

Clerk's Stamp:



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, 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")

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

  
\_\_\_\_\_  
for Clerk of the Court

DOCUMENT

**SANCTION ORDER**

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

**DATE ON WHICH ORDER WAS PRONOUNCED:** July 18, 2014

**LOCATION WHERE ORDER WAS PRONOUNCED:** Edmonton, Alberta

**NAME OF MASTER/JUDGE WHO MADE THIS ORDER:** The Honourable Justice J. Topolniski

UPON Application of counsel on behalf of the Applicants, 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 "Applicants"); AND UPON having read the Affidavit of John Kenneth Purdy dated June 30<sup>th</sup>, 2014, filed; AND UPON having read the Twenty-Third Report, the Twenty-Fourth Report, and the Twenty-Fifth Report, filed (individually and collectively referred to herein as the "Report") of the Monitor (Alvarez & Marsal Canada Inc.) (the "Monitor") and any Supplemental or Additional Report filed; AND UPON noting that the Applicants were authorized by Order of this Honourable Court to present to certain creditors a Proposed Plan of Arrangement (the "Initial Plan"); AND UPON noting that by the Initial Plan the Company was authorized to propose (subject to the consent of the Monitor) an alteration or modification to the Initial Plan at the Creditors' Meeting; AND UPON noting that amendments to the Initial Plan were proposed at the Creditors' Meeting by the Company with the consent of the Monitor; AND UPON noting that after the Creditors' Meeting amendments to the Initial Plan were approved by Order granted July 4<sup>th</sup>, 2014; AND UPON NOTING that a copy of the Second Amended and Restated Plan of Compromise and Arrangement (the "Plan") is attached as Schedule "A" to this Order; AND UPON noting that the Plan is consolidated with a proposal made in the course of Proposal Proceedings of John Kenneth Purdy otherwise known as Jack Purdy ("Purdy") in Court File No./Estate No. 24-1568045; AND UPON noting the proposal was amended on two occasions resulting in the Second Amended and Restated Proposal of John (Jack) Kenneth Purdy (the "Proposal") which Proposal is attached as Schedule "B" to this Order; AND UPON noting that the Plan has been approved by the requisite majority of creditors; AND UPON noting that the Proposal has been approved by the requisite majority of creditors; AND UPON having considered the Report and the pleadings and proceedings had and taken herein including, without limitation, the Claims Procedure Order granted February 15, 2012 by the Honourable Justice D.R.G. Thomas; AND UPON having considered the fairness and terms and conditions of the Plan; AND UPON this court determining that the Plan provides Affected Creditors with a better recovery than they would otherwise realize and should be sanctioned by this Honourable Court;

IT IS HEREBY ORDERED THAT:

1. Notice of the application for this Order and any material in support is deemed good and sufficient upon all interested persons, the time for service is abridged to the time actually given and all further and other service of the application for this Order and any material in support is dispensed with.
2. All capitalized words or terms not otherwise defined or ascribed a meaning in this Order which are defined or ascribed a meaning in the Plan shall have the meaning defined or ascribed in the Plan.
3. There has been good and sufficient service, notice and delivery of the Meeting Materials as referenced in paragraph 9 of the Meeting Procedure Order.
4. The Creditors' Meeting was duly convened and held, all in conformity with the CCAA and the Orders of this Court made in these proceedings, including, without limitation the Meeting Procedure Order.
5. The relevant class of Creditor of the Plan Applicants for the purpose of voting to approve the Plan is the Affected Creditors with Proven Claims.
6. The Plan has been approved by the Required Majority, being a majority in number of the Affected Creditors' with Proven Claims representing at least 2/3 in value of such Affected Creditors Proven Claims, in each case present and voting in person or by proxy at the Creditors Meeting.
7. The Applicants have complied with the provisions of the CCAA and the Orders of this Court in these CCAA Proceedings in all respects.
8. The Applicants have acted in good faith and with due diligence, and the Plan and all of the terms and conditions thereof, and matters, transactions and proceedings contemplated by the Plan are fair and reasonable with respect to the Applicants and the Persons and parties affected by the Plan.
9. No meeting of the shareholders of the Applicants is required to approve the Plan.
10. The Plan is hereby sanctioned and approved pursuant to Section 6 of the CCAA.
11. The Plan Applicants are hereby authorized and directed to take all actions necessary or appropriate to enter into, adopt, execute, deliver, implement and consummate the Plan and all contracts, resolutions, bylaws, articles, instruments, sales, incorporations, share transfers, Promissory Note deliveries, payments, transfers of property real and personal, pledges, security, terminations, financings, releases and all other agreements and documents to be created or which are to come into effect in connection with the Plan and all matters contemplated under the Plan involving the corporate action of the Plan Applicants and all such actions are hereby approved and will occur and be effective and deemed to be as of the Plan Implementation Date, all in accordance with Plan and in all respects and for all purposes without any requirement of further action

share transfers, Promissory Note deliveries, payments, transfers of property real and personal, pledges, security, terminations, financings, releases and all other agreements and documents to be created or which are to come into effect in connection with the Plan and all matters contemplated under the Plan involving the corporate action of the Plan Applicants and all such actions are hereby approved and will occur and be effective and deemed to be as of the Plan Implementation Date, all in accordance with Plan and in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the Plan Applicants, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution, and no shareholders' agreement or agreement between a shareholder and another person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by the Plan shall be effective or shall have any force or effect.

12. Upon the filing by the Monitor of a certificate in accordance with Article 6.1(j) of the Plan, substantially in the form attached hereto as Schedule "C", stating that the Plan Implementation Date has occurred, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations shall be implemented in accordance with their terms.
13. As of the Plan Implementation Date, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are hereby approved, binding and effective in accordance with the provisions of the Plan, and shall enure to the benefit of and be binding upon the Plan Applicants, the shareholders of the Plan Applicants, the past and present directors and officers of the Plan Applicants, all Affected Creditors and all other Persons and parties affected by the Plan.
14. Pursuant to and in accordance with the Plan all Claims of Unsecured Creditors of any nature against the Plan Applicants shall be forever compromised, discharged and released, and the ability of any Unsecured Creditors to proceed against the Plan Applicants or the property of the Plan Applicants in respect of or relating to any Unsecured Claim relating to the Plan Applicants or their property, shall be forever discharged and restrained and all proceedings with respect to, in connection with or relating to such Unsecured Claims are hereby permanently stayed, subject only to the rights of Unsecured Creditors with Proven Claims with respect to Unsecured Claims to receive distributions pursuant to the Plan in respect of their Unsecured Claims provided that Axxess and CRA will not participate in cash distributions from the Unsecured Creditor Cash Pool if such is established accordance with Article 4.3 of the Plan.
15. All liens and encumbrances of whatsoever nature, and all security registrations of whatsoever nature against the Plan Applicants or their property in favour of any Affected Creditor in respect of an Affected Claim (other than Axxess Claims and CRA Claims) and in

favour of any Creditor in respect of a Disputed Claim, are hereby discharged. Provided that, no lien, encumbrance or security registration granted, effected or authorized by the Plan shall be discharged by this paragraph.

16. All Proven Claims determined in accordance with the Claims Procedure and the Plan shall be final and binding on the Plan Applicants and all Affected Creditors.
17. Without limiting the provisions of the Claim Procedure and the Claim Procedure Order, a Creditor that did not file a Proof of Claim by the Claims Bar Date in accordance with the provisions of the Claim Procedure, whether or not such Creditor received notice of the Claims Procedure Order or the Claims Procedure, shall be and is hereby forever barred from making any Claim against the Plan Applicants and shall not be entitled to any distribution under the Plan, and such Creditor's Claim shall be and is hereby forever extinguished. Nothing in the Plan extends or gives or shall be interpreted as giving any rights to any Person in respect of the Claims that have been barred or extinguished pursuant to the Claims Procedure.
18. Pursuant to and in accordance with the Plan, the Monitor shall be and is hereby authorized and directed to hold and distribute any funds which it receives in accordance with the provisions of the Plan.
19. All distributions and payments by the Monitor to the Creditors or otherwise under the Plan are for the account of the Creditors and the fulfilment of the obligations of the Monitor under the Plan.
20. Pursuant to and in accordance with the Plan, as soon as reasonably practicable following the Plan Implementation Date, The Monitor will pay or make provision for payment or funding of Professional Fees, property taxes, the Province of British Columbia's secured claim and post-stay PST, and the Unsecured Creditor Cash Pool (inclusive of any Disputed Claims Reserve Account) in accordance with Article 5.3(b) I,II,III and Article 8.2 of the Plan.
21. Pursuant to and in accordance with the Plan, the Monitor on behalf and for the account of the Plan Applicants, shall be and is hereby authorized and directed to make distributions to the Unsecured Creditors with Proven Claims in accordance with Article 4.3 or if applicable, Article 5.4 of the Plan.
22. Subject to paragraph 23 of this Order, in accordance with Article 2.3 of the Plan, any unsecured creditor (as defined in the Proposal) (a "Proposal Unsecured Creditor") with a proven claim (as defined in the Proposal) (a "Proposal Proven Claim") shall be entitled to a Pro Rata Unsecured Claim Amount in the same manner and to the same extent as if the Proposal Proven Claim of the Proposal Unsecured Creditor constituted an Unsecured Claim (which was a Proven Claim) under the Plan. Provided that any distribution to a Proposal Unsecured Creditor of a Pro Rata Unsecured Claim Amount shall not be made to such Proposal Unsecured Creditor but shall rather be made to the Trustee (as defined in the Proposal) for utilization and distribution subject to the remaining terms of the Proposal.

23. No portion of a Proposal Proven Claim which is founded upon a guarantee or joint or coincident obligation of an Unsecured Claim (which is a Proven Claim) shall be considered in the calculation of the Pro Rata Unsecured Claim Amount to which a Proposal Unsecured Creditor is entitled.
24. All cheques sent by the Monitor, may be sent by prepaid ordinary mail to the last known address of such Unsecured Creditor (or person designated by such Unsecured Creditor) or to the address of such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor in full satisfaction, payment, settlement, release and discharge of such Proven Claim.
25. Distributions in relation to any Disputed Claim shall not be effected until the Disputed Claim has become a Proven Claim.
26. Pursuant to and in accordance with the Plan, the Monitor, on behalf of the Plan Applicants, shall be and is hereby authorized and directed to make distributions from the Disputed Claims Reserve Account (after deducting all fees and costs incurred by the Plan Applicants and the Monitor on a solicitor and own client full indemnity basis to resolve Disputed Claims and effect distributions) to each holder of a Disputed Claim that has subsequently become a Proven Claim of the appropriate pro rata amount in the Disputed Claims Reserve Account in respect of such Claim that would have been distributed on the Plan Implementation Date had such Claim been a Proven Claim.
27. Pursuant to and in accordance with the Plan, after all Disputed Claims have been finally determined in accordance with the Claims Procedure or a final Order has been entered in respect thereof and all fees and costs incurred by the Plan Applicants and the Monitor on a solicitor and own client full indemnity basis to resolve Disputed Claims and effect distributions have been paid, the Monitor shall be and is hereby authorized and directed to pay any balance that remains in the Disputed Claims Reserve Account to Creditors in accordance with their entitlement in accordance with the Plan or as the case may be to the Plan Applicants (if applicable) for working capital and an interest reserve in accordance with Article 5.3(b)(iv) of the Plan.
28. Subject to further Order of this Court, the Stay Period, as defined in paragraph 13 of the Initial Order, as extended or amended by subsequent Orders, is hereby extended in respect of the Plan Applicants ~~to and including the earlier of September 22<sup>nd</sup>, 2014 and the Effective Date.~~ *and Excluded Applicants*
29. Any and all Persons shall be and are hereby stayed from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Plan Applicants ~~and Excluded Applicants~~ in respect of all Claims or any other matter which is released pursuant to Article 7 of the Plan.
30. Pursuant to and in accordance with Article 7 of the Plan, on the Effective Date and after completion of all steps outlined in this Plan except as provided in Article 7 of the Plan, the Released Parties shall be released and discharged by all affected Creditors

including holders of Creditors' Claims against the Plan Applicants and ~~Excluded Applicants~~ from any and all Claims in connection with the business and affairs of the Company, whenever and however conducted, or the Plan and the CCAA Proceedings and any Claim that has been barred or extinguished by the Claims Procedure Order shall be irrevocably released and discharged provided that nothing in the Plan shall release or discharge a Released Party from: (a) any obligation created by or existing under the Plan or any related document; or (b) any claim with respect to matters set out in Section 5.1(2) of the CCAA.

