

COURT FILE NUMBER

1103-18646

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

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

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

DOCUMENT

**SECOND REPORT OF THE MONITOR**

**FEBRUARY 7, 2012**

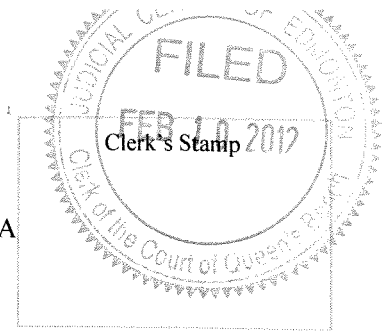
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## INTRODUCTION

1. On December 1, 2011, the Purdy Group sought and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended (the "CCAA") pursuant to an order of the Court of Queen's Bench of Alberta ("Court") (the "Initial Order").
2. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor of the Purdy Group (the "Monitor").
3. The purpose of this second report of the Monitor (the "Second Report") is to provide the Court with an update in respect of the following:
  - a) an operational update since the date of the first report of the Monitor (the "First Report");
  - b) the Purdy Group's update on its restructuring efforts since the First Report;
  - c) an update on the two actions commenced against the Purdy Group regarding the Lake Eden Funds since the date of the First Report;
  - d) an analysis of the actual to forecast cash flow results for the period from December 15, 2011 to January 27, 2012 (the "Reporting Period");
  - e) the revised cash flow projections (the "Updated Forecast") from January 28, 2012 through May 4, 2012 (the "Forecast Period");
  - f) the Purdy Group's application for a proposed claims procedure process and claims bar date;
  - g) the Purdy Group's request for an extension to the Stay Period until, and including May 4, 2012; and
  - h) the Monitor's recommendations.

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

## **TERMS OF REFERENCE**

7. In preparing this Second Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Purdy Group. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants (“CICA”) Handbook has not been performed. Future oriented financial information relied upon in this report is based on management’s assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

## **BACKGROUND**

8. The Purdy Group is a group of privately-held companies engaged in the business of property acquisition, development and sale in the Provinces of Alberta and British Columbia, as well as the management of operating businesses on the lands. The primary assets are geographically located mainly on the West Coast of Vancouver Island, British Columbia and in or around Edmonton, Alberta
9. The Purdy Group entities are owned 100% by its sole owner, director and officer, Mr. John (Jack) Kenneth Purdy (“Jack Purdy”), either directly or through holding companies, legally and beneficially.

10. Further background to the Purdy Group and their operations and description of the Purdy Group properties are contained in the materials filed relating to the Initial Order including the November 25, 2011 affidavit of Jack Purdy (the “November 25<sup>th</sup> Purdy Affidavit”) and the First Report. These documents, together with other information regarding this CCAA proceeding, have been posted by the Monitor on its website at: [www.alvarezandmarsal.com/purdy](http://www.alvarezandmarsal.com/purdy) .

## **OPERATIONAL UPDATE**

### ***Overview of the Applicants Properties, Asset and Liabilities***

11. A description of the various properties owned by the Applicants was included in the First Report. The Monitor continues its investigation of these properties and the various claims and encumbrances against those properties. Attached as Appendix A is a listing of the Applicant’s properties and certain other properties the title of which is in the name of Jack Purdy (the “Purdy Properties”), together with the value assessed for property tax purposes and the charges which encumber the properties.
12. In aggregate, the Purdy Properties have an assessed value for property tax purposes of approximately \$18 million. Both Alberta and B.C. use a market value based assessment system in assessing the property tax value.
13. The Monitor continues to investigate the validity and amounts of encumbrances against the Purdy Properties and claims and liabilities against the Applicants generally. To assist in this process, the Monitor has recommended the Applicants commence a process to determine claims and any priority they may have. The claims process is discussed below.
14. While the exact amount of the creditor claims will not be known until the Claims Procedure Process (defined below) is complete, it is estimated that there are between \$11.3 million and \$16.3 million in total claims (secured and unsecured).

15. The two most significant creditors of the Applicants are Canada Revenue Agency (“CRA”) and Axxess Capital Partners (“Axxess”). Each of these creditors have both secured and unsecured claims. The Monitor had discussions with these creditors to gain an understanding of the magnitude of their claims. Combined, their claims would be in the range of 88% to 89% of the total claims.
16. Based on the property tax values and the estimated range of claims, it appears that the Applicants have sufficient assets to put forward a plan of arrangement (the “Plan”) that may see creditors receive close to or 100 cents on the dollar.

