

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

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

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

DOCUMENT **APPLICATION BY** 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), FISHPATH 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)

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

TAYLOR LAW OFFICE, Suite 401, 10722 – 103 Avenue, Edmonton,
Alberta, T5J 5G7, Attention: Conan J. Taylor
Phone (780) 428-7770 Fax (780) 428-7775

Clerk's Stamp



This application is made against you. You are a respondent. You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: **August 10th, 2012**

Time: **10:00 a.m.**

Where: **Edmonton Law Courts, 1A Sir Winston Churchill Square, Edmonton, AB**

Before Whom: **The Honourable Associate Chief Justice John D. Rooke**

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

Remedy claimed or sought:

1. An Order granting interim financing and increased authority for the Court-appointed Monitor in this Action, Alvarez and Marsal Canada Inc., in accordance with the draft form of Order attached hereto as Schedule "A", or on such other terms as this Honourable Court may direct;
2. Such further orders and directions as this Honourable Court considers appropriate in the circumstances.

Grounds for making this application:

1. The Applicants were granted an Initial Order in this matter on December 1st, 2011.
2. The Applicants are likely to present a viable compromise or Plan of Arrangement to its creditors if it is granted Interim Financing;
3. Circumstances exist that make the granting of this Order appropriate;
4. The Applicants have been acting in good faith and with due diligence;
5. The Applicants believe that the granting of interim financing is critical to the maintenance, improvement and general restructuring of the property assets involved in this Application;
6. The Applicants believe that the interim financing being requested represents the minimum amount necessary to undertake the maintenance, improvement, and general restructuring of the property assets involved in this Application, having regard to the Applicants' financial position;
7. The property assets involved in this Application are unique, valuable, and have the potential to become viable income-producing entities;
8. The Applicants have engaged experienced managers and consultants to maintain, improve and operate the property assets involved in this Application;

9. This Application is supported by the Applicants' primary secured creditors, Axxess Capital Partners Inc. and the Canada Revenue Agency;
10. None of the Applicants' creditors will be materially prejudiced by this request for Interim Financing;
11. The Applicants will likely be unable to continue in this proceeding without interim financing primarily due to an immediate cash-flow shortage, and as a result of there being no alternative financing available;

Material or evidence to be relied on:

12. Affidavit of John Kenneth Purdy and any exhibits thereto, to be filed, together with such further and other material as counsel may advise and this Honourable Court may permit.
13. The Sixth Report of the Monitor, to be filed.

Applicable rules:

14. As will be advised.

Applicable Acts and regulations:

15. *Companies Creditors Arrangement Act*, R.S.C. 1985, Chapter C-36, as amended, and such further acts and/or regulations as may be advised.

Any irregularity complained of or objection relied on:

16. Nil

How the application is proposed to be heard or considered:

17. Before the Honourable Associate Chief Justice John D. Rooke on the 10th day of August , 2012, at 10:00 o'clock in the forenoon.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

Clerk's Stamp:

COURT FILE NUMBER

1103-18646

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANT

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
ARRANGEMENT OF ARMAC INVESTMENTS LTD. (AB),
LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC.
(AB), 131717 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
"APPLICANTS")

DOCUMENT

INTERIM FINANCING ORDER

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Taylor Law Office
10722 – 103 Avenue
Edmonton, Alberta T5J 5G7
Attention: Conan Taylor
Ph. (780) 428-7770
Fx. (780) 428-7775

DATE ON WHICH ORDER WAS PRONOUNCED:	
LOCATION WHERE ORDER WAS PRONOUNCED:	EDMONTON, ALBERTA
NAME OF JUSTICE WHO MADE THIS ORDER:	

UPON THE APPLICATION of the Applicants referenced above (the "Applicants"); AND UPON
HAVING READ the Application, the Affidavit of Jack Purdy, filed the ____ day of August, 2012 (the