31. From and after the Plan Implementation Date, each Affected Creditor shall be deemed to have waived any and all defaults by the Plan Applicants, arising on or prior to the Effective Date in respect of every covenant, warranty, representation, term, provision, condition, or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral giving rise to a Claim. Without limiting the generality of the foregoing, such waiver shall extend to and include any provision of any agreement between any Creditor and one or more of the Plan Applicants, which provides such Plan Applicant is in default, or the Creditor has a remedy or a right, and which arises or results from any change in control, or deemed change in control of a Plan Applicant resulting from the Plan or any change in directors of a Plan Applicant which has taken place up to and including the Effective Date. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or notices given under the BIA or the CCAA in relation to a Claim, including without limitation any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.
32. The Plan and the payment, compromise or satisfaction of any Claims under the Plan shall be binding upon each Creditor, its heirs and executors.
33. No Person shall have any right, charge or Claim with respect to any of the real and personal property of Half Moon to the extent such right, interest or Claim arises pursuant to any Claim or Charge discharged and vacated by an Order.
34. In this Order the Half Moon Lands are the lands legally described as:

ALL THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION SIX (6)  
TOWNSHIP FIFTY TWO (52)  
RANGE TWENTY ONE (21)  
WEST OF THE FOURTH MERIDIAN, NOT COVERED BY ANY OF THE WATERS  
OF LAKE NO. 1 AND LAKE NO. 4 AS SHOWN ON A PLAN OF SURVEY OF  
THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE 13<sup>TH</sup> DAY OF MAY A.D.  
1901, CONTAINING 56.3 HECTARES (139 ACRES) MORE OR LESS.  
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Half Moon Lands")

35. In this Order the Onoway Lands are legally described as  
  
PLAN 7720103  
BLOCK s  
LOT 26  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 3.12 HECTARES (7.71 ACRES) MORE OR LESS  
(the "Onoway Lands")
36. The Plan Applicants, Holdco and the Monitor are each given leave to apply to this Honourable Court for a Vesting Order or Orders with respect to both or either of the Half Moon Lands and the Onoway Lands which Orders may provide for the discharge, release, deletion, vacating or expungement from title of registrations. No such application shall be made by the Plan Applicants or Holdco absent the written consent of the Monitor.
37. In this Order the BC lands are the lands legally described in Schedule "D" (the "BC Lands").
38. The Plan Applicants, Holdco and the Monitor are each given leave to apply to this Honourable Court for a Vesting Orders with respect to all or any of the BC Lands which Orders may provide for the discharge, release, deletion or expungement of registrations from title. No such application shall be made by the Plan Applicants or Holdco absent the written consent of the Monitor.
39. The Plan Applicants, Holdco and the Monitor are each given leave to apply to this Honourable Court for an Order discharging, releasing, deleting or expunging from title to any Lands transferred by Purdy to Holdco in accordance with the Proposal. Provided that no such application shall be made by the Plan Applicants or Holdco absent the written consent of the Monitor.
40. The Monitor is hereby given leave to apply to this Honourable Court for Orders authorizing the Monitor to execute and file in its own name on behalf of any registrant with the Alberta Personal Property Registry and the British Columbia Personal Property Registry, as applicable, financing change statements or other documents so as to discharge or vary any and all registrations contemplated to be discharged or varied in accordance with the terms of the Plan or this Order.
41. The shares of Holdco held in trust by the Trustee (as referenced in the Proposal) shall be held and delivered in accordance with the terms of the Proposal and the Plan. If the shares are delivered to Mr. Conan Taylor in accordance with the Plan, Mr. Taylor shall hold those shares in trust for Purdy subject to the provisions of the Plan and may register notice of his interest as a shareholder of Holdco with Alberta Corporate Registry.



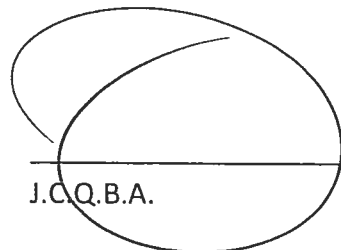
42. Upon Axxess releasing and discharging its security against Half Moon recreation lots in accordance with Article 5.2(b) of the Plan, all rights of Armac Investments Ltd. (AB) to lease such Half Moon recreation lots are terminated.
43. From and after the Plan Implementation Date all Affected Creditors shall be deemed to have waived any and all defaults by the Plan Applicants then existing or previously committed by the Plan Applicants, or caused by the Plan Applicants, any of the provisions in the Plan or steps contemplated in the Plan or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, instrument, credit document, lease, guarantee, agreement for sale or other agreement, written or oral and any and all amendments or supplements thereto (each an "Agreement"), existing between such Affected Creditor and any Plan Applicant, and any and all notices of default, demands for payment or any step or proceeding taken or commenced in connection therewith under any Agreement shall be deemed to be rescinded and of no further force or effect, provided that nothing shall excuse or be deemed to excuse the Plan Applicants from performing their obligations under the Plan. Nothing herein shall be deemed to be a waiver of defaults by the Plan Applicants under the Plan and any related documents. Save as provided in the Plan or this Order, all such Agreements shall be and remain in full force and effect, unamended, as at the Plan Implementation Date, and no party to any such obligation or agreement shall on or following the Plan Implementation Date accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate with obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation, agreement or lease, by reason:
  - (a) of any event which occurred prior to, and not continuing after, the Plan Implementation Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;
  - (b) that the Plan Applicants have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
  - (c) of any default or event of default or other obligation or liability arising as a result of the financial condition or insolvency of the Plan Applicants;
  - (d) of the effect upon the Plan Applicants of the completion of any of the transactions contemplated under the Plan; or
  - (e) of any restructurings effected pursuant to the Plan.

This paragraph does not affect the rights of any Person to pursue any recoveries for a Claim that may be obtained from a guarantor (other than a Plan Applicant) and any security granted by such guarantor

44. Nothing in this Order shall limit or modify the Administration Charge or any claim pursuant to an Administration Charge or the Directors' Charge as provided in the Initial Order granted in the CCAA Proceedings December 1, 2011. Notwithstanding any transfer or vesting of property to Holdco by a Plan Applicant or any transfer or vesting of property in accordance with Article 5.1 of the Plan to BC Opco or BC Saleco, or otherwise, the Administration Charge and the Directors' Charge shall continue to be impressed upon and charge such property and such charge shall maintain the same priority as existed prior to such transfer or vesting. Any property of Purdy transferred to Holdco or vested into the name of Holdco in accordance with the Proposal, shall be deemed to be property of the Plan Applicants and shall be subject to the Administration Charge and the Director's Charge.
- 44(a) Nothing in this Order shall limit or modify the Interim Finance Lender's Charge or any claim pursuant to the Interim Finance Lender's Charge as provided in the Interim Finance Order dated August 10<sup>th</sup>, 2012, granted in the within CCAA Proceedings. Notwithstanding any transfer or vesting of property to Holdco by a Plan Applicant or any transfer or vesting of property in accordance with Article 5.1 of the Plan to BC Opco or BC Saleco, or otherwise, the Interim Finance Lender's Charge shall continue to be impressed upon and charge such property and such charge shall maintain the same priority as existed prior to such transfer or vesting.
45. The Plan Applicants shall be and are hereby authorized to make payments to the holders of Priority Claims or Claims of Unaffected Creditors in accordance with the Plan.
46. The Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided in any prior Order shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under the Plan and to facilitate the implementation of the Plan.
47. The Monitor is authorized, subject to further order of the Court, to liquidate the property referenced in Article 5.4(a) if the Half Moon financing is not funded and money released to the Monitor on or before the expiry of the Stay Extension.
48. The Monitor has satisfied all of its obligations required under the CCAA, the CCAA proceedings and in any of the Orders and the Monitor shall have no liability in respect of the obligations of the Company.
49. This Sanction Order shall have full force and effect from and after the Plan Implementation Date in all Provinces and Territories in Canada and abroad and as against all Persons against whom it may otherwise be enforced.
50. The Plan Applicants, the Monitor, or any Affected Creditor may apply to this Court for advice and direction, or to seek relief in respect of any matter arising out of or incidental to the Plan or this Sanction Order, including without limitation, the interpretation of this Sanction Order

and the Plan or the implementation thereof, and for any further Order that may be required, on notice to any Person likely to be affected by the Order sought or on such notice as this Court orders.

51. This Court hereby requests the aid and recognition (including assistance pursuant to Section 16 of the CCAA, as applicable) of any court or any judicial, regulatory, or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court of any judicial, regulatory or administrative body of any nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Sanction Order and the Plan.
52. Service of this Order may be effected by posting a copy of this Order to the Monitor's website at [www.amcanadadocs.com/purdy](http://www.amcanadadocs.com/purdy). All further and other service of this Order is dispensed with.



J.C.Q.B.A.

**SCHEDULE "A"**

**SECOND AMENDED AND RESTATED PLAN OF COMPROMISE AND ARRANGEMENT**

Action No. 0903 03603

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF EDMONTON

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

AND IN THE MATTER OF THE PLAN OR COMPROMISE OF ARRANGEMENT OF  
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 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 "Applicants")

~~SECOND~~

FIRST AMENDED AND RESTATED PLAN OF COMPROMISE AND  
ARRANGEMENT

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**WHEREAS** the Company is subject to an Initial Order made by the Court of Queen's Bench of Alberta (the "Court") under the *Companies' Creditor Arrangement Act* dated December 1, 2011 which, among other things, appointed Alvarez & Marsal Canada Inc., as Monitor (the "Monitor") of the Company and permitted the Company to present a plan of arrangement or compromise to its creditors;

**AND WHEREAS** 1204583 Alberta Inc. (AB), 1317517 Alberta Inc. (AB), Westridge Park Lodge Development Corp. (AB), Westridge Park Lodge and Golf Resort Ltd (AB), No. 50 Corporate Ventures Ltd. (BC), Jubilee Mountain Holdings Ltd. (BC), and Giant Mountain Properties Ltd. (BC) (collectively the "Excluded Applicants") are insolvent, but are not to be included in the Plan as either they have no assets or there is no benefit to creditors generally of including the Excluded Applicants in the Plan;

**AND WHEREAS** Armac Investments Ltd. (AB), Half Moon Lake Resort Ltd. (AB) ("Half Moon"), Lake Eden Projects Inc. (AB), Fishpath Resorts Corporation (BC), Armac Investments

Ltd. (BC), Ostrom Estates Ltd. (BC), Hawkeye Marine Group Ltd. (BC), and Cherry Blossom Park Development Corp. (BC) (collectively the "Plan Applicants") are insolvent;

**AND WHEREAS** certain of the Plan Applicants are indebted to Purdy, the sole shareholder of the Plan Applicants;

**AND WHEREAS** Purdy has commenced Proposal Proceedings and the Monitor is also the Proposal Trustee in the Proposal Proceedings;

**AND WHEREAS** Axxess, as Trustee and Agent for certain Creditors, and CRA are the majority Creditors and are prepared to defer their claim and forgo immediate payout of their claim to give effect to this Plan.

**AND WHEREAS** the Plan Applicants are arranging financing sufficient to recapitalize the Plan Applicants, payout Priority Claims and Unaffected Creditor Claims and fund a plan to its Creditors;

**AND WHEREAS** the Plan, in conjunction with the refinancing, will facilitate the continuation of the business formerly conducted by the Plan Applicants, will achieve significant recoveries to all stakeholders on a compromised basis, and will ensure the continued viability of operating businesses and employment of substantially all of the employees of the Plan Applicants;

**NOW THEREFORE** the Plan Applicants, hereby propose and present this Plan to CRA, Axxess and Unsecured Creditors (as defined below) under and pursuant to the CCAA.

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

1.1 In this Plan, unless otherwise stated or unless the context otherwise requires, the following terms shall have the following meanings:

- (1) "Affected Creditors" means CRA, Axxess and the Unsecured Creditors.
- (2) "Administration Charge" means the charge granted in favour of, among others, the Monitor, its legal counsel and the Applicants' legal counsel, in the property and assets of the Company pursuant to the Initial Order.
- (3) "Appeal Period" means the number of days following the date of an Order where a Person may appeal an Order.
- (4) "Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.
- (5) "Axxess" means Axxess Capital Partners as trustee and agent for those Creditors described in the Proven Claims of Axxess filed in the CCAA Proceedings and in the Proposal Proceedings.
- (6) "Axxess Claims" means the Claims of Axxess which for the purposes of this Plan are Secured Claims of Axxess aggregating \$1,686,901 and Unsecured Claims of Axxess aggregating \$3,769,099, being a total of \$5,456,000, plus interest and costs accruing to the Plan



Implementation Date, including legal costs, on a solicitor and client basis, incurred by Axxess in relation to the Axxess Claims. Such interest and costs will be added to the Unsecured Claims of Axxess.