***Fishpath Resorts Corporation (“Fishpath Resort”)***

17. As previously discussed in the First Report, Fishpath Resorts (commonly referred to as the Bamfield Trails Motel) is one of the Purdy Groups operating companies. It operates a 36-room hotel, 65 seat liquor establishment, 50 seat restaurant, pool and spa and a large RV lot.
18. During the Reporting Period, Fishpath Resort experienced an unexpected shut-down of its operations because of a need to complete certain capital repairs and maintenance to the resort that prevented it from fully-operating. The cash flow projection includes the expenditures required to allow the resort to return to an operation state.
19. The Monitor understands that the Purdy Group is undertaking the necessary repairs and intent to reopen the Bamfield Trails Motel by mid-May 2012.

***Half Moon Lake Resort Ltd. (“Half Moon”)***

20. Half Moon presently has 216 serviced customer RV sites, a general store and other recreational facilities for the enjoyment of its clients.
21. The Monitor understands the Purdy Group has received from the Government of Alberta a list of all of the items that the Purdy Group must address before

remedial environmental orders (that were discussed in the First Report) will be vacated so that Half Moon may open for operations.

22. The Purdy Group intends to incur the costs set out in the Updated Forecast below to remediate the deficiencies. It is expected these items will be remedied and the Half Moon will be fully operational by mid-May 2012. In addition, it should also be in a position to successfully commence marketing the remaining RV lots as it has done in the past.
23. The Monitor will continue to review and assess the progression of the Purdy Group in satisfying the various government requirements as well as all costs pertaining to the remediation and upkeep of Half Moon.

#### ***Financial Statements***

24. The Monitor understands that the Purdy Group continues to work on updating the Applicant's financial statements up to and including November 30, 2011. The Purdy Group advises that it should have all remaining financial statements (draft form or otherwise), that were not attached to the November 25<sup>th</sup> Purdy Affidavit, available for this Honourable Court by early March 2012.

#### ***Insurance***

25. The Monitor understands that the Purdy Group currently has corporate liability insurance on Half Moon that expires in May 2012. The Monitor further understands that the Purdy Group does not have corporate insurance on any of its remaining Purdy Properties.
26. The Monitor has been advised that the Purdy Group is currently reviewing the need/requirement of additional liability insurance on the Purdy Properties.

#### ***Consultant***

27. The Applicants are in the process of engaging a consultant to assist with its restructuring activities. The Monitor is supportive of this initiative and is of the

view that such assistance will help improve financial and operating performance of properties to be retained and aid in the marketing and divestiture of those properties sold.

***Employees / Contractors***

28. The Purdy Group currently utilizes the services of four individuals who assist in the operations of the Purdy Group. Their duties are:

- a) Jack Purdy the President of the Purdy Group is involved in the operations and corporate restructuring of the Applicant's;
- b) a part-time staff at the Bamfield Trails Motel to assist in the operations and customer service of this resort;
- c) two part-time staff assisting in the operations Half Moon; and
- d) a contract accountant assisting in the financial reporting of the Applicant's financial statements and assisting in a treasury function to monitor cash receipts and disbursements and report on cash flows.

29. The Monitor understands that the Purdy Group is looking to engage the services of another financial accountant to assist in the development of the financial statements and financial reporting of the Applicants.

**RESTRUCTURING UPDATE**

30. Since the date of our First Report, the Monitor has had a number of discussions with Jack Purdy regarding restructuring options available and an intended course of action to put forth a viable Plan to its creditors.

31. In the First Report, a general overview of the various properties was provided. As reported, the Applicants assets consist almost entirely of real estate, much of which is resort based and either undeveloped or if developed in such a state of disrepair that it cannot be occupied nor operated. Most of the properties are



encumbered by various mortgages, liens, judgements or writs and many are subject to foreclosure proceedings.

32. In order to put forward a Plan to their creditors, the Applicants intend to restructure its balance sheet to reduce its secured debt and make operational changes to enhance the value of its property. This will be accomplished under the protection of the CCAA and under the supervision of the Monitor. Since part of this process involves the sale of real estate, the restructuring process will likely require a further six to nine months to accomplish.
33. The Applicants, with the assistance of the Monitor who supports the below intended course of action, have now segmented the properties into four groups based on the preliminary intentions for each:
  - a) Half Moon Lake Resort
  - b) Hawkeye Group of Properties
  - c) Non Core Properties; and
  - d) Alberta Properties in Foreclosure
34. The properties contained in each of the above groups are detailed in the attached Appendix A.