“Purdy Affidavit”); AND UPON HAVING READ the report of Alvarez & Marsal Canada Inc., in its capacity as monitor of the Applicants (the “Monitor”) filed the ____ day of August, 2012; AND UPON NOTING that the secured creditors who are likely to be effected by the charge created herein have been provided notice of this Application and either do not oppose, or have consented, or have made their objections to the within Order known to the Court; AND UPON HEARING counsel for the Applicants and counsel for the Monitor; IT IS HEREBY ORDERED AND DECLARED THAT:

A. SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service is deemed good and sufficient

B. FINANCING

2. Armac Investments Ltd. (BC), Ostrom Estates Ltd. and Fishpaths Resorts Ltd. (individually a “Borrower” and collectively the “Borrowers”), are hereby authorized and empowered to execute a term sheet and to borrow funds in accordance with that term sheet (the “Interim Finance Facility”) with Axxess Capital Partners Inc. (the “Interim Finance Lender”) in order to finance the Applicants’ general restructuring purposes, including but not limited to, maintenance on buildings, repairs of property and payment of arrears of property taxes, all as referenced in the term sheet attached as Exhibit “__” to the Purdy Affidavit (the “Term Sheet”).
3. The principal borrowings under the Interim Finance Facility shall not exceed at any point in time the aggregate amount of \$2,150,000.00 unless agreed to by the Interim Finance Lender and the Applicants and otherwise permitted by further Order of this Court.
4. The Interim Finance Facility shall be on the terms and subject to the conditions set forth in the Term Sheet.

5. The Interim Finance Lender is directed to forward advances under the Interim Finance Facility intended for the Borrowers (or for the benefit of the Borrowers) ("Advances") to the Monitor and not directly to the Borrowers or to any other person.
6. Each Borrower is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Term Sheet or as may be reasonably required by the Interim Finance Lender pursuant to the terms thereof, and the Borrowers are hereby authorized and directed to pay all of their indebtedness, interest, fees and liabilities and to perform all of their obligations to the Interim Finance Lender under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of the Initial Order granted in these proceedings.
7. The Interim Finance Lender shall be entitled to the benefits of and is hereby granted a charge (the "Interim Finance Lender's Charge") on the Mortgaged Property as referenced in Schedule "A" to the Term Sheet and the proceeds thereof to secure all obligations under the Definitive Documents incurred on or after the date of this Order (the "Interim Finance Property") which charge shall not exceed the aggregate amount owed to the Interim Finance Lender under the Definitive Documents. The Interim Finance Lender's Charge and any mortgage or other Definitive Document shall be subordinate to the Administration Charge granted pursuant to the Initial Order granted in these proceedings and any amendment thereto but shall otherwise be in priority to any other charge granted by this Honourable Court in relation to the Interim Finance Property.
8. Notwithstanding any other provision of any prior Order granted in these proceedings:
 - (a) the Interim Finance Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Finance Lender's Charge or any of the Definitive Documents;

- (b) upon the maturity of the Interim Finance Facility by reason of the effluxion of time or as a result of any acceleration permitted by the Term Sheet or the Definitive Documents, the Interim Finance Lender may exercise any and all of its rights and remedies against the Borrowers or the Interim Finance Property howsoever arising, including, without limitation, any rights or remedies under or pursuant to the Term Sheet, the Definitive Documents and the Interim Finance Lender's Charge. Without limiting the foregoing, such rights and remedies shall include, without limitation, the right or remedy to cease making advances to any of the Borrowers, to set-off and/or consolidate any amounts owing by the Interim Finance Lender to any of the Borrowers against the obligations of any of the Borrowers to the Interim Finance Lender under the Term Sheet, the Definitive Documents or the Interim Finance Lender's Charge, to accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Borrowers and for the appointment of a trustee in bankruptcy of the Borrowers, and shall be entitled to seize and retain proceeds from the sale of the Property of the Borrowers to repay amounts owing to the Interim Finance Lender in accordance with the Definitive Documents and the Interim Finance Lender's Charge, subject to the priorities as set out in paragraph 6 of this Order and subject to the priorities as set out in paragraph 6 of this Order and any provisions of the Term Sheet; and
 - (c) the foregoing rights and remedies of the Interim Finance Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Borrowers or the Property.
- 9. The Interim Finance Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Borrowers under the *Companies' Creditors Arrangement Act*, with respect to any advances made under the Term Sheet or the Definitive Documents.