(7) "BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c-B-3, as amended.

(8) "Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in Edmonton, Alberta, Canada.

(9) "Canadian Dollars" means lawful currency in Canada.

(10) "CCAA" means the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended).

(11) "CCAA Proceedings" means the proceedings of the Company under the CCAA in the Alberta Court, action no. 0903 03603.

(12) "Charge" means a valid and enforceable security interest, lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed trust or lien for any taxes or levies), on any assets, property or proceeds of sale of the Company.

(13) "Claim" means any right of any Person (other than a claim of a Person through an Administration Charge) against the Plan Applicants in connection with any indebtedness, liability or obligation of any kind or nature of the Company, including, without limitation, claims that are secured, unsecured, perfected, unperfected, liquidated, unliquidated, fixed, contingent, matured, unmatured, legal, equitable, present, future, known, unknown, disputed, undisputed or whether by guarantee, by surety, by subrogation or otherwise incurred and whether or not such a right is executory in nature, including without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise, with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts, or events which exist prior or at the time of the Initial Order, or in the case of Terminated Contracts, on the Contract Termination Date.

(14) "Claims Bar Date" means 5:00 PM Mountain Standard time on April 2, 2012.

(15) "Claims Procedure" means the procedure established in the Claims Procedure Order.

(16) "Claims Procedure Order" means the Order of the Alberta Court establishing the procedures for proving Claims granted on February 15, 2012.

(17) "Company" shall mean and include all the Plan Applicants.

(18) "Contract Termination Date" means in the case of the contract, contract of employment, lease or real property lease terminated or repudiated by the Company, after the date of the Initial Order, the date of such termination or repudiation.

(19) "Court" shall have the meaning ascribed thereto in the preamble.

(20) "CRA" means the Canada Revenue Agency.

(21) "CRA Claims" means the Claim of CRA, which for the purposes of this Plan is a Priority Claim for \$111,146, a Secured Claim for \$3,531,690, and an Unsecured Claim for \$1,448,421, which aggregates a total Claim of \$5,091,257.

- (22) **"Creditor"** means any Person having a Claim and may, if the context requires, means a Trustee, Receiver, Receiver and Manager or other Person acting on behalf of such Persons, but a Creditor shall not include an Unaffected Creditor.
- (23) **"Creditors' Meeting"** means the Meeting of Creditors called for May 15, 2014, pursuant to the Meeting Procedure Order for the purpose of considering and voting upon this Plan, and includes any adjournment of such meeting.
- (24) **"Disputed Claim"** means the Claim of an Affected Creditor that is subject to a Dispute Notice.
- (25) **"Dispute Notice"** means a Dispute Notice as such term is defined in the Claims Procedure Order.
- (26) **"Effective Date"** means the effective date of the Plan and shall be five (5) Business Days following the satisfaction of the conditions outlined in Article 6.1, unless otherwise agreed upon in writing by the Monitor.
- (27) **"Equipment Lessor"** means any Creditor holding a security or title interest in relation to any equipment in the possession of the Plan Applicants as the date of the Initial Order which equipment was sold or lease assigned and assumed by the Purchaser.
- (28) **"Excluded Applicants"** means those Applicants excluded from the Plan, as defined in the preamble.
- (29) **"Law"** means any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law.
- (30) **"Meeting Procedure Order"** means the Order of the Alberta Court establishing the procedures for calling and governing the Creditors Meeting granted on April 17, 2014.
- (31) **"Monitor"** shall have the meaning ascribed thereto in the preamble.
- (32) **"Order"** means any order of the Alberta Court in the CCAA Proceedings.
- (33) **"Party"** means a party to this Plan and any reference to a Party includes its successors and permitted assign and **"Parties"** means every Party.
- (34) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.
- (35) **"Plan"** means this plan of arrangement as modified, supplemented or amended submitted to Creditors of the Plan Applicants made pursuant to the CCAA.
- (36) **"Plan Applicants"** means those Applicants included in the Plan, as defined in the preamble.
- (37) **"Plan Implementation Date"** means the date when all conditions set out in Article 6.1 of the Plan shall be implemented and fulfilled by the Plan Applicants.
- (38) **"Plan Sanction Order"** means an Order of the Court which, among other things, shall approve and sanction this Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to this Plan, or an order of an appellate court of competent jurisdiction reversing any refusal of such approval by the Court.

- (39) **"Priority Claims"** means any Claim in respect of statutory payments, including Unremitted Source Deductions, Goods and Services taxes, Property Taxes and Provincial Sales Taxes, which rank in priority to the claims of Secured Creditors.
- (40) **"Pro Rata Unsecured Claim Amount"** means the pro rata share of the Unsecured Claim in respect of the balance of each Proven Unsecured Claim to the funds available for distribution as outlined in Article 4.1.
- (41) **"Proposal"** means the Proposal of Purdy submitted to the Creditors in the Proposal Proceedings.
- (42) **"Proposal Proceedings"** means the Proposal of Purdy under the BIA in the Alberta Court Action NO. BK03 11587.
- (43) **"Proven Claim"** means a Claim of an Affected Creditor proven in accordance with the Claims Procedure Order which is not the subject of an unresolved Dispute Notice or which was the subject of a Dispute Notice which has been resolved in accordance with the terms of the Claims Procedure Order and this Plan.
- (44) **"Proven Secured Claim"** means the amount of a Secured Claim as finally determined in accordance with the provisions of the CCAA, the Claims Procedure Order and this Plan.
- (45) **"Proven Unsecured Claim"** means the amount of an Unsecured Claim as finally determined in accordance with the provisions of the CCAA, the Claims Procedure Order and this Plan.
- (46) **"Purdy"** means John (Jack) Kenneth Purdy, an individual of the County of Strathcona, in the Province of Alberta named in the Proposal Proceedings.
- (47) **"Required Majority"** means in respect of each Class of Creditor, an affirmative vote of two-thirds in value of all Claims of such Class of Creditors voted in accordance with the voting procedures established under the Claims Procedure Order (whether in person or by proxy) and a majority in number of all voting Creditors of such Class of Creditors.
- (48) **"Secured Claim"** means the Claim of a Secured Creditor.
- (49) **"Secured Creditor"** means any Creditor asserting a Charge.
- (50) **"Stay Extension"** means an order granted by the Court extending the stay of proceedings to a date as directed in the Plan Sanction Order or such later Order.
- (51) **"Terminated Contract"** means a contract, contract of employment, equipment lease or real property lease that is or has been repudiated by the Company, and/or the Monitor after the date of the Initial Order and prior to the Effective Date, including without restriction, the Claims for severance or other compensatory indemnity in lieu of notice which may exist for employees of the Applicants.
- (52) **"Terminated Contract Claim"** means the Claim of a Creditor arising in connection with a Terminated Contract.
- (53) **"Unaffected Creditor"** means a Person who has an Unaffected Creditor Claim.
- (54) **"Unaffected Creditor Claim"** means the:
- (a) Claim of any Person arising on account of any new obligations incurred for goods, services, or materials supplied to, the Company after the date of the Initial Order;

- (e) claims of any person for taxes due or accruing due by the Plan Applicants and Purdy under the Taxation (Rural Area) Act, RSBC 1996, c. 448 or the Provincial Sales Tax Act, SBC 2012, c. 35 after the date of the Initial Order and includes additions, penalties, and interest added to such taxes.

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(b) Claims of Persons, including Creditors, who advance new funds or who supplied goods or services to the Plan Applicants after the date of the Initial Order but only in respect of such new advances or goods or services;

(c) Equipment Lessors and Secured Creditors other than the Access Claims and the CRA Claims;

(d) Any party benefiting from the Administration Charge.

(55) "Unsecured Creditors" means a Creditor not asserting a Charge and includes, without restriction, trade creditors, suppliers and holders of Terminated Contract Claims.

(56) "Unsecured Claim" means the Claim of an Unsecured Creditor.

### 1.2 Interpretation

For Purposes of the Plan:

- (1) Any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (2) Any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented;
- (3) Unless otherwise specified, all reference in the Plan to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;
- (4) The words "herein" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan;
- (5) Captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan;
- (6) Where the context requires, a word or words importing the singular shall include the plural and vice versa;
- (7) The words "includes" and "including" are not limiting;
- (8) The phrase "may not" is prohibitive and not permissive;
- (9) The word "or" is not exclusive.
- (10) Where a word or term in the preamble to this Plan is capitalized and such word or term is defined or ascribed a meaning in the Plan, the Capitalized word or term in the preamble shall have the meaning so defined or ascribed in the Plan.

### 1.3 Date for any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day.

**1.4 Time**

All times expressed in this Plan are local time Edmonton, Alberta, Canada, unless otherwise stipulated.

**1.5 Statutory References**

Any reference in this Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time.

**1.6 Successors and Assigns**

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any person named or referred to in this Plan.

**ARTICLE 2  
PURPOSE AND EFFECT OF THE PLAN**

**2.1 Persons Affected**

This Plan provides for a restructuring of Claims and interests in respect of the Plan Applicants. This Plan will become effective on the Effective Date and shall be binding on and enure to the benefit of the Plan Applicants and the Affected Creditors.

**2.2 Persons not Affected**

For great certainty, this Plan does not affect Unaffected Creditors. Nothing in this Plan shall affect the Company's rights and defenses, both legal and equitable, with respect to any Unaffected Claims including, but not limited to, all rights with respect to legal and equitable defenses or entitlements to setoffs or recoupments against such Claims. Nothing in this Plan shall compromise or otherwise affect the liabilities and obligations of any guarantor of the Company's indebtedness.

**2.3 Joint Plan for the Plan Applicants and Purdy**

This Plan is presented to the Creditors on a joint basis for the purpose of voting on the Plan and receiving distributions under the Plan but not otherwise. Inter-corporate obligations between each of the Applicants and between the Applicants and Purdy will not be considered or proven for voting or distribution purposes.

**ARTICLE 3**  
**CLASSIFICATIONS OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS**

**3.1 Classes of Claims**

For the purpose of considering and voting on this Plan, there shall be two classes of Creditors:

- a) The CRA and Axxess class, consisting solely of CRA and Axxess for their Secured Claims.
- b) The Unsecured Creditor class consisting of the Unsecured Creditors including CRA and Axxess for that portion of the CRA Claim and Axxess Claim that is an Unsecured Claim.

**3.2 Affected Claims**

The Creditors have proved their Claims in accordance with the Claims Procedure Order, and shall vote in respect of the Plan and receive the rights provided for under and pursuant to this Plan.

**3.3 Creditors Meeting**

The Creditors' Meetings shall be held in accordance with this Plan, the Meeting Procedure Order, and any further Order. The only Persons entitled to attend a Creditors' Meeting are the Monitor and legal counsel of the Monitor, those Persons, including the holders of the proxies, entitled to vote at the Creditors' Meeting, their legal counsel and advisors and the officers and legal counsel of the Company. Any other Person may be admitted on invitation of the chair of the relevant Creditors' Meeting.

**3.4 Approval by Creditors**

In order to be approved, the Plan must receive the affirmative vote in the Required Majority.

**3.5 Order to Establish Procedure for Valuing Claims**

The procedure for valuing Claims and resolving disputes and entitlement to voting is set forth in the Claims Procedure Order. The Monitor reserves the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, or to ascertain the result of any vote on the Plan or the amount payable or to be distributed to any Unsecured Creditor under the Plan.

All Claims must have been received by the Monitor on or before 5:00 PM on the Claims Bar Date as defined herein. If a Claim was not received by that date the Creditor shall be forever barred, stopped and enjoined from asserting a Claim against the Plan Applicants and such Creditor shall not be permitted to vote on the Plan or to receive any distributions under the Plan.

**3.6 Claims for Voting Purposes**

Each Affected Creditor having a Proven Claim shall be entitled to attend and to vote at the Creditor's Meeting. Each Affected Creditors' who is entitled to vote shall be entitled to that number of votes as is equal to the dollar value of its Proven Claim for voting purposes as determined in accordance with this Article 3 and the provisions of the Claims Procedure Order.

Each Unsecured Creditor with an Unsecured Proven Claim that is to be paid in full, pursuant to the Plan, shall, unless casting a vote against the Plan, be deemed to have voted in favour of the Plan regardless as to whether such Unsecured Creditors' votes or not at the Creditor's Meeting either in person or by way of proxy.