### ***Half Moon Lake***

35. Half Moon Lake is a 139 acre resort located in the County of Strathcona. It is currently closed due to two Orders issued by Alberta Health and two Orders issued by Alberta Environment. The value of Half Moon Lake would be substantially enhanced if the resort is operational. This will allow the Applicants to sell (by way of long term leases) the remaining 172 recreational vehicle lots and utilize proceeds to fund a Plan if so required.

36. As discussed above, management is currently working closely with Alberta Environment to satisfy their requirements to vacate the existing Orders and obtain necessary certificates to reopen the resort by May 15, 2012. Once this occurs it will commence marketing the RV lots.
37. Management with the assistant of the Monitor will be preparing a marketing and sales plan for Half Moon which will provide more information on the potential value and realizations from this property.

***The Hawkeye Group of Properties***

38. The Hawkeye Group consists of three properties in Port Alberni, B.C. and 16 properties in Bamfield, B.C. Jack Purdy is of the view that the most value can be achieved from these properties if they are marketed on an en bloc basis. Management is therefore organizing the information available on these properties and is seeking proposals from independent advisors and realtors to assist it in marketing the Hawkeye Group of Properties either on an outright sale or new financing basis. It is currently having negotiations with one group, but expects to solicit interest from other parties in the near future.
39. All of the Hawkeye Group properties have B.C. property tax arrears and 15 of the 19 properties are currently registered in the name of the B.C. Crown because of the property tax arrears. The Applicants still have the ability to regain title by paying the property tax arrears which aggregate approximately \$445,000.
40. Substantially all of the Hawkeye Group properties have CRA mortgages and/or judgments against them. Many of the properties have other third party judgments registered against them. The Monitor is assisting the Applicants in understanding the validity and priority of the various encumbrances. The Claims Procedure Process will assist with this understanding.
41. The Monitor has requested the Purdy Group to provide to the Monitor copies of any proposals received and will review any proposals received by management

from real estate agents and/or advisors. The Monitor expects that a marketing plan will be agreed to between management and the Monitor based upon the proposals received. It is not expected that a marketing plan will be in place for the Hawkeye Group properties for at least 60 to 90 days, which will allow time to understand the various encumbrances and establish a means to clean up the titles to facilitate new financing or a sale.

***Non-Core Properties***

42. The non-core properties include 10 properties in B.C. and one property in Alberta (the “Non-Core Properties”). It is the Applicants’ view that these properties can best be sold immediately through a fairly standard realty sale process. The Applicants’ are in the process of determining what remedial work has to be done to put them in a saleable state and are obtaining listing proposals from realtors.
43. One of these properties (commonly referred to as 8335 Meshers Road) that is registered in the name of Jack Purdy is currently in foreclosure proceedings and CRA by reason of their judgement has a Conduct of Sale Order. Further, Lady Smith Credit Union has a first mortgage and Armac (BC) has a second mortgage. The Monitor has requested all relevant foreclosure information, appraisals and court orders from the secured lender and CRA. The foreclosure process is stayed; however, the property is still listed and any offers received on this property will be reviewed by the Monitor to assist management in assessing whether or not to allow the foreclosure process to proceed, in terms of maximizing realizations on this property.
44. Titles to Non-Core Properties are subject to a number of encumbrances, which the Monitor is in the process of assessing to determine if they are valid and/or can be removed in order to facilitate an orderly sale.
45. It is expected these properties should be listed within the next 30 to 45 days.

### ***Alberta Properties in Foreclosure***

46. The Alberta properties in foreclosure are all in Edmonton and surrounding area. It is not expected that there will be any equity for unsecured or second secured creditors from these properties. The Applicants, with the assistance of the Monitor are reviewing the foreclosure status and assessing the options to obtain the best value for these properties and minimize any deficiency to the first mortgage holder.

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

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

47. As reported in the Monitor's First Report, the Monitor at the direction of the Court, holds in trust \$320,000 pending further order of the Court in respect of an application by Byron Loewen ("Loewen") seeking to have the funds paid to him in satisfaction of a judgement against Lake Eden (the "Lake Eden Contested Funds").
48. On December 20, 2011, the Court heard an application by Loewen seeking to have the Lake Eden Contested Funds paid to him. The application was adjourned until February 8, 2012 and an Order was granted setting out the requirement for briefs and time lines by each of the parties to file material. The Monitor and its counsel have received the brief of each of the parties.
49. The Monitor, in addition to its understanding of the facts set out in its First Report, has the following information:
- a) Lake Eden is a wholly owned subsidiary of Armac (AB). The claim and initial British Columbia judgement of Loewen of approximately \$100,000 was not against Lake Eden. Loewen's claim against Lake Eden arose because a writ or judgment against Armac BC may have been inadvertently entered in Alberta as a judgment against Armac (AB) by reason of a failure to distinguish between the two separate

corporate entities, Armac (AB) and Armac (BC). As a consequence of that, Loewen obtained a garnishee summons against Lake Eden and when Lake Eden failed to respond to the garnishee summons a judgment was obtained directly against Lake Eden.