C. VALIDITY AND PRIORITY OF CHARGES

- 10. The filing, registration or perfection of the Interim Finance Lender's Charge shall not be required, and the Interim Finance Lender's Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Interim Finance Lender's Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.
- 11. The Interim Finance Lender's Charge shall constitute a charge on the Property in accordance with the Term Sheet and such charge shall rank in priority to all other

security interests, trusts, deemed trusts in favour of the Crown, liens, charges and encumbrances, statutory or otherwise (collectively "Encumbrances") in favour of any Person (as defined in the Initial Order in these proceedings save and except for the Administration Charge as referenced in paragraph 7 of this Order).

12. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Borrowers shall not grant any Encumbrances over any of the Property which is the subject of the Interim Finance Lender's Charge that ranks in priority to, or *pari passu* with the Interim Finance Lender's Charge unless the Borrowers also obtain the prior written consent of the Monitor, the Interim Finance Lender, or further Order of this Court.

13. The Interim Finance Lender's Charge, the Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the charge of the Interim Finance Lender entitled to the benefit of such charge shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in these proceedings;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* ("BIA"), or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the *BIA*;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement which binds the Applicants, and notwithstanding any provision to the contrary in any agreement:
 - (i) neither the creation of such the Interim Finance Lender's Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Term Sheet or the Definitive

Documents, shall create or be deemed to constitute a new breach by the Applicants of any agreement to which it is a party;

- (ii) the Interim Finance Lender shall not have any liability to any Person (as defined in the Initial Order in these proceedings) whatsoever as a result of any breach of any agreement caused by or resulting from the creation of the Interim Finance Lender's Charge, or the Borrowers entering into the Term Sheet, or execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by any of the Borrowers in accordance with the Term Sheet or the Definitive Documents, and the granting of the Interim Finance Lender's Charge, does not and will not constitute a fraudulent preference, fraudulent conveyance, oppressive conduct, settlement, transfer undervalue or other challengeable, voidable or reviewable transaction under any applicable law.

D. MONITOR'S AUTHORITY

14. Without limiting the authority of the Monitor granted by any other Order of this Honourable Court, the Monitor is hereby authorized without further Order to:
 - (a) receive and deposit any and all Advances;
 - (b) pay and administer the Advances to fund the Purdy Group's restructuring efforts and for other purposes consistent with the Term Sheet;
 - (c) to oversee and assist in the preparation of the Applicants' cash flow reporting and to assist in the preparation and dissemination of financial statements and financial information;
 - (d) authorize Canada Revenue Agency (on behalf of the Applicants) to provide to the Monitor any and all tax and financial information in the possession or control of Canada Revenue Agency with respect to the Applicants;
 - (e) assist in the preparation of any and all tax returns to be filed on behalf of any of the Applicants.
15. The protection granted to the Monitor in paragraph 27 of the Initial Order shall apply *mutatis mutandis* for the benefit of the Monitor in respect of the exercise of its additional authority as provided and set out in this Order.

E. SERVICE AND NOTICE

16. Service of this Order shall be deemed effective upon all interested persons if a copy of this Order is served by registered mail, facsimile transmission, email transmission, personal service or courier on any creditor who has requested to be on the service list

and all creditors who appeared on this application either by counsel or in person. This Order shall also be posted on the website of the Monitor. Any creditor or other person represented by counsel may be served by way of service upon that counsel. Service as provided in this paragraph shall be deemed good and sufficient upon all interested persons and all further and other service is dispensed with.

F. GENERAL

17. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Borrowers and the Monitor and their respective agents in carrying out the terms of this Order.
18. Each of the Borrowers and the Monitor and the Interim Finance Lender are at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
19. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

J.C.Q.B.A.