#### ARTICLE 4 PLAN FOR CRA AND AXCESS AND UNSECURED CREDITORS

##### 4.1 Plan Funding

The Plan Applicants will have available to them, after closing of the Half Moon Financing as herein defined, cash of at least \$1,500,000 and Property with which to fund this Plan including payment of amounts due under the Administration Charge, Unaffected Creditor Claims and Priority Claims and \$300,000 (the "Unsecured Creditor Cash Pool") for distribution to Unsecured Creditors other than Axxess and CRA.

##### 4.2 Plan for CRA and Axxess Class

If the required majority of Affected Creditors vote to accept the Plan and the Plan is implemented, Axxess and CRA shall each receive from Holdco (see Article 5.1), on the Effective Date, a Promissory Note in the total amount each of their Proven Claims, secured by way of a Mortgage Charge as hereinafter contemplated:

- a) The Promissory Notes will be secured by the personal and real property retained by the Plan Applicants and described in Schedules 1, 2 and 3 attached to the Plan ("Property"). The security will be subordinated to the security given in accordance with Half Moon Financing and the BC Opco Financing as the case may be (each as defined in Article 5.3).
- b) The terms of the security will be agreed between Axxess and CRA and the Plan Applicants but shall provide that Axxess will have priority over CRA in respect of the Half Moon assets, and CRA will have priority over Axxess in respect of BC Opco (as defined in Article 5.1(b)) and BC Saleco (as defined in Article 5.1(c)) assets. The shares of Half Moon shall be pledged to Axxess, and the shares of BC Opco and BC Saleco shall be pledged to CRA;
- c) The Promissory Notes will be interest bearing for a period of 24 months from the Effective Date at 3.5% per year, calculated yearly, not in advance;
- d) The Promissory Notes will be repayable within 24 months of the Effective Date, except as otherwise may be agreed to between Axxess and CRA:
  - (i) The BC Saleco property shall be sold forthwith and, subject firstly to the Administration Charge and subject secondly to security held by the Interim Financing Lending ("DIP Lender") or the BC Opco Financing, as the case may be, CRA shall receive all proceeds from the sale of assets in BC Saleco and

*Holdco,  
BC Opco,  
and B.C.  
Saleco or  
any  
subsidiaries  
thereof, as  
the case  
may be*

additionally proceeds from the sale of any assets in BC Opco (except as required to repay the BC Opco Financing) until it is paid in full;

(ii) Subject to the Administration Charge, Axxess shall receive all proceeds from the sale of assets in Half Moon (except as required to repay the Half Moon Financing) until it is paid in full;

- e) Half Moon and BC Opco may elect to defer repayment of the Promissory Notes to a maximum of 30% of their issued value for a further 24 months, however any amounts so deferred shall bear interest at 5% a year, calculated half-yearly, not in advance, commencing on the second anniversary of the Effective Date.

#### **4.3 Plan for Unsecured Creditor Class**

a) If the Applicants are successful in arranging the Half Moon Financing, they will establish the Unsecured Creditor Cash Pool and the following will apply:

(i) If the Required Majority of Affected Creditors vote to accept the Plan, on the Effective Date, in full satisfaction, settlement, release and discharge of and in exchange for each Proven Unsecured Creditor Claim, each Unsecured Creditor with a Proven Unsecured Claim will receive its Pro Rata Unsecured Claim Amount; and

(ii) Axxess and CRA will not participate in cash distributions from the Unsecured Creditor Cash Pool and will receive a Promissory Note for their Proven Unsecured Claim in accordance with Article 4.2.

b) If the Applicants are not able to arrange the Half Moon Financing, then Unsecured Creditors, including the Unsecured Claims of CRA and Axxess, shall receive their pro-rated share of any amounts available for such Claims as determined in Article 5.4.

### **ARTICLE 5 RESTRUCTURING TRANSACTIONS**

#### **5.1 Transfer of Real Property and Personal Property**

On or before the Plan Implementation Date:

a) Purdy shall have incorporated a new entity ("Holdco") and transfer the shares of Half Moon to Holdco. The real and personal property in Half Moon as detailed in Schedule 1 hereto shall be free and clear of all Claims and Charges except the Administration Charge, the Half Moon Financing and security given pursuant to Article 4.2 and applicable non-financial encumbrances;

b) Holdco shall incorporate a new entity ("BC Opco"), and the Plan Applicants shall, at the direction of Holdco, transfer to BC Opco either (i) the shares of the Plan Applicants



having title to the BC Bamfield real and personal property or (ii) the BC Bamfield real and personal property as set out in Schedule 2 hereto;

c) Holdco shall incorporate a second new entity ("BC Saleco"), and the Plan Applicants shall, at the direction of Holdco, transfer to BC Saleco either (i) the shares of the Plan Applicants having title to the BC Bamfield real and personal property or (ii) the BC Bamfield real and personal property as set out in Schedule 3 hereto;

d) ,The Plan Applicants shall obtain an Order discharging and vacating any and all Claims and Charges as against the BC Bamfield real and personal property referenced in 5.1 (b) & (c) above except applicable Secured Claims of Unaffected Creditors, the Administration Charge, BC Opco Financing and security pursuant to Article 4.2 and applicable non-financial encumbrances;

e) For the purposes of this Plan, any transfer as above set out shall be valued at the book value at the Effective Date or such other amount as agreed between the parties (the "Property Transaction"). Such transfers shall be undertaken in such manner as may be agreed to between the Plan Applicants and CRA and Axxess, and shall be effected by way of an Order (as set out in article 5.1(d) ("Approval and Vesting Order") obtained concurrently with or subsequent to the Plan Sanction Order.

f) The shares of Holdco will be owned by Purdy or his nominee, and pledged to Axxess/CRA as set out at Article 4.2(b) above. An Order of the Alberta Court shall be obtained concurrent with the Plan Sanction Order directing that:

(i) the shares of Holdco be held in trust by the Plan Applicants' counsel, Taylor Law Office, until the Promissory Notes issued to Axxess and CRA are satisfied in full or the Court directs otherwise. Axxess and CRA shall have the right to nominate one director, and Purdy shall have the right to nominate one director, and there shall be no other directors until the shares are released from trust subject to their consent. The initial directors shall be Conan Taylor (nominated by Purdy) and Bill Buterman (nominated by Axxess/CRA).

(ii) so long as any amount remains owing to Axxess or to CRA, neither Purdy, any nominee of Purdy, or any other shareholder or group of shareholders of Holdco, BC Opco, or BC Saleco may execute any Unanimous Shareholder Agreements, and any Unanimous Shareholder Agreements executed by any shareholders of the aforementioned corporations are null and void ab initio.

(iii) Subject to the prior written consent and approval of Axxess and CRA, Holdco may engage a manager or managers as it determines necessary to manage the business and operations of Half Moon and BC Opco and BC Saleco on terms as will be agreed between the parties.

## 5.2 Termination of Half Moon Campsite Rental Agreements

a) Armac Investments Ltd. (AB) holds the rights to lease a number of Half Moon recreational lots, including 27 that are pledged as security to Axxess;

b) Subject to the approval of this Plan and security being granted to Axxess as contemplated in Article 4.2(b) above, all of the rights of Armac Investments Ltd. (AB) to lease Half Moon

recreational lots will be terminated and the rights will revert to Half Moon. Axxess will release and discharge its security over the 27 lots.

### 5.3 New Financing

a) The Plan Applicants will arrange new financing to pay the Unaffected Creditor claims, Priority Claims, fund the distributions to Unsecured Creditors and provide working capital for Holdco, Half Moon Lake and BC Opco. The amount of financing to be sought by the Plan Applicants will be a \$4.5 million, as follows:

- (i) a minimum of \$1.5 million secured by a first charge on the Half Moon assets (the "Half Moon Financing"); and,
- (ii) \$3.0 million secured by a first charge on the BC Opco assets and the BC Saleco assets, as may be required (the "BC Opco Financing").

b) The Half Moon Financing will be committed on or before the date the Plan Sanction Order is granted and will be releasable to the Monitor and utilized to pay:

- i) Professional Fees and claims under the Administration charge estimated at \$400,000;
- ii) Unaffected Creditor Claims for 2013, 2014, and 2015 property taxes and arrears of B.C. provincial sales taxes estimated at \$300,000; *the amount of B.C.'s secured claim, and*
- iii) \$300,000 to fund the Unsecured Creditor Cash Pool; and
- iv) The balance of \$500,000 for working capital and an interest reserve.

c) The BC Opco Financing will be arranged within 120 days of the Plan Sanction Order and utilized to pay Unaffected Creditor Claims and Priority Claims, as follows:

- i) Existing Interim (DIP) Financing including accrued interest at \$2,125,000;
- ii) The Secured Claim of Bank of Montreal estimated at \$75,000;
- iii) The Priority Claim of CRA of \$110,000;

The balance of approximately \$690,000 will fund an interest reserve and loan fees for the BC Opco new financing for 24 months and provide working capital,

### 5.4 Sale of Property

a) In the event the Plan Applicants are unable to arrange the Half Moon Financing or the Half Moon Financing is not funded and monies released to the Monitor by the expiry of the Stay Extension, then the Plan shall not be implemented and subject to further order of the Court:

- i) The property of Half Moon shall be liquidated by the Monitor and the proceeds utilized to pay firstly, the Monitor's fees and disbursements (inclusive of any costs of liquidation), secondly, the Unaffected Creditor Claims in accordance with their priority in law and the balance to be paid firstly to the Secured Claim of Axxess, secondly to the Secured Claim of CRA and lastly pro rata to Unsecured Creditor Claims;
- ii) The property of BC Opco and BC Saleco shall be liquidated by the Monitor and the proceeds utilized to pay firstly, the Monitor's fees and disbursements (inclusive of any costs of liquidation), secondly, the Unaffected Creditor Claims in accordance with their

priority in law, thirdly, the Priority Claim of CRA and the balance paid firstly to the Secured Claim of CRA and lastly pro rata to Unsecured Creditor Claims;

b) In the event the Plan Applicants arrange the Half Moon Financing but are unable to arrange the BC Opco Financing, then the Plan shall be implemented and the BC Opco and BC Saleco property liquidated and the proceeds utilized to pay firstly, the Monitor's fees and disbursements (inclusive of any costs of liquidation), secondly, the Unaffected Creditor Claims in accordance with their priority in law, thirdly, the Priority Claims of CRA and the balance paid firstly to the Secured Claim of CRA and lastly pro rata to Unsecured Creditor Claims.

c) The Monitor shall be entitled to effect interim distribution from the proceeds of the sale of any of the properties authorized to be liquidated as outlined in Article 5.4(a) and Article 5.4(b).

### **5.5 Payment to Priority and Unaffected Creditors**

Prior to payments being made to the Unsecured Creditors as contemplated by Article 4.3, each Priority Claim and Unaffected Creditor shall receive, in full satisfaction, settlement, release, discharge of and in exchange for, such Priority Claim or Unaffected Creditor Claim, cash from the Plan Applicants, in the amount of the Priority Claim or Unaffected Creditor Claim or alternatively arrangements have been made to pay such Priority Claim or Unaffected Creditor Claim that is satisfactory to the holder of such Priority Claim or Unaffected Creditor Claim.

## **ARTICLE 6 CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION**

### **6.1 Conditions Precedent**

The implementation of this Plan will be conditional upon the fulfillment or satisfaction of the following conditions:

- a) The Approval and Vesting Order and other Orders required under the Plan shall have been granted and served by the Plan Applicants on all of the Creditors and Purdy and no appeal proceedings shall have been commenced by any Creditor or Purdy in respect of any such Order prior to the expiry of the Appeal Period for such Order;
- b) The Property Transaction approved by the Court in the Approval and Vesting Order shall have closed;
- c) The Half Moon Financing contemplated by Article 5.3 shall have closed and the funds released to the Monitor for distribution as set out in Article 5.3 (b);
- d) Payments required by Article 5.3 shall have been made or arrangements for payment of the Unaffected Creditor Claims and Priority Claims made satisfactory to the Unaffected Creditors and the Plan Applicants;
- e) The Plan Applicants shall have taken all necessary corporate actions and proceedings to approve this Plan to enable the Plan Applicants to execute, deliver and perform their obligations under this Plan and any agreements, indentures, documents and other instruments to be executed or delivered pursuant to, or required to give effect to, the terms of this Plan;

- f) All governmental, regulatory or other similar consents and approvals from regulatory authorities having jurisdiction over the companies shall have been received and made;
- g) The Plan Sanction Order shall have been granted and the Appeal Period shall have expired without an appeal proceedings having been taken or any appeal so taken shall have been finally determined in a manner satisfactory to the Plan Applicants by the appropriate appellant tribunal;
- h) The Stay Extension and Meeting Procedure Order shall have been served by the Monitor on all of the Creditors, and no appeal proceedings shall have been commenced by any Creditor in respect of any such Orders, prior to the expiry of the Appeal Periods for such Orders;
- i) The proposal of Purdy presented to the Creditors in the Proposal Proceedings shall have been accepted by the Creditors in the Proposal Proceedings, approved by the Court and no appeal proceedings shall have been commenced by any Creditor in respect of any such Order prior to the expiry of the Appeal Period for such Order; and
- j) The Monitor has filed a certificate with the Court certifying that all conditions precedent have been fulfilled.