- b) Loewen has filed writs against a number of lands owned by Armac BC - one of the original judgment debtors, as listed in Appendix A to this report.
- c) When the garnishee summons against Lake Eden was obtained by Loewen on the strength of the AB Writ it include the amounts for two other writs filed against Armac AB at the Alberta personal property registry (the “Alberta PPR”), one in favour of CRA for \$201,701 and one in favour of Prowex Disposal for \$14,867. The garnishee summons included these two writs and the Loewen writ for approximately \$100,000 (the “Writ Holders”) for a total of \$316,034 (“Garnishee Summons”) plus costs.
- d) A recent search of the Alberta PPR reveals that three further writs in the amounts of \$1,272,453.74, \$264,083.92 and \$4,386,581.73 were registered prior to the CCAA proceedings by various entities by the writ holders counsels Borden Ladner Gervais LLP (“BLG”). The Monitor understands that Axxess is the mortgage fund managing these claims and their solicitor in this matter is also BLG. Axxess is on the Service List for the CCAA proceedings and is aware that the Purdy Group is using the funds for restructuring purposes. To date, Axxess has not objected to the use of the funds by the Applicants.
- e) At the date of the Initial Order the Lake Eden funds were held in Court and subject to the distribution provisions of the Municipal Government Act (“MGA”). Under the MGA, the distribution of the funds would be the same as if in a mortgage foreclosure.

- f) Armac AB had a \$7,540,000 mortgage registered against the Lake Eden lands sold by tax sale. The mortgage is appended as Appendix “D” to the First Report.
- g) The Monitor’s counsel has reviewed the mortgage and in their opinion the mortgage is valid and enforceable subject to certain qualifying assumptions. Consequently, to the extent advances were made by Armac AB, the advances would be secured by the mortgage and Armac AB would have a secured claim over the Lake Eden Contested Funds and the balance of the Lake Eden Funds. There is also a contingent claim against Lake Eden by prior lease holders in the amount of \$100,000. Aside from this claim, the Loewen judgment and the Armac AB mortgage, the Monitor is not aware of any other direct creditors of Lake Eden. The Monitor advised in its First Report that it reviewed copies of cheques from Armac AB in respect of Lake Eden in the amount of \$914,088.70 and legal correspondence indicating a further \$829,499.00 was advanced to Lake Eden by either Armac AB or Armac BC for a total of \$1,743,587.70 before interest charges. In addition, the mortgage bears interest at 18 per cent per annum. Interest accrued at the mortgage rate when added to the principal advances which the Mortgagor and the Mortgagee agree were intended to be secured by the mortgage amounts to a sum far in excess of the Lake Eden Funds. The mortgage and copies of the advances are attached as Appendix “D” to the First Report.
- h) There are no financial statements prepared for Lake Eden and the financial statements and other information obtained from Armac AB and Armac BC are not in sufficient detail to determine the amount of any receivable recorded from Lake Eden. The Monitor has requested this information from the Applicants.

- i) As discussed above, the Applicants restructuring process while under the protection of the CCAA includes the disposition of much of its real estate and the cleanup and remediation of the Half Moon Lake resort in order to enhance value for the benefit of all stakeholders. It is unlikely any funds will be available from these assets for at least 4 to 6 months. The Lake Eden Funds, including the Lake Eden Contested Funds, are currently the only source of liquidity for the Applicants and are required to enable the Applicants to carry out their currently planned restructuring activities, as discussed further below.
- j) If this Honourable Court determines that it will lift the stay of proceedings to allow Loewen to execute on its judgment, the Monitor respectfully submits that this Honourable Court ought to consider whether Axxess ought to be afforded the same right. This would result in Loewen receiving a small fraction of its claim, if the funds were to be distributed to the unsecured creditors of Lake Eden. If the funds were to be distributed to the creditors of Armac AB (as a first mortgage holder), the Monitor simply notes that there are numerous creditors of Armac AB. In any case, the Monitor is of the respectful view that a distribution to an unsecured creditor, such as Loewen, in preference to other creditors of Lake Eden, Armac AB or the Applicants seems inconsistent with the intended purpose of the restructuring legislation to which the Applicants are subject.

