

Form 27
[Rules 6.3]

Clerk's Stamp:



COURT FILE NUMBER 1103 18646

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
ARRANGEMENT OF ARMAC INVESTMENTS LTD. (AB),
LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC.
(AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK
LODGE DEVELOPMENT CORP. (AB), and WESTRIDGE
PARK LODGE AND GOLF RESORT LTD. (AB), HALF
MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE
VENTURES LTD. (BC), FISHPATH RESORTS
CORPORATION (BC), ARMAC INVESTMENTS 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")

DOCUMENT

**APPLICATION BY ALVAREZ AND MARSAL CANADA
INC., IN ITS CAPACITY AS COURT APPOINTED
MONITOR OF THE PURDY GROUP**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Ray C. Rutman
Fraser Milner Casgrain LLP
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Ph. (780) 423-7246 Fx. (780) 423-7276
File No.: 529227-7/RCR

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Judge.

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

Date	September 28, 2012
Time	10:00 a.m.

Where	Law Court Building 1A Sir Winston Churchill Square Edmonton, Alberta
Before Whom	The Honourable Mr. Justice D.R.G. Thomas

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

Remedy claimed or sought:

1. An Order for advice and directions in the form of the draft Order attached as Schedule "A" to this Application or on such further and other terms as this Honourable Court may direct on the procedure and timelines to be followed, so long as the stay period imposed in these proceedings by s. 11.02(2) of the *Companies Creditor Arrangement Act*, RSC 1985, c C-36, as amended (the "CCAA") remains in effect, for a determination of the value and priority for voting and/or distribution purposes, as the case may be, of the Claim of any Claimant who filed a Proof of Claim with the Monitor, for which the Monitor sent to the Claimant a Notice of Revision or Disallowance, for which the Claimant then delivered to the Monitor a Dispute Notice and with respect to which the Monitor, in conjunction with the Purdy Group, has been unable to consensually resolve the Dispute Notice with the Claimant.

Grounds for making this application:

2. By the Initial Order of the Honourable Mr. Justice D.R.G. Thomas dated November 30, 2011 and pursuant to CCAA, the Purdy Group was authorized to file with the Court a plan of compromise or arrangement, a stay of proceedings against the Purdy Group was ordered until December 30, 2011 and the Monitor was appointed as Monitor of the Purdy Group including its property, business and financial affairs.
3. By orders of the Honourable Mr. Justice D.R.G. Thomas dated December 1, 2011, February 15, 2012, May 2, 2012 and June 29, 2012 the stay of proceedings against the Purdy Group was extended to February 16, 2012, May 4, 2012, June 29, 2012 and September 28, 2012, respectively.
4. Pursuant to a Claims Procedure Order dated February 15, 2012 granted by the Honourable Mr. Justice D.R.G. Thomas the Court directed a claims procedure pursuant to which the Monitor has done the following:
 - (a) with the assistance of the Purdy Group, sent a Proof of Claim Document Package to the Affected Creditors, had published on two separate dates a notice to Affected Creditors in both the Edmonton Journal and the Victoria Times Colonist and posted on its website copies of the Proof of Claim Document Package;
 - (b) received the Proofs of Claim submitted by the Affected Creditors by the deadline of 5:00 p.m. MST on April 2, 2012;

- (c) with the assistance of the Purdy Group either accepted the claim set out in the Proof of Claim, revised the amount or any priority of the Proof of Claim or disallowed the Proof of Claim for voting and/or distribution purposes;
 - (d) sent a Notice of Revision or Disallowance to those Claimants for which the Monitor disputed the amount set out in the Proof of Claim and for which the Monitor was not able to consensually resolve such amount with the Claimant; and
 - (e) received Dispute Notices from those Claimants who dispute the amount of their Claim as set out in the Notice of Revision or Disallowance.
5. The Monitor has been unable to consensually resolve certain Dispute Notices and is accordingly required by the terms of the Claims Procedure Order to apply to Court for a determination of the value and priority of such Claims for voting and/or distribution purposes, as the case may be.
6. It is reasonable and economical that the Monitor's application for a determination of the value and priority of all Claims for voting and/or distribution purposes be heard together, and the Monitor requests the advice and direction of this Honourable Court on the procedure and timelines to be followed leading up to the hearing of that application.
7. There is a substantial commonality between a number of the Dispute Notices received by the Monitor in these proceedings and a number of the appeals filed by creditors to the Notices of Determination or Disallowance of Claim issued by the Proposal Trustee of John (Jack) Kenneth Purdy in court action no. BE03-568045, and it is accordingly practical that these matters be heard together.