## 6.2 Plan Implementation

Upon the completion of all conditions set out in Article 6.1, the Plan shall be implemented by the Plan Applicants.

## ARTICLE 7 RELEASES

### 7.1 Released Parties

On the Effective Date, and after the completion of all steps outlined in this Plan, except as provided below, the Plan Applicants, the Monitor, and the past and present legal counsel, directors, officers, employees, agents, affiliates and associates of each of the foregoing parties (the "Released Parties") shall be released and discharged by all Creditors, including holders of Creditor Claims against the Plan Applicants and Excluded Applicants, from any and all Claims in connection with the business and affairs of the Company, whenever and however conducted, or this Plan and the CCAA Proceedings, and any Claim that has been barred or extinguished by the Claims Procedure Order shall be irrevocably released and discharged, provided that this release shall not affect the rights of any Person to pursue any recoveries for a Claim that may be obtained against a guarantor or any other Person that may be otherwise obligated at law for such Claim, although there shall be no further recourse against the Released Parties and all such claims are permanently stayed as against the Released Parties.\*

## ARTICLE 8 PROCEDURES FOR RESOLVING DISTRIBUTION IN RESPECT OF DISPUTED UNSECURED CLAIMS AND DISPUTED SECURED EQUIPMENT FINANCIER CLAIMS

21 For the avoidance of doubt, nothing in this Article 7.1 releases the Excluded Applicants from any claim of any Person against the Excluded Applicants.

**8.1 No Distributions Pending Allowance**

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim.

**8.2 Disputed Claims Reserve**

On the Effective Date or as soon thereafter as is practicable, the Monitor shall establish the Disputed Claims Reserve Account by holding sufficient funds to settle the amount attributable to Disputed Claims in any manner which the Monitor sees fit.

**8.3 Distributions After Disputed Claims Resolved**

The Plan Applicants shall provide the Monitor with the funds necessary to make all distributions contemplated by the Plan and the Monitor shall make distributions of cash to each holder of a Disputed Claim which has become a Proven Claim in accordance with the provisions of the Plan. The Monitor shall not be required, however, to make distributions earlier or more frequently than as required under the terms of this Plan.

## **ARTICLE 9 PROVISIONS GOVERNING DISTRIBUTIONS**

**9.1 Interest on Creditor Claims**

Unless otherwise specifically provided for in this Plan or the Plan Sanction Order, interest shall not accrue or be paid on the Unsecured Creditor Claims after the date of the Initial Order, and no holder of an Unsecured Creditor Claim shall be entitled to interest accruing on or after the date of the Initial Order on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the date it is filed to the date a final distribution is made thereon if and to the extent that such Disputed Claim becomes a Proven Claim.

**9.2 Distributions by the Monitor**

The Monitor shall make all cash distributions and distribution of Promissory Notes as required under this Plan once provided with adequate funds and details of the Promissory Notes by the Plan Applicants.

**9.3 Withholding and Reporting Requirements**

In connection with this Plan and all distributions hereunder, the Plan Applicants shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, provincial, local or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Plan Applicants shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan:

(i) CRA and Axxess and each holder of a Proven Unsecured Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction

and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution;

(ii) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Plan Applicants for the payment and satisfaction of such tax obligations.

## **ARTICLE 10 GENERAL**

### **10.1 Binding Effect**

On the Effective Date, this Plan will become effective and be binding on and enure to the benefit of the Plan Applicants, all Affected Creditors, the past and present directors or officers of the Plan Applicants and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns. Each Affected Creditor will be deemed to have consented and agreed to all of the provisions of this Plan, in its entirety.

### **10.2 Paramountcy**

From and after the Effective Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Plan Applicants, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Plan Applicants as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Plan Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed to consent to all transactions contemplated in this Plan.

### **10.3 Severability of Plan Provisions**

If, prior to the date of the Plan Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, as requested by the Monitor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

### **10.4 Non-Consummation**

If the Plan Sanction Order is not issued, the Plan shall be null and void in all respects,

(i) any settlement or compromise embodied in the Plan including the fixing or limiting to an amount certain any Claim or Class of Creditors, any document or agreement executed pursuant to the Plan shall be deemed null and void, and

(ii) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall:

- (a) constitute or be deemed to constitute a waiver or release of any Claims by or against any Company or any other Person;
- (b) prejudice in any manner the rights of the Company in any further proceedings involving the Company; or
- (c) constitute an admission of any sort by the Company or any other Person.

#### **10.5 Responsibilities of the Monitor**

The Monitor is acting solely in its capacity as Monitor in the CCAA Proceedings with respect to the Company and will not be responsible or liable for any obligations of the Company. The Monitor will have the powers granted to it by this Plan, by the CCAA and by any Order in the CCAA Proceedings.

#### **10.6 Different Capacities**

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

#### **10.7 Further Assurances**

Each of the Persons named or referred to in, or subject to, this Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

#### **10.8 Governing Law**

This Plan will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

#### **10.9 Notices**

Any notice of other communication to be delivered hereunder must be in writing and reference to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile addressed to the respective parties as follows:

(a) If to the Monitor:

Alvarez & Marsal Canada Inc. in its capacity as  
Court-Appointed Monitor of the Company  
Suite 570, 202 – 6th Avenue SW  
Calgary, Alberta T2P 2R9  
**Attention: Mr. Tim Reid**  
Fax: 403 538 7551  
Copy to:

Dentons Canada LLP 2900 Manulife Place, 10180 - 101 Street Edmonton, AB T5J 3V5  
Canada  
**Attention: Ray Rutman**  
Fax: 780-423-7276



(b) If to the Company:

Taylor Law Services  
Suite 401, 10722 – 103 Avenue  
Edmonton, AB  
**Attention: Conan Taylor**  
Fax: (780) 428-7775

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

Any Party may from time to time change its address, under this Article 10.9 by notice to the other Party given in the manner provided hereby.

#### **10.10 Waiver of Defaults**

From and after the Effective Date, all Persons shall be deemed to have waived any and all defaults existing or previously committed by the Plan Applicants or caused by the Plan Applicants as of the Effective Date or non-compliance with any covenant, warranty, representation, term, provision or condition or obligation, expressed or implied, in any contract, document, lease or other agreement, written or oral, existing between such person and the Plan Applicants and any and all notices of default and demands for payment shall be deemed to have been rescinded. This section does not affect the rights of any Person to pursue any recoveries for a Claim that may be obtained from a guarantor and any security granted by such guarantor.

#### **10.11 Modification of the Plan**

(a) Subject to the consent of the Monitor, the Company reserves the right to file any modification of, amendment or supplement to the Plan by way of a supplementary plan or plans of compromise or arrangement or both filed with the Court at any time or from time to time prior to the Creditors' Meeting, in which case any such supplementary plan or plans of compromise or arrangement or both shall, for all purposes, be and be deemed to be a part of and incorporated into the Plan.

(b) The Company shall give written notice to all Creditors with details of any modifications or amendments not less than six clear days prior to the vote being taken to approve the Plan.

(c) Subject to the consent of the Monitor, the Company may propose an alteration or modification to the Plan at the Creditors' Meeting.

(d) After such Creditors' Meeting (and both prior to and subsequent to the Plan Sanction Order) and subject to the consent of the Monitor, the Company may at any time and from time to time vary, amend, modify or supplement the Plan if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature that would not be materially prejudicial to the interest of any of the Creditors under the Plan or the Plan Sanction Order and is necessary in order to give effect to the substance of the Plan or the Plan Sanction Order.

(e) No application to the Court seeking an order to approve a proposed variance, amendment, modification, or supplement of the Plan shall be made except on at least six clear days prior written notice to Axxess, CRA, and the Unsecured Creditors. All materials, including any affidavits, written submissions, briefs of law, and proposed forms of orders, the Company or Monitor intends to present to the Court or rely upon in support of such application must be filed with the Court and served upon Axxess, CRA, and the Unsecured Creditors at least six clear days in advance of any application.

#### 10.12 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

#### 10.13 Judicial Assistance

The Monitor, the Company, Axxess and CRA are given leave to apply to this Honourable Court for such further and other orders as may be necessary or advisable in order to facilitate or assist in the implementation of the Plan or to seek advice and direction with respect to any element of the Plan or its implementation.

### ARTICLE 11 EXECUTION

#### 11.1 Effect on Company

This Plan is executed by the Applicants pursuant to the Initial Order of the Court dated December 1, 2011 and is binding and effective on the Company.

DATED as of the 15<sup>th</sup> day of May, 2014.

Armec Investments Ltd. (AB)

Per: 

Lake Eden Projects Inc.

Per: 

1204583 Alberta Inc.

Per: 

1317517 Alberta Inc.

Per: 

Westridge Park Lodge Development Corp.

Per: 

Westridge Park Lodge and Golf Resort Ltd.

Per: 

Half Moon Lake Resort Ltd.

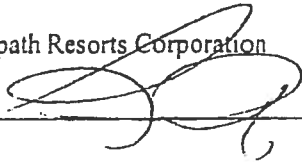
Per: 

No. 50 corporate Ventures Ltd.

Per: 


Fishpath Resorts Corporation

Per:



Armac Investments Ltd. (BC)

Per:



Ostrom Estates Ltd.

Per:



Hawkeye Marine Group Ltd.

Per:



Jubilee Mountain Holdings Ltd.

Per:



Giant Mountain Properties Ltd.

Per:



Cherry Blossom Park Development Corp. (BC)

Per:



**SCHEDULE 1**

Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
Half Moon Lake Resort 21524 Twp. 520	139 acres	Half Moon Lake Resort Ltd	<p>1) Armac Investments Ltd. (AB) - \$500,000 (Jan.3/02)</p> <p>2) Armac investments Ltd (AB) - \$1,600,000 (Aug.4/05)</p>	<p>1) Atco Gas and Pipelines Ltd (Jan 13/81) - utility right of way</p> <p>2) Judges Order (Jan. 16/02);</p> <p>3) Armac Investments Ltd. (AB) (Nov 25/02) - Builder's lien - \$161,570</p> <p>3) CLP - (May 26/03)</p> <p>4) Various Caveats - leases (May 29/03 to Nov.7/06)</p> <p>5) Double D Enterprises Ltd (Jan 7/04) - caveat</p> <p>6) Brayford Trucking Ltd. (June 2/04) builder's lien - \$21,986</p> <p>7) Strathcona County (Nov.22/05) - Writ</p> <p>8) Daniel Theriault (Nov 21/05) - Writ</p> <p>9) Various Caveats (Nov.23/05 - Nov 7/06) - Caveat</p> <p>10) Armac Investments Ltd (May 31/07 - Mar 17/08) - leases</p> <p>11) Clearquest Media Corp (Aug 27/07) - lease</p> <p>12) S&amp;D International Group Inc (June 5/09) - CLP</p> <p>13) Hora Vamoa Ventures Inc (Oct 13/08) - caveat</p> <p>14) Worker's Compensation Board (Jan 20/10) - certified statement</p> <p>15) John &amp; June Kuss (June 8/10) caveat</p> <p>16) CRA (Oct.22/10) - writ \$98,062</p> <p>17) CRA (Oct.22/10) - writ \$61,805</p> <p>18) CRA (Oct.22/10) - writ \$6,533</p> <p>19) Alberta Health Services (Nov.9/10) - environmental health hazard notice</p> <p>20) CRA (Dec.2/10) - writ \$196,312</p> <p>21) AAA Boilers &amp; Hydronics (Feb 1/11) - \$1,976</p> <p>22) Strathcona County (March 15/11) - tax notification</p> <p>23) Alberta Health Services (May 3/11) - environmental health hazard notice</p> <p>1) Midwest Surveys Inc. - (Jan.7/09) - builder's lien - \$65,520</p> <p>2) CLP - June 18, 2009</p>
Onoway	7.71 acres	Armac Investments Ltd (AB)	<p>Title#: 112 358 456</p> <p>Plan 7720103; Block S; Lot 26; (5.2,54,35,SW)</p>	