### ***Camphenhout Application***

50. Pursuant to a Consent Order, the Monitor continues to hold \$100,000 in trust pending further Order of the Court. There have been no further steps taken by the parties to the Consent Order.

**ACTUAL TO FORECAST RESULTS – DECEMBER 15, 2011 TO JANUARY 27, 2012**

***Overview***

51. The actual to forecast cash flow presented at Appendix B to this report for the Reporting Period contains the actual cash receipts and disbursements relating to the Purdy Group as compared to the cash flow forecasts previously provided to this Court in the First Report (the “First Report Forecast”). The table below provides a summary of the actual to forecast cash flow:

<b>The Purdy Group</b> <b>Actual to Forecast Cash Flow Results</b> <b>for the period of December 15, 2011 to January 27, 2012</b>			
	<b>ACTUAL</b>	<b>FORECAST</b>	<b>VARIANCE</b>
	<b>Week 1 to Week 3 Dec.1 - Dec.14, 2011</b>	<b>Week 1 to Week 3 Dec.1 - Dec.14, 2011</b>	<b>Week 1 to Week 3 Dec.1 - Dec.14, 2011</b>
<b>Receipts</b>	7,200	13,800	(6,600)
<b>Operating disbursements</b>	141,159	367,600	226,441
<b>Net change in cash flow</b>	(133,959)	(353,800)	(233,041)
<b>Opening cash</b>	363,381	363,381	-
<b>Net change in cash flow</b>	(133,959)	(353,800)	(233,041)
<b>Ending cash</b>	229,422	9,581	(233,041)

52. Receipts for the Reporting Period totalled \$7,200, representing a negative variance of \$6,600 from the receipts set out in the First Report Forecast. This negative variance was primarily due to:

- a) negative variance of approximately \$8,200 from Fishpath Resort due to management closing down the operations to complete various



unexpected repairs and maintenance to the resort. Operations is expected to fully resume by mid-May 2012 as discussed above; and

- b) positive variance of approximately \$1,600 relating to strata fees collected from lease holders that were not previously forecast.

53. Operating disbursements for the Reporting Period totalled \$141,159 representing a positive variance of approximately \$226,441. This variance was primarily due to the timing of:

- a) preservation costs originally forecast to occur in the reporting of approximately \$122,000 that has now been included in the Updated Forecast; and
- b) property tax arrears of approximately \$100,000 relating to Non-Core Properties that were previously forecast to be paid in the Reporting Period, but have now been included in the Updated Forecast

54. The ending total cash balance as at January 27, 2012 was \$229,422 compared to the forecast cash balance amount of \$9,581, for the reasons discussed above.

55. As discussed in the First Report, the Monitor was directed by this Honourable Court to hold \$420,000 of the Lake Eden Funds in trust, pending further order from this Honourable Court. The Updated Forecast reflects the anticipation of the Lake Eden Disputed Funds being released to the Purdy Group.

### ***Professional Fee Retainers***

56. Below is a chart reconciling the restructuring retainer fees that were paid by the Purdy Group (as discussed in the First Report) to its counsel and the Monitor to pay for professional services during the CCAA proceedings:

<b>The Purdy Group</b> <b>Reconciliation of restructuring retainer fees</b> <b>December 15, 2011 to January 27, 2012</b>				
	<b>Opening balance</b>	<b>Invoices paid</b>	<b>Estimated accrual</b>	<b>Ending balance</b>
Purdy Group's counsel	150,000	44,277	-	105,723
Monitor and its counsel	325,000	78,908	130,000	116,093
Proposal Trustee retainer (NOI)*	50,000	50,000	-	-
	<u>525,000</u>	<u>173,185</u>	<u>130,000</u>	<u>221,816</u>

#### **UPDATED CASH FLOW FORECAST THROUGH MAY 4, 2012**

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

<b>Purdy Group Updated Forecast</b>	<b>Jan.28/12 - May 4/12</b>
<b>RECEIPTS</b>	
Fishpath trade sales and rental receipts	2,250
Half Moon Lake Resort receipts	-
Funds held in trust	320,000
<b>Total receipts</b>	<b>322,250</b>
<b>DISBURSEMENTS</b>	
Fishpath operating disbursements	21,500
Half Moon Lake Resort disbursements	13,500
Management fees, wages and salaries	34,200
Contractor fees and expenses	30,000
Property tax arrears	95,000
Contingency	15,000
Preservation, repair and marketing costs	150,000
<b>Total operating disbursements</b>	<b>359,200</b>
<b>Restructuring retainer fees</b>	<b>150,000</b>
<b>Total disbursements</b>	<b>509,200</b>
<b>NET CHANGE IN CASH FLOWS</b>	<b>(186,950)</b>
<b>OPENING CASH</b>	<b>229,422</b>
<b>NET CHANGE IN CASH FLOWS</b>	<b>(186,950)</b>
<b>ENDING CASH</b>	<b>42,472</b>