Material or evidence to be relied on:

- 8. The First through Seventh Reports of the Monitor;
- 9. The pleadings and proceedings filed herein;
- 10. Such additional material or evidence as counsel may advise and this Honourable Court may permit, including material and evidence filed in court action no. BE03-568045.

Applicable rules:

- 11. Rule 6.3 of the *Alberta Rules of Court*;
- 12. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36;
- 13. Such further and other legislation and authority as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

14. N/A

How the application is proposed to be heard or considered:

15. In open chambers by way of personal attendance of counsel.

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 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'

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ORDER

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Ray C. Rutman
Fraser Milner Casgrain LLP
Barristers & Solicitors
2900, 101080 – 101 Street
Edmonton, AB T5J 3V5
Ph. (780) 423-7246 Fx. (780) 423-7276
File No.: 529227-7/RCR

DATE ON WHICH ORDER WAS PRONOUNCED: _____ day, September , 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF MASTER / JUSTICE WHO MADE THIS ORDER:

UPON the application of the Alvarez & Marsal Canada Inc. in its capacity as Court
appointed monitor of the Purdy Group (the "Monitor"); AND UPON having regard to the Claims
Procedure Order granted in the within Action on February 15, 2012 (the "Claims Procedure

Order”); AND UPON hearing the submissions of Counsel for the Monitor and Counsel for the Purdy Group and Counsel for other interested persons; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

PROCEDURE FOR RESOLVING DISPUTE NOTICE

2. So long as the stay period imposed in these proceedings pursuant to s. 11.02(2) of the *Companies Creditor Arrangement Act*, RSC 1985, c C-36, as amended remains in effect, the following procedure and timelines shall be implemented with respect to all Claimants which have submitted a Proof of Claim for which the Monitor has issued a Notice of Revision or Disallowance and for which the Claimant has delivered to the Monitor a Dispute Notice (the “Appealing Claimants”) which procedure and timelines shall operate concurrently with the procedure and timelines directed in the Proposal Proceedings of John (Jack) Kenneth Purdy in court action no. BE03-568045 (all capitalized terms not herein defined being as defined in the Claims Procedure Order):
 - (a) the Monitor shall, by October 10, 2012, file and serve on counsel for the Appealing Claimants a report summarizing the Claims for which it has issued a Notice of Revision or Disallowance, such report to include copies of the applicable Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices and a summary of the basis for the Notice of Revision or Disallowance with reference, if applicable, to any information or records relied upon by the Monitor in respect of the decision to disallow or revise the Claim, and such report may be served by email to counsel for the Appealing Claimant if known to the Monitor and by posting to the Monitor’s website at www.alvarezandmarsal.com/purdy;
 - (b) each Appealing Claimant shall have until October 19, 2012 to file and serve on the Monitor and the Purdy Group any additional documents and/or affidavits in support of its Claim;
 - (c) any Appealing Claimant that files an affidavit will be subject to questioning by counsel for the Purdy Group, which questioning is to take place no later than October 26, 2012;
 - (d) any responding affidavit of the Purdy Group, or any one or more of them, is to be filed and served on the applicable Appealing Claimant no later than November 2, 2012;

- (e) any questioning with respect to a responding affidavit of the Purdy Group, or any one or more of them, shall take place no later than November 9, 2012;
 - (f) any undertakings given at a questioning referenced herein are to be provided within five days of the questioning;
 - (g) Appealing Claimants are to file and serve their briefs on the Purdy Group and the Monitor by November 23, 2012 and the Purdy Group is to file and serve its brief on the Appealing Claimants and the Monitor by December 7, 2012; and
 - (h) if the Monitor chooses (or is directed) to file a brief, it shall file and serve its brief on the Appealing Claimants and the Purdy Group by December 7, 2012.
3. All evidence, reports and briefs filed in these proceedings shall be treated as evidence, reports and briefs in the Proposal Proceedings of John (Jack) Kenneth Purdy in court action no. BE03-568045.

J.C.Q.B.A.