# SCHEDULE II

Property	Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
226 Frigate Road (Bamfield Trails Motel)	Parcel: 000-282-553; Lot 2; 1.4 acres (Trails Motel) + Land 34316; Barclay District Roll: 05 770 02890.005		Fishpath Resort Corporation	1) 1225534 Alberta Ltd. (April 3/01)	1) BC Hydro & Power Authority (Jan.17/73) - right of way 2) 1225534 Alberta Ltd. - Assignment of Rent (April 3/01) 3) K.Galavan - CPL - (Sept.19/06) 4) Crown In the Right of BC - Hotel Room Tax Lien (Nov.14/08) 5) Crown in the Right of Canada (Mar.4/09) 6) B.Loewen - CPL (Apr.23/10)
218 Frigate Rd. (LP 3) (Hawkeye House)	Parcel: 004-090-381; Lot 1; 17,400 sq ft. Section 20; Twn 1; Plan 16439; Barclay District Roll: 05 770 02890.000		Armac Investment Ltd. (BC)	1) Sea Breeze Construction Ltd. (Sept.30/94) 2) Crown in the Right of Canada (Aug.22/02)	1) K.Galavan - CPL - (Sept.19/06)
251 Frigate Road (LP 5) (Staff House)	Parcel: 003-291-294; Parcel Salmon Outfilters A of Lot 1; Section 20; Twn 1; Plan 22579; Barclay District Roll: 05 770 02886.050		Armac Investment Ltd. (BC)	1) Montreal Trust company (Nov.12/71) (BC telephone company) 2) No.50 Corporate Ventures Ltd. (April 4/0/08) 3) Crown in the Right of Canada (Aug.22/02)	1) BC Telephone Company (Jan. 30/70) - right of way 2) BC Hydro & Power Authority (Jan.17/73) - right of way 3) Assignment of Rents (April 30/96) 4) K.Galavan - CPL - (Sept.19/06)
452 Seaboard Rd. (The Bay House)	Parcel: 017-801-231; Lot 1; 2.28 acres Section 20; Twn 1; Plan VIP54368; Barclay District; Roll: 05 770 02882.310		Armac Investment Ltd. (BC)	1) Wade Gaylard (May 4/94) 2) No.50 Corporate Ventures Ltd. (Sep.23/94) 3) Crown in the Right of Canada (Aug.22/02)	1) HMQBC - (May 28/92) - covenant 2) K.Galavan - CPL - (Sept.19/06)

**SCHEDULE II**

Property	Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
200 Binnacle Road (Upper Rayhouse)	Parcel: 000-977-179; Lot C; Section 20; Twn 1; Plan 38547; Barclay District; except part in Plan VIP54368	3.01 acres	Armac Investment Ltd. (BC)	1) Crown in the Right of Canada (Aug.22/02)	1) K.Galavan - CPL - (Sept.19/06)
331 Barnfield/221 Nuthatch Rd (Kingfisher Lodge & Marina)	Parcel: 014-852-985; Lot A, Section 20; Twn 1; District Lot 782; Plan 49089; Barclay District Roll: 05 770 02882.300	1 acre	The BC Crown (Armac Investment Ltd. (BC) undivided 2/3 Interest) Dianna Shorter (undivided 1/3 Interest)		1) HMOBC - charge on undersurface rights - (Sept.27/89) 2) Kim Galavan - CPL (Sep.19/06)
75 Barnfield Boardwalk (Barnfield Inn)	Parcel: 000-204-315; Lot 3, Section 19; Barclay District; Plan 36032 Roll: 05 0770 02830.005	0.83 acres	Armac Investment Ltd. (BC)	1) Federal Business Development Bank (March 11/91) 2) Crown in the Right of Canada (Aug.22/02)	1) K.Galavan - CPL - (Sept.19/06)
448 Seaboard Rd. (Ostroms Marine)	Parcel: 008 504 015 Block A of SW 1/4 section 20, Twn 1; Barclay District except part in Plan 19909 Roll: 05 770 02879.000	1.72 acres	Armac Investment Ltd. (BC)	1) Montreal Trust Company (Nov.12/71) (BC telephone company) 2) 446208 BC Limited (Sept.27/96) 3) Crown in the Right of Canada (Aug.22/02)	1) BC Telephone Company (March 6/69) - right of way 2) BC Hydro & Power Authority (Jan.17/73) - right of way 3) K.Galavan - CPL - (Sept.19/06)
448 Seaboard Rd (Ostroms Marine)	Parcel: 003-706-311; Lot 1; Section 20; Twn 1; Plan 19909; Barclay District Roll: 05 770 02879.010	0.28 acres	Armac Investment Ltd. (BC)	1) 446208 BC Limited (Sept.27/96) 2) Crown in the Right of Canada (Aug.22/02)	1) BC Hydro & Power Authority (March 10/78) - right of way 2) K.Galavan - CPL - (Sept.19/06)

**SCHEDULE II**

Property	Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
420 Pachena Road (The White House)	Parcel: 003-524-213; Lot 1; Section 20; Twn 1, Plan 20233; Barclay District  Roll: 05 770 02902.010	H.M.Group Office - 6 Acres 5.85 acres	Armac Investment Ltd. (BC)	1) Crown in the Right of Canada (Aug.22/02)	1) HMQBC - (June 19/75) - covenant 2) Crown in the Right of Canada (Aug.20/03) - Judgment 3) K.Galavan - CPL - (Sept.19/06) 4) Crown in Right of BC (March 9/10) - property transfer tax act charge 5) B.Loewen (April 23/10) - judgment
598 Bamfield Rd. MHR.#B14340 (Warehouse & Sawmill)	Parcel: 003-317-641; Block C of NW 1/4 Section 17; Twn 17; Barclay District  Roll: 05 770 02769.110	3.82 acres	Armac Investment Ltd. (BC)	1) Crown in the Right of Canada (Aug.22/02)	1) HMQBC - charge on undersurface rights - (Feb.2/86) 2) BC Development Corp - Covenant (Dec.2/86) 3) Kim Galavan - CPL (Sep.19/06)
395 Binnacle Road (Airport)	Parcel: 008-691-363; NE 1/4 of NE 1/4 of Section 17; Twn 1; Barclay District  Roll: 05 770 02770.000	40 acres	Armac Investment Ltd. (BC)	1) Crown in the Right of Canada (Aug.22/02)	1) Alberni Clayoquot Regional District (March 30/00) - covenant 2) Kim Galavan - CPL (Sep.19/06)
Grappler Road Bamfield 300- All Bamfield	Parcel: 000-787-744; Lot 2, Plan 23308, Section 20; Twn 1; Barclay District  Roll: 05 770 02899.015	Land and Building (5.36 acres)	Armac Investment Ltd. (BC)	1) Crown in the Right of Canada (Aug.22/02)	1) Crown in the Right of BC - undersurface rights 2) Regional District of Alberni-Clayoquot (May 21/96) - covenant 3) Crown of Canada (Aug.20/03) - Judgement 4) K.Galavan - CPL - (Sept.19/06) 5) Crown of BC - Property Transfer Tax charge (March 9/10) 6) Byron Loewen - Judgement (Apr.23/10)

SCHEDULE II

Property	Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
489 Barnfield Inlet (Burto Island)	Parcel: 018-843-310; Lot 2; Section 19; Township 1; Barclay District; Plan VIP59185  Roll: 05 770 02776.002		John K Purdy	1) Montreal Trust Company (Nov.12/71)	1) BC Telephone Company (October 11/68) - right of way 2) BC Hydro & Power Authority (Jan. 17/73) - right of way 3) Her Majesty the Queen in the Right of BC (June 22/84) - covenant 4) Her Majesty the Queen in the Right of BC and Regional District of Alberni-Clayquot (June 22/84) - covenant
450 Rance Island (Ranco Island)	Parcel: 006-249-540; Lot 1, Section 20; Twn 1; Plan 3047; Barclay District  Roll: 05 770 02881.000	6.8 acres land 640sq.ft. building	Armac Investment Ltd. (BC)	1) Crown in the Right of Canada (Aug.22/02)	1) BC Hydro & Power Authority (Feb.4/75) - right of way 2) K. Galevan - CPL - (Sept.19/06)



# SCHEDULE III

Property	Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
7382 Rincon Rd (Sprout Lodge)	Parcel: 000-286-885; Lot 5; District Lot 39; Alberni District; Plan 1877  Roll: 05 770 00722.500	9.7 acres	Armac Investments Ltd. (BC)	1) CRA, \$4,120,117.87, August 22/02 (Judgement against Armac security);	1) Esquimalt and Nanaimo Railway Company - registered owner charge; 2) Crown of Canada - Judgement (Aug.20/03); 3) Kim Galavan - CPL (Sep 19/06) 4) Crown of BC - property tax transfer (Mar.9/10)
5968 River Rd. Port Alberni (Somass Lodge)	Parcel: 007-175-698; Lot 23; block 18, District Lot 9; Plan 1585; Alberni District	50 x 109 ft	Armac Investments Ltd (BC)	1) Bank of Montreal (Dec.31/07);  2) Crown in the Right of Canada (Aug.22/02)	1) BC Hydro & Power Authority (Jan. 14/82) - right of way 2) Her Majesty the Queen in the Right of Canada (Aug.3/03) 3) Kim Galavan - CPL - (Sept 19/06) 4) Crown of BC - property tax transfer act charge (March 9/03) 5) Byron Loewen - Judgement (April 23/10) 6) BMO - CLP (March 24/11)
4356 Gertrude St. Port Alberni (Auto Court & Motel)	Parcel: 000-287-296; 000-287-342; 000-287-393 Lot 10; Block 4A, District Lot 1, Alberni District, Plan 197	33,484 sq.ft	Armac Investments Ltd (BC)	1) Evergreen Savings Credit Union (Dec.1/99);	1) Alberni Land Company Limited and Esquimalt and Nanaimo Railway Company; 2) Evergreen Savings Credit Union - assignment of rent (Dec.1/99) 3) Crown of Canada - Judgement (Aug.20/03) 4) Kim Galavan - CPL (Sep. 19/06) 5) Crown of BC - property tax transfer (Mar.9/10) 6) B. Loewen - Judgement - (Apr.23/10)
5611 Culverton Rd.	Parcel: 003 851 168 Lot 1; Sec.8, Range 6, Sahlam District; Plan 12309 Duncan Rural	18.37 acres land Utility big- 2,112sq.ft	Cherry Blossom Park Development Corp.	1) Armac Investments Ltd.; April 16, 2004 2) Tarmac Management Ltd (Feb.9/05)	1) Esquimalt and Nanaimo Railway Company - registered owner charge
	Roll: 03 765 03588.055				

SCHEDULE III

Property	Legal Description	Notes	Registered Owner	Mortgagor, Amount and Date	Other encumbrances
3425 River Road, Chemainus	Parcel: 001-160-141; Plan 31422; Lot 2; Sections 14 & 15; Range 3; Chemainus district  Roll: 16472-000	7.51 acres 1,223 sq. ft. bldg	Amac Investments Ltd (BC)	Tarmac Management Ltd; February 9, 2005	1) Esquimalt and Nanaimo Railway Company - registered owner charge 2) Her Majesty the Queen in the Right of BC (May 26/88) 3) Easement (April 8/99) 4) Crown in the Right of Canada - Judgement (Aug. 20/03) 5) Kim Galavan - CPL (Sept. 19/06) 6) Ronald Durrance - builder's lien (Nov. 24/09) 7) Crown of BC - property tax charge (Mar. 9/10) 8) B. Loewen - Judgement (July 13/10)
8335 Meshers Road	Parcel: 008-428-565; The South 1/2 of District Lot 51- Alberni District  Roll: 05 770 00885.000	80 acres land 1360 sq ft building	John K Purdy	1) Ladysmith & District Credit Union (June 20, 2000)  2) Ammac Investments Ltd (June 30, 2000)	1) Esquimalt and Nanaimo Railway Company - registered owner charge; 2) Her Majesty the Queen in the Right of Canada (May 30/02); 3) The Crown in the Right of Canada - judgement (Aug. 19/09) (against Ammac 2nd mortgage) 4) Ladysmith Credit Union - CPL (July 26, 2011)

SCHEDULE "B"

SECOND AMENDED AND RESTATED PROPOSAL OF JOHN (JACK) KENNETH PURDY

COURT FILE NUMBER

BE03-568045

Clerk's Stamp

ESTATE NUMBER

24-1568045

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANT

IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985, c.B-3, AS  
AMENDED

AND IN THE MATTER OF THE PROPOSAL OF  
JOHN KENNETH PURDY OTHERWISE KNOWN  
AS JACK PURDY

DOCUMENT

SECOND AMENDED AND RESTATED  
PROPOSAL OF JOHN (JACK) KENNETH  
PURDY

March 10, 2014 *as amended for 2 items*  
*on April 17,*

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
FILING THIS DOCUMENT

**COUNSEL**

TAYLOR LAW OFFICE

Conan J. Taylor

Suite 401, 10722 - 103 Avenue

Edmonton, Alberta

T5J 5G7

Attention: Conan J. Taylor

Phone: (780) 428-7770

Fax: (780) 428-7775

File: 3005-001

Q

## PROPOSAL

### RECITALS

- A. John (Jack) Kenneth Purdy ("Purdy") is an individual residing in the County of Stratcona, in the Province of Alberta.
- B. On December 2, 2011 Purdy filed a Notice of Intention to File a Proposal ("NOI Proceedings"). The NOI Proceedings were extended until June 2, 2012 and no further extensions are available under the Act.
- C. The most significant property of Purdy is his 100% ownership of various corporations described in Schedule I ("Purdy Companies").
- D. The Purdy Companies are operating in proceedings under the CCAA ("CCAA Proceedings"). Alvarez and Marsal Canada Inc., is the Court appointed Monitor in the CCAA Proceedings. The CCAA Proceedings commenced on December 2, 2011. The stay under the CCAA Proceedings has been extended until April 1, 2014 and it is likely on or before that time the Purdy Companies will file a plan of arrangement and compromise ("Plan") and circulate the Plan to creditors under the CCAA Proceedings.
- E. The CCAA Proceedings and the NOI Proceedings are inextricably linked together and any proposal to Purdy's Creditors should consider and include the outcome of the CCAA Proceedings.
- F. John (Jack) Kenneth Purdy ("Purdy"), the above-named debtor, submitted a proposal to its creditors dated May 31, 2012 and that proposal was amended on October 9, 2012.
- G. The Creditors' Meeting to vote on the Proposal has been adjourned several times and will reconvene on February 19, 2014.
- H. Purdy hereby submits the following Second Amended and Restated Proposal ('Amended Proposal') to his creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3.