59. As summarized above, the Purdy Group is projecting total cash receipts of approximately \$322,250, cash disbursements for operations of approximately \$359,200 and restructuring retainer fee costs of approximately \$150,000, resulting in a net decrease in cash of approximately \$186,950 during the Forecast Period.
60. The Monitor has reviewed the assumptions supporting the Revised Forecast with the Purdy Group management and believes the assumptions to be reasonable.

61. Significant assumptions made by the Purdy Group management with respect to the Revised Forecast are:
- a) the Purdy Group will receive \$320,000 from the funds held in trust with the Monitor relating to the Loewen matters as discussed above, subject to court approval;
  - b) preservation costs relating to Half Moon, Fish Path and the Hawkeye Group of approximately \$150,000;
  - c) payment of property tax arrears of the Non-Core Properties of approximately \$95,000;
  - d) management, wages and salaries and contractor fees of approximately \$65,000;
  - e) operating disbursements at Half Moon and Fishpath Resort aggregating in the amount of approximately \$35,000; and
  - f) contingency costs of approximately \$15,000.
62. Based on the Purdy Group's assumptions, the Revised Forecast indicates that the Purdy Group will continue to have sufficient available cash to meet its current obligations through the Forecast Period.
63. However, if this Honourable Court determines that the Purdy Group is not at this time entitled to the \$320,000 in relation to the Loewen matters discussed above, it will impact the Purdy Group's ability to operate and restructure its affairs, as it will not have sufficient cash available to meet its obligations as contemplated in the Forecast Period. In this case, the Purdy Group will have to consider its options including:
- a) interim financing ("DIP Financing"), subject to approval by this Honourable Court;

- b) an expeditious sale of its Non-Core Properties in a forced liquidation sale scenario; or
  - c) reassessment of certain expenditures as currently contemplated in the Updated Forecast.
- 64. As discussed above, the Purdy Group believes that there is sufficient value in the Applicants' properties to create a successful Plan that may likely have all creditors paid out in full. The ability of the Purdy Group to develop a Plan is dependent there being sufficient cash flow to complete the reorganization.
- 65. At this stage, the Purdy Group, with the support of the Monitor, believe that creditors will have a greater recovery through CCAA than in a liquidation scenario.

## **PROPOSED CLAIMS PROCEDURE PROCESS**

### ***Overview***

- 66. The Purdy Group has prepared a Claims Procedure Order seeking approval for establishing a claims procedure process and claims bar date (the "Claims Procedure Process") by this Honourable Court. The Monitor has had the opportunity to review and assist in the preparation of that Order. The Claims Procedure Order is expected to be filed by the Applicant's before the next proposed Stay Extension and is in substantially the same form as attached as Appendix D to this report.
- 67. The Claims Procedure Process set out in the proposed Claims Procedure Order is aimed at establishing the amount of claims against the Purdy Group as at the date of the Initial Order (the "Claims").
- 68. The Purdy Group, with the support of the Monitor, believes that the next logical step in order to be able to formulate a Plan is to seek approval of the Claims

Procedure Order and to identify and classify their creditors for purposes of quantifying claims and voting on and participating in a Plan.

***Proposed Notice to Creditors to File Proofs of Claims***

69. Under the Claims Procedure Order, the Monitor, in cooperation with the Purdy Group, shall, on or before February 29, 2012, send a Proof of Claim Document Package (attached as Schedule A to the Claims Procedure Order) by ordinary email or by electronic email, to each known or possible Affected Creditor who had or may have had a Claim as at December 1, 2011, as such Affected Creditors may be identified to the Monitor by the Purdy Group.
70. A notice to Affected Creditors (the “Notice to Affected Creditors”) regarding the Claims Procured is to be published on two separate dates prior to February 29, 2012 in both the Edmonton Journal and the Victoria Times Colonist, in a form substantially the same as the attached Schedule B to the Claims Procedure Order. Through that advertisement, potential Affected Creditors that are unknown to the Purdy Group will be advised of the requirement to file a Proof of Claim in order to preserve their rights.
71. The Monitor will also post electronic copies of the Notice to Affected Creditors, the Proof of Claim and the Claims Procedure Order on the Monitor’s website as soon as practically possible after granting of the Claims Procedure Order.

