Pls consider the full & sufficient authority to transfer the sum of \$528,000.00 Cdn to Ogilvie LLP in Edmonton, (attention Kent Roman) These funds are for the completion of purchase of the Lake Eden property and are to be transferred from your bank funds with -

1/2 Ogilvie - Kent Roman

Sincerely  
[Signature]

1/2 Ogilvie  
1/2 Lake Eden Gulfport also

Jul. 12. 2004 11:27AM

GOLUBOFF &amp; MAZZEI

NO. 0555

151

<b>HSBC Bank Canada</b> / <b>Banque HSBC Canada</b> <b>DEPOSIT SLIP</b> / <b>BORDEREAU DE DÉPÔT</b> Deposited to the Credit of / Déposé au compte de		1000091 (07-2001)	
0611152 LNP		525,000.00	
10 099101-169001		525,000.00	
[Redacted]		525,000.00	



Transaction Record  
Relevé des opérations

## Customer Copy

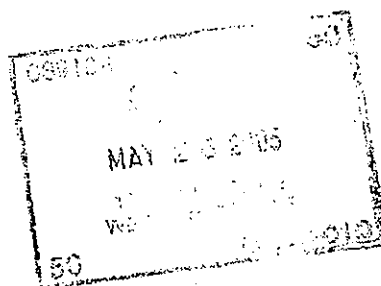
Card Number                      Operator ID # KJ00209  
Transit 08910  
WEST VANCOUVER, BC  
May 26, 2005 03:34:27 PM REF NO: 0059837815  
Posting Date: May 26, 2005

Transaction Ref. No: 749687

Deposit

To: 00059 \*\*\*3214

Net Deposit: \$100,000.00



Registered Bill payment transactions  
submitted after 6:00 pm using this service  
will be performed on the next banking  
day; other transactions may be performed  
on the next banking day depending on the  
nature and time of the transaction.  
4872042 7890 BILL-0471

Les opérations de paiement de facture  
inscrites effectuées après 18 h au moyen de ce  
service ne seront exécutées que le jour ouvré  
suivant. De même, d'autres opérations  
pourront être exécutées le jour ouvré suivant,  
selon le type et l'heure de l'opération.  
Le logo CBC est une marque de  
commerce de la Banque CBC.

GOLUBOFF MAZZEI - CLIENTS TRUST ACCOUNT  
BARRISTERS & SOLICITORS  
P.O. BOX 91700  
WEST VANCOUVER, B.C. V7V 3P3

3984  
July 20/05  
DATE

PAY to the order of Bennett Jones, in trust \$82,000.00  
THE SUM 82,000.00 DOLLARS

CIBC CANADIAN IMPERIAL BANK OF COMMERCE  
802 PARK ROYAL SOUTH  
WEST VANCOUVER, B.C. V7T 1A1

RE 4556-17

GOLUBOFF MAZZEI - CLIENTS TRUST ACCOUNT  
BARRISTERS & SOLICITORS

PER [Signature]

⑈003984⑈ ⑆08910⑈010⑆ 40⑈02210⑈

GOLUBOFF MAZZEI - CLIENTS TRUST ACCOUNT  
BARRISTERS & SOLICITORS  
P.O. BOX 91700  
WEST VANCOUVER, B.C. V7V 3P3

3986  
July 20/05  
DATE

PAY to the order of Bennett Jones, in trust \$27,499.00  
THE SUM 27,499.00 DOLLARS

CIBC CANADIAN IMPERIAL BANK OF COMMERCE  
802 PARK ROYAL SOUTH  
WEST VANCOUVER, B.C. V7T 1A1

RE 4556-8

GOLUBOFF MAZZEI - CLIENTS TRUST ACCOUNT  
BARRISTERS & SOLICITORS

PER [Signature]

⑈003986⑈ ⑆08910⑈010⑆ 40⑈02210⑈

JUL 16 2004 2102-08 GOLUBOFF &amp; MAZZEI

80-1545

To RWS note

<b>HSBC Bank Canada</b> <b>Banque HSBC Canada</b> <b>DEPOSIT SLIP</b> <b>BORDEREAU DE DÉPÔT</b>		1000091 (07-2001)	
Deposit in the Credit of / Dépôt au compte de <b>Capital LLP</b>		Cheques / Chèques <b>0520-</b>	
Branch / Filiale <b>00000000</b>		Cash / Espèces X X X <b>05</b>	
Account No. / N° de compte <b>1017691000</b>		Date / Date <b>JUL 2000</b>	
Currency / Monnaie <b>USD</b>		Total / Total <b>15000-</b>	

To Goloboff + Maggi

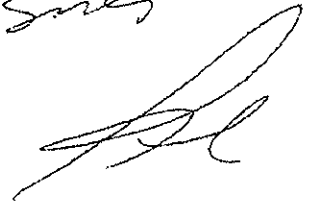
(To Ruane)  
As Discussed

Jul 11/04

Re R Goloboff / Leanne

Under the poll's support at least a couple  
of \$5000.00 per party funds to Ogilvie LLP  
per all in Edmonton to cover Lake Eden construction

Sails



For the R Fox

604 926 7817