**NOW THEREFORE** Purdy hereby proposes and presents this Amended Proposal under and pursuant to the Act:

**PART I**  
**INTERPRETATION**

1. In this Amended Proposal:
- (a) **"Act"** means the *Bankruptcy and Insolvency Act*, as it may be amended from time to time;
  - (b) **"Assets"** means all of the right title and interest of Purdy in the Purdy Companies listed in Schedule I and property that Purdy is proposing to transfer for the benefit of the Creditors, as listed in Schedule "II" to this Amended Proposal;
  - (c) **"Business Day"** means a day, other than a Saturday or Sunday or a day observed as a holiday pursuant to the laws of the Province of Alberta or the federal laws of Canada, on which banks are generally open for business;
  - (d) **"CCAA Proceedings"** means proceedings taken up by the Purdy Companies under the Companies' Creditors Arrangement Act.
  - (d) **"Claim"** means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of Purdy to any person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the Filing Date, together with any other claims provable in bankruptcy had Purdy become bankrupt on the Filing Date, including without limitation, claims arising from the abandonment of any premises or the repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment prior to the Filing Date, providing that all such claims shall be allowed without allowance for interest after the Filing Date and without allowance for penalties and net of any normal discounts. All Claims must be converted to Canadian Dollars at the Bank of Canada Daily Foreign Exchange Rate at the Filing Date. The U.S. Dollar Daily Foreign Exchange Rate at the Filing Date for the conversion of US Dollars to Canadian Dollars was 1.0183;
  - (e) **"Claim Value"** means the value of a Creditor's claim against Purdy, as at the Distribution Date: Claim Value shall be determined by deducting from a Creditor's Proven Claim: (i) any amount actually received by the Creditor or anticipated or estimated to be received by the Creditor from any party who is jointly and severally liable with Purdy, including the Purdy Companies, with respect to the claim comprising the Proven Claim, including but not limited to amounts resulting from the realization on assets owned by parties other than Purdy. The Trustee shall notify each Creditor with a Proven Claim of its Claim Value at least 45 days prior to the Distribution Date. If the Creditor objects to the

Trustec's determination of its Claim Value, the Creditor or the Trustee can apply to the Court for a determination of the Creditor's Claim Value;

- (f) **"Court"** means the Court of Queen's Bench of Alberta, in Bankruptcy;
- (g) **"Creditor"** means any person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other person acting on behalf or in the name of such person;
- (h) **"Creditors' Meeting"** means the special meeting of the Creditors called for the purpose of considering and voting upon the Proposal;
- (i) **"Distribution Date"** means the later of the day that is 30 days after the Effective Date, or 30 days after the Plan is implemented in the CCAA proceedings
- (j) **"Effective Date"** means the date on which this Amended Proposal is approved by the Court, after being approved by the required majority of Purdy's Creditors;
- (k) **"Excluded Assets"** means the assets of Purdy that will be retained by Purdy under this Proposal, as listed in Schedule "C" to this Proposal;
- (l) **"Filing Date"** means the date on which Purdy filed his Notice of Intention to make a Proposal under the Act, namely December 2, 2011;
- (m) **"Final Order"** means an order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;
- (n) **"Official Receiver"** shall have the meaning ascribed thereto by the Act;
- (o) **"Plan"** means the plan of arrangement and compromise filed by the Purdy Companies pursuant to the CCAA proceedings.
- (p) **"Preferred Claim"** means that portion of a Proven Claim of a Preferred Creditor which entitles the Preferred Creditor to receive payment in priority to other Creditors as provided in Section 136 of the Act;
- (q) **"Preferred Creditor"** means any Creditor entitled to receive payment of all or a portion of its Proven Claim in priority to other Creditors as provided in section 136 of the Act. For voting purposes Preferred Creditors fall into and form part of the class of Unsecured Creditors in respect of their Preferred Claim;
- (r) **"Proposal or Amended Proposal"** means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;
- (s) **"Proven Claim"** means the Claim of a Creditor approved by the Trustee pursuant to Part 3 as owing to such Creditor by Purdy;

- (t) "Secured Claim" means that portion of a Proven Claim of a Secured Creditor that is secured by valid security against any asset of Purdy;
- (u) "Secured Creditor" means any Creditor who has valid security against any asset of Purdy with respect to its Proven Claim;
- (v) "Trustee" means Alvarez & Marsal Canada Inc., or its duly appointed successor or successors;
- (w) "Unsecured Claim" means that portion of a Proven Claim that is not a Preferred Claim or a Secured Claim;
- (x) "Unsecured Creditor" means a Creditor having a Proven Claim other than a Secured Creditor;
- (y) "Unsecured Creditor Cash Pool" means the ~~\$500,000~~ <sup>\$300,000</sup> cash pool to be established for distribution to unsecured creditors under the Plan; and
- (y) "Voting Letter" shall mean the voting letter required by subsection 51(1) of the Act to be mailed to each known Creditor prior to the Creditors' Meeting.

#### Heading

2. The divisions of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction of interpretation of this Proposal.

#### Numbers, etc.

3. In this Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

#### Date for Action

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

#### Time

5. All times expressed herein are in local time in Edmonton, Alberta, Canada, unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Edmonton, Alberta, Canada.



### **Currency**

6. Unless otherwise stated herein, all references to currency in this Proposal are to lawful money of Canada ("Canadian Dollars").

### **Successors and Assigns**

7. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein including, without limitation, all Creditors.

### **Accounting Principles**

8. Accounting terms not otherwise defined have the meanings assigned to them in accordance with Canadian generally-accepted accounting principles.

### **Statutory References**

9. Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations and amendments made under that status or regulation(s) in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation(s).

## **PART 2**

### **TREATMENT OF CREDITORS**

#### **Purpose of Amended Proposal**

10. The purpose of this Amended Proposal is to allow a restructuring of the affairs of Purdy, for the benefit of the Creditors. It is expected that all Creditors will derive a greater benefit from the restructuring being conducted by Purdy and the Purdy Companies, than they would from a forced liquidation of Purdy's Assets and Excluded Assets.

#### **Transfer of Property, Proven Claims and Distributions to Creditors**

11. On or before the Effective Date Purdy shall incorporate a new corporation (the "Holdco"):

a. The Holdco shares shall be held in trust by the Trustee and if the Plan is implemented the Holdco shares shall be held in trust as provided for in the Plan;

b. The property in Schedule I and Schedule II shall be transferred to

Holdco for the sole and exclusive purpose of funding distributions under this Proposal or under the Plan. Until such time as the Plan is approved by the Court the right and priority of all Claims of Creditors in the CCAA and Proposal proceedings shall be maintained as though the Schedule I and II assets had not been transferred to Holdco;

c. Purdy, with the consent and approval of the Creditors and Trustee shall appoint directors of Holdco as provided for in the Plan.

12. Purdy is a creditor and the direct or indirect 100% shareholder of the Purdy Companies. The Purdy Companies are restructuring their affairs under the CCAA. Purdy, as a creditor of the Purdy Companies expected to receive distributions from the CCAA Proceedings and utilize those distributions to fund the Proposal to his creditors. If the Plan is approved by the Court and implemented:

a. Purdy shall waive all right to receive any distributions under the Plan;

b. Any Proven Claim in the Proposal shall be included as a Proven Claim under the Plan and paid and compromised in accordance with the Plan;

c. On the Distribution Date, the Trustee shall after paying its proper fees and expenses set out in paragraphs 27 and 28 and subject to paragraph 15 and 26 distribute to Unsecured Creditors their pro rata share of the Unsecured Creditor Cash Pool;

d. The directors of Holdco shall determine the manner in which the Schedule I and Schedule II property shall be realized and distributed as set out in the Plan.

13. If the Plan is not approved by the Court then the Trustee shall:

a. Liquidate the Schedule I and Schedule II property in Holdco for the benefit of Proposal Creditors;

b. Distribute proceeds from the liquidation of Holdco having regard to the Claims of Creditors against the Schedule I and Schedule II property as though the property had not been transferred to Holdco and in accordance with scheme of distribution set out in Section 136 of the BIA.

14. Intentionally Blank ;

#### **Superintendent's Levy**

15. The Superintendent's levy shall be paid to the Superintendent at the same time any distributions to Unsecured Creditors are made under this Amended Proposal.

### **PART 3**

#### **PROCEDURE FOR VALIDATION OF CLAIMS**

##### **Allowance or Disallowance of Claims by the Trustee**

16. Upon receipt of a completed proof of claim, the Trustee shall examine the proof of claim and shall allow or disallow same, in whole or in part, and shall notify each Creditor whose claim is disallowed in whole or in part of the amount of its Proven Claim, as applicable. The Creditors will have the right to appeal to the Court and obtain a Court determination of the Creditor's Proven Claims, in accordance with the Act. The Proven Claim of a Creditor will be the amount accepted by the Trustee or determined by the Court, as the case may be, all in accordance with the provisions of the Act.

### **PART 4**

#### **MEETING OF CREDITORS**

##### **Creditors' Meeting**

17. On March 12, 2014, or on the date of any adjournment thereto, Purdy shall hold the Creditors' Meeting for the Creditors to consider and vote upon the Proposal.

##### **Time and Place of Meeting**

18. The Creditors' Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof and confirmed in the notice of meeting to be mailed pursuant to the Act. All proofs of claims shall be delivered in accordance with the provisions of the Proposal, the Act and any order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting.

##### **Voting by Creditors**

19. Each Creditor shall be entitled to vote to the extent of the amount which is equal to the Creditors' Proven Claim.

##### **Approval by Creditors**

20. In order that the Proposal is binding on all of the Creditors of Purdy in accordance with the Act, it must first be accepted by each class of Creditors by a majority in number of the Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter and representing two-thirds in value of the Proven Claims of the Creditors of each class who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

### **Inspectors**

21. At the Creditors' Meeting, the Creditors may appoint one or more, but not more than five, inspectors under this Proposal, who will have no personal liability to Purdy or to the Creditors, and whose power shall be limited to:

- (a) the power to advise the Trustee in respect of such matters as may be referred to the inspectors by the Trustee;
- (b) the power to advise the Trustee concerning any dispute that may arise to the validity or quantum of claims of Creditors under this Proposal, where the Trustee requests such assistance;
- (c) the power to determine the manner in which the value in Purdy Holdco shall be realized by the Creditors under this Proposal;
- (d) the power to approve on behalf of the Creditors of Purdy any decision of the Trustee relating to any matter not contained in this Proposal which the Trustee may refer to them from time to time, including any extension of time of payment required under this Proposal;
- (e) the power to waive any default in the performance of this Proposal. The Trustee shall notify the Inspectors of any default of which the Trustee becomes aware and the Trustee shall hold a meeting of Inspector following such notice for the purpose of obtaining the instructions of the Inspectors with respect to such a default and the steps to be taken.