***Proposed Claims Bar Date***

72. The Purdy Group proposes that any Affected Creditor asserting a Claim be required to file a Proof of Claim with the Monitor prior to 5:00 p.m. (Mountain Time) on April 2, 2012 (the “Claims Bar Date”). The Monitor will supervise the Claims Procedure Process.
73. Any Affected Creditor that does not file its Claim with the Monitor on or before the Claims Bar Date, or such later date as this Honourable Court may otherwise order, will:

- a) have its Claim forever barred and extinguished, unless otherwise ordered by the Court;
- b) not be able to attend or vote at any creditor's meeting;
- c) not be entitled to any further notice of these proceedings; and
- d) not be entitled to receive any distribution under any Plan.

***Proposed process for Disputed Claims***

- 74. In the event that the Purdy Group and the Monitor disagree with a Proof of Claim, the Monitor may issue a Notice of Revision or Disallowance in a form substantially the same as Schedule "C" to the Claims Procedure Order.
- 75. Any Affected Creditor who intends to dispute the amount of its Claim as set out in the Notice of Revision or Disallowance must deliver a Dispute Notice to the Monitor no later than 10 calendar days following receipt of the Notice of Revision or Disallowance. The Dispute Notice will be in a form substantially the same as the Schedule "D" to the Claims Procedure Order.

***Monitor's comments regarding the proposed Claims Procedure Process***

- 76. The Monitor has reviewed and agrees with the Claims Procedure Process as set out in the proposed Claims Procedure Order. In the Monitor's view, the proposed Claims Procedure Process will provide Affected Creditors with sufficient and timely notification to allow them to review the Proof of Claim Document Package and allow Affected Creditors to submit their Proofs of Claim prior to the Claims Bar Date.
- 77. The Monitor believes that the period of time for an Affected Creditor to file a Dispute Notice is reasonable in the circumstances.
- 78. The Monitor believes it is appropriate to commence a Claim Procedure Process at this time.

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

79. Pursuant to the Initial Order, the Purdy Group's stay period expires at midnight on February 16, 2012 (the "Stay Period"). The Purdy Group is seeking an extension of the Stay Period until, and including May 4, 2012 (the "Stay Extension").
80. The Stay Extension is necessary for the Purdy Group to complete the Claims Procedure Process, further is restructuring initiatives and develop Plan of arrangement.
81. In the Monitor's view, the Purdy Group is acting in good faith and with due diligence during this CCAA proceeding. The Monitor is of the view that the Stay Extension is appropriate in the circumstances.

## **RECOMMENDATION**

82. The Monitor recommends that this Honourable Court approve:
- a) the Stay Extension; and
  - b) Claims Procedure Order

All of which is respectfully submitted this 7<sup>th</sup> February, 2012

**ALVAREZ & MARSAL CANADA INC.,**  
**in its capacity as court-appointed Monitor of**  
**the Purdy Group**



Tim Reid, CA•CIRP  
Senior Vice-President



Orest Konowalchuk, CA•CIRP  
Senior Manager



# APPENDIX A

**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

	Legal Description	Notes	Registered Owner	O/S Taxes (Jan.20/12)	2012 Property Tax Assessment	Status	Mortgagor, Amount and Date	Other encumbrances
<b><u>HAWKEYE GROUP PROPERTIES</u></b>								
<u>Port Alberni</u>								
7382 Rincon Rd (Sprout Lodge)	Parcel: 000-286-885; Lot 5; District Lot 39; Alberni District; Plan 1877	9.7 acres	The BC Crown (Armac Investments Ltd)	11,392.14	477,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (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) 5) B.Loewen - Judgement - (Apr.23/10)
5968 River Rd. Port Alberni	Parcel: 007-175-698; Lot 23; block 18, District Lot 9; Plan 1585; Alberni District	Somass Lodge (50 x 109 ft)	Armac Investments Ltd (BC)	3,351.54	220,600.00	In Foreclosure. Federal Crown has conduct of sale by court order.	1) Bank of Montreal (Dec.31/07); 2) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security); 3) Crown of Canada (Aug.22/02);	1) Crown of Canada - under surface rights (Aug.3/83) 2) Crown of Canada - judgement (Aug.20/03) 3) Kim Galavan - CPL - (Sept.19/06) 4) Crown of BC - Judgement (March 9/03) 5) Byron Loewen - Judgement (April 23/10) 6) BMO - CLP (March 24/11)
4356 Gertrude St. Port Alberni	Parcel: 000-287-296; 000-287-342; 000-287-393 Lot 10; Block 4A, District Lot 1, Alberni District, Plan 197	Auto Crt and Motel (33,484 sq.ft)	Armac Investments Ltd (BC)	7,259.33	256,100.00		1) Evergreen Savings Credit Union (Dec.1/99); 2) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security)	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.3/10) 6) B.Loewen - Judgement - (Apr.23/10)
<i>Port Alberni properties sub-total</i>				<u>\$ 22,003.01</u>	<u>\$ 953,700.00</u>			
<u>Bamfield</u>								
598 Bamfield Rd. MHR.#B14340	Parcel: 003-317-641; Block C of NW 1/4 Section 17; Twn 17; Barclay District	Warehouse & Sawmill - 3.82 acres	The BC Crown (Armac Investment Ltd. (BC))	19,860.00	326,600.00	Forfeited to Province for unpaid property taxes	1) Crown of Canada (Aug.22/02)	1) Crown of Canada - Judgement (Aug.20/03); 2) Kim Galavan - CPL (Sep.19/06)
75 Bamfield Boardwalk (Bamfield Inn)	Parcel: 000-204-315; Lot 3, Section 19; Barclay District; Plan 36032	0.83 acres	The BC Crown (Armac Investment Ltd. (BC))	42,860.00	657,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security); 2) Federal Business Development Bank (March 11/91)	1) Crown of Canada (Aug.20/03) - Judgement 2) Business Development Bank - CPL- (Feb.2/06) 3) K.Galavan - CPL - (Sept.19/06)