### **Decisions of Inspectors**

22. Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, revoke or vary the decision, direction or act of the Inspectors and make such other order as it thinks just.

### **Valuation of Claims**

23. The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in Part 3 and in the Act. Purdy or the Trustee or both reserve the right to seek the assistance of the Court in determining the Claim Value of any Creditor if required to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Creditor under the Proposal, as the case may be.

## **PART 5**

## DISTRIBUTIONS

### Implementation of Proposal

24. If the Amended Proposal is approved as provided for in Part 4, then the Trustee shall make the Distributions as set out in paragraphs 12 and 13.

### Crown Claims

25. Her Majesty in Right of Canada and in Right of Alberta will be paid in full by Purdy, within 6 months after Court approval of this Amended Proposal, of all amounts that were outstanding at the time of filing the notice of intention, and are of a kind that could be subject to demand under:

- (a) subsections 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
  - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
  - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

### Preferred Creditors

26. Preferred Claims are to be paid in full in priority to all Proven Claims of Unsecured Creditors.

### Payment of Fees and Expenses

27. All proper fees and expenses of the Trustee and reasonable legal and other professional fees of and incidental to the proceedings and transactions arising out of this

Amended Proposal and in connection with the preparation of this Proposal, and in the administration of this Proposal, including advice to Purdy in connection therewith, will be paid in priority to all Claims.

28. The proper fees and expenses of the Trustee and its counsel shall be determined based on the Trustee's standard rate times hours spent, as agreed to with Purdy in the NOI Proceedings.

## **PART 6**

### **EVENTS OF DEFAULT**

29. The following event will constitute an event of default for the purpose of section 63 of the Act and otherwise under this Proposal:

- (a) Failure of Purdy to transfer all the Schedule I and II property to Holdco on or before the Effective Date.

## **PART 7**

### **TRUSTEE**

#### **Confirmation of Appointment**

30. The Trustee is acting in its capacity as Trustee and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of Purdy.

#### **Discharge of Trustee**

31. Upon making the distributions contemplated in Part 5, the Amended Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of Purdy and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless

such acts have been carried out in bad faith and constitute a willful or wrongful act or default.

#### **Trustee's Report**

32. The Trustee shall report to the Creditors and the Court on a 60 day basis, within fifteen days following the end of each 60 day period, during the period between the Effective Date and the Distribution Date.

### **PART 8**

#### **CONDITIONS PRECEDENT**

33. The performance of this Amended Proposal by Purdy shall be conditional upon the fulfillment or satisfaction of the following conditions within thirty (30) Business Days following the issuance of the Final Order:

- (a) all approvals and consents to the Amended Proposal that may be required have been obtained;
- (b) the Final Order has issued and it is efficacious in accordance with paragraph 1(m) of this Proposal; and
- (c) no order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal has been issued.

### **PART 9**

#### **RELEASE**

34. Upon the Effective Date, Purdy shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action as of the Filing Date.

35. This release shall have no force or effect if Purdy becomes bankrupt before the terms of the Proposal are performed. After Purdy has performed his obligations to sell and/or transfer the Assets to Purdy Holdco, this release shall become unconditionally and irrevocably effective.

36. Sections 91 to 101 of the Act shall not apply to any dealings by Purdy having taken place during the period prior to or after the Filing Date.

## **PART 10**

### **MISCELLANEOUS**

#### **Consents, Waivers and Agreements**

37. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by Purdy in any provision, express or implied, in any agreement existing between the Creditor and Purdy that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

#### **Further Actions**

38. Purdy and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

#### **Performance**

39. All obligations of Purdy under this Proposal will commence as of the Effective Date. All obligations of Purdy under this Proposal will be fully performed for the purposes only of section 65.3 of the Act upon Purdy having sold all the Assets and paid the Net Proceeds of such sales to the Trustee provided for herein.

#### **Binding Effect**

40. The provisions of this Proposal will be binding on the Creditors and Purdy, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Final Order and it being efficacious in accordance with paragraph 1(m) of this Proposal.

## **PART 11**

### **ANNULMENT OF PROPOSAL**

#### **Annulment**



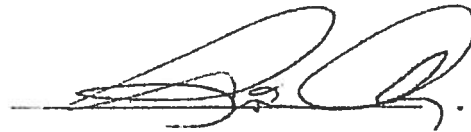
41. If this Amended Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Amended Proposal will reduce the Claims of Creditors.

## PART 12

### MODIFICATION

42. Purdy may propose amendments to the Amended Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Amended Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Amended Proposal.

DATED at Edmonton this 11<sup>th</sup> day of March, 2014.

A handwritten signature in black ink, appearing to read 'J. Purdy', written over a horizontal line.

JOHN (JACK) KENNETH PURDY

SCHEDULE I TO THE PROPOSAL OF PURDY


LISTING OF PURDY GROUP OF COMPANIES

ARMAC INVESTMENTS LTD. (AB)

LAKE EDEN PROJECTS INC. (AB)

 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

HALF MOON LAKE RESORT LTD. (AB)

 [REDACTED]

FISHPATHS RESORTS CORPORATION (BC)

ARMAC INVESTMENT LTD. (BC)

OSTROM ESTATES LTD. (BC)

HAWKEYE MARINE GROUP LTD. (BC)

 [REDACTED]  
[REDACTED]

CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)

NOTE:

The above corporate names have either an (AB) or (BC) after each of the individual applicant company names. The Trustee 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.



# SCHEDULE II

John (Jack) Kenneth Purdy  
Listing of Known Personal Assets

	Asset	Ownership	Amount	Description
Securities - Other Privately Owned Companies	Rail Find Management Ltd.	50%	\$0	Privately held shell company with no assets or operations
	Sheffield Holdings Ltd.	100%	Unknown	100% owner of Sheffield. Head lease in Anguilla, British West Indies. Lease with approx. 70 years on a 8.5 acre piece of ocean front property that now has a derelict resort.
	Regal Capital Corp.	100%	Unknown	25 acres of raw land in Kauai, Hawaii. Land is divided into 7 plots. Distant ocean view lots. 3 are claimed by an investor. There is a lien on all 7 plots.
	Infinity Global Investment Corp.	33%	\$0	Privately held shell company with no assets or operations

## Remaining Personal Property

6 acre ocean front undeveloped raw land - 469 Bamfield Inlet	100%	\$500,000	Located: West Coast Vancouver Island, BC
80 acre, 3 bedroom home and farm out buildings - 8335 Meshers Rd.	100%	\$250,000	Located: Port Alberni, West Coast Vancouver Island, BC
Art, Collectibles, Jewelry, and precious metals	100%	\$15,000	Various paintings and gem stones etc.
Stocks and bonds	100%	Approx. value \$50,000	Held at 3 brokerage houses
<del>Securities</del>	<del>100%</del>	<del>Approx. value \$1,536,574</del>	<del>Receivable from Armac Investments (AB)</del>
Note receivable	100%	\$1,536,574	Receivable from Armac Investments (AB)
Note receivable	100%	\$80,000	Receivable from a construction company
Antiques	100%	\$50,000	Agreement b/w current owner to recover the furniture and antiques
Furniture	100%	\$5,000	Personal furniture
Recreational Property	100%	\$275,000	4 cabins located in Cabarete, Dominican Republic.
Vehicles	100%	\$19,999	1992 Bentley

### **SCHEDULE III**

**Excluded assets** Includes any assets that are pursuant to Part 10 of the Civil Enforcement Act of Alberta.



**SCHEDULE "C"****MONITORS CERTIFICATE – CONDITIONS PRECEDENT FULFILLED**

Clerk's Stamp:

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, 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")

DOCUMENT

**MONITORS CERTIFICATE – CONDITIONS  
PRECEDENT FULFILLED**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT

**MONITOR**  
ALVAREZ & MARSAL CANADA INC.  
Bow Valley Square I  
Suite 570, 202 – 6<sup>th</sup> Avenue SW  
Calgary AB T2P 2R9  
Tim Reid/Orest Konowalchuk  
Ph. (403) 538-4756 / (403) 538-4736  
Email: [t Reid@alvarezandmarsal.com](mailto:t Reid@alvarezandmarsal.com)  
[okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)

**COUNSEL**  
DENTONS CANADA LLP  
Barristers & Solicitors

Ray C. Rutman  
 2900 Manulife Place, 10180 – 101 Street  
 Edmonton Alberta T5J 3V5  
 Ph. (780) 423-7276 Fx. (780) 423-7276  
 Email: ray.rutman@dentons.com  
 File: 529227.7/RCR

WHEREAS the Court granted a Plan Sanction Order June 5, 2014 in respect of the Plan of the Plan Applicants;

AND WHEREAS one of the conditions precedent to the implementation of the Plan is the filing with the Court by the Monitor of a Certificate certifying that all conditions precedent set out in Article 6.1 of the Plan have been fulfilled.

NOW THEREFORE this Certificate witnesseth that:

1. All capitalized words or terms in this Certificate (including the recitals thereto) not otherwise defined or ascribed a meaning in this Certificate shall have the meanings defined or ascribed in the Plan Sanction Order (inclusive of any meanings defined or ascribed by reference to the Plan).
2. The Monitor by execution and filing of this Certificate does certify in its capacity as Court appointed Monitor of the Plan Applicants that, in accordance with Article 6.1(j) of the Plan, all conditions precedent as provided in Article 6.1 of the Plan have been fulfilled.

**Dated at the City of Calgary, in the Province of Alberta, this \_\_\_\_ day of \_\_\_\_\_, 2014.**

**ALVAREZ & MARSAL INC.**  
 in its capacity as court-appointed  
 of the Plan Applicants and not in its  
 personal capacity

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE "D"**  
**DESCRIPTION OF BC LANDS**

1. Parcel 017-801-231, Lot 1, Section 20, Township 1, Barclay District, Plan VIP54368 owned by Armac Investments Ltd.
2. Parcel 003-291-294, Parcel A (DD E25649) of Lot 1, Section 20, Township 1, Barclay District, Plan 22579 owned by Armac Investments Ltd.
3. Parcel 001-160-141, Lot 2, Sections 14 and 15, Range 3, Chemainus District, Plan 31422 Except Part in Plan VIP69038 owned by Armac Investments Ltd.
4. Parcel 000-287-296, Lot 10, Block 4A, District Lot 1, Alberni District, Plan 197 owned by Armac Investments Ltd.
5. Parcel 007-175-698, Lot 23, Block 18, District Lot 9, Alberni District, Plan 1585 owned by Armac Investments Ltd.
6. Parcel 000-286-885, Lot 5, District Lot 39, Alberni District, Plan 1877 owned by Armac Investments Ltd.
7. Parcel 006-249-540, Lot 1, Section 20, Township 1, Barclay District, Plan 3077 owned by Armac Investments Ltd.
8. Parcel 000-787-744, Lot 2, Section 20, Township 1, Barclay District, Plan 23308 Except that Part in Plan 45519 owned by Armac Investments Ltd.
9. Parcel 008-691-363, The North East  $\frac{1}{4}$  of the North East  $\frac{1}{4}$  of Section 17, Township 1, Barclay District owned by Armac Investments Ltd.
10. Parcel 003-317-641, Block C of the Northwest  $\frac{1}{4}$  of Section 17, Township 1, Barclay District owned by Armac Investments Ltd.
11. Parcel 003-524-213, Lot 1, Section 20, Township 1, Barclay District, Plan 20233 owned by Armac Investments Ltd.
12. Parcel 003-706-311, Lot 1, Section 20, Township 1, Barclay District, Plan 19909 owned by Armac Investments Ltd.
13. Parcel 008-594-015, Block A of the South West  $\frac{1}{4}$  of Section 20, Township 1, Barclay District, Except Part in Plan 19909 owned by Armac Investments Ltd.
14. Parcel 000-204-315, Lot 3, Section 19, Barclay District, Plan 36032 owned by Armac Investments Ltd.

15. Parcel 014-852-985, Lot A, Section 20, Township 1, and District Lot 782, Barclay District, Plan 49089 owned by Armac Investments Ltd.
16. Parcel 004-090-381, Lot 1, Section 20, Township 1, Barclay District, Plan 16439 owned by Armac Investments Ltd.
17. Parcel 003-851-168, Lot 1, Section 8, Range 6, Sahtlam District, Plan 12309, Except those parts in Plans 22890, 23708, 25003 and 29157 owned by Cherry Blossom Park Development Corp.
18. Parcel 000-282-553, Lot 2, Section 20, Township 1, Barclay District, Plan 34316 owned by Fishpath Resorts Corporation.
19. Parcel 000-977-179, Lot C, Section 20, Township 1, Barclay District, Plan 38547 Except Part in Plan VIP54368 owned by Armac Investments Ltd.