**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

	Legal Description	Notes	Registered Owner	O/S Taxes (Jan.20/12)	2012 Property Tax Assessment	Status	Mortgagor, Amount and Date	Other encumbrances
448 Seaboard Rd. (Ostroms Marine)	Parcel: 008 594 015 Block A of SW 1/4 section 20, Twn 1; Barclay District except part in Plan 19909	1.72 acres	The BC Crown (Armac Investment Ltd. (BC))	51,560.00	837,900.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, Aug.22/02 (judgement against Armac security); 2) Montreal Trust Company (Nov.12/71) 3) 446208 BC Limited (Sept.29/96)	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06)
448 Seaboard Road (Ostroms Marine)	Parcel: 003-706-311; Lot 1; Section 20; Twn 1; Plan 19909; Barclay District	0.28 acres	The BC Crown (Armac Investment Ltd. (BC))	6,460.00	141,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security); 2) 446208 BC Limited (Sept.27/96)	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06)
450 Rance Island (Ranco Island)	Parcel: 006-249-540; Lot 1; Section 20; Twn 1; Plan 3047; Barclay District	6.8 acres land 640sq.ft. building	The BC Crown (Armac Investment Ltd. (BC))	21,660.00	697,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security);	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06)
200 Binnacle Road (Upper Bayhouse)	Parcel: 000-977--179; Lot C; Section 20; Twn 1; Plan 38547; Barclay District; except part in Plan VIP54368	3.01 acres (BayHouse)	The BC Crown (Armac Investment Ltd. (BC))	27,760.00	691,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security);	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06)
452 Seaboard Rd. (The Bay House)	Parcel: 017-801-231; Lot 1; Section 20; Twn 1; Plan VIP54368; Barclay District;	2.28 acres	The BC Crown (Armac Investment Ltd. (BC))	20,160.00	571,100.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security);	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06)
251 Frigate Road (Bamfield Road Junction - 251) (LP 5)	Parcel: 003-291-294; Parcel A of Lot 1; Section 20; Twn 1; Plan 22579; Barclay District	Salmon Outfitters (0.64 acres)	The BC Crown (Armac Investment Ltd. (BC))	10,410.00	261,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security); 2) Montreal Trust company (Nov.12/71) 3) No.50 Corporate Ventures (Apr.30/96)	1) No.50 Corporate Ventures - Assignment of Rents (Apr.30/96) 2) Crown of Canada (Aug.20/03) - Judgement 3) K.Galavan - CPL - (Sept.19/06)

**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

	<b>Legal Description</b>	<b>Notes</b>	<b>Registered Owner</b>	<b>O/S Taxes (Jan.20/12)</b>	<b>2012 Property Tax Assessment</b>	<b>Status</b>	<b>Mortgagor, Amount and Date</b>	<b>Other encumbrances</b>
216 Frigate Rd. (LP 3)	Parcel: 004-090-381; Lot 1; Section 20; Twn 1; Plan 16439; Barclay District	Hawkeye House - 17,400 sq ft.	The BC Crown (Armac Investment Ltd. (BC))	10,060.00	330,800.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security); 2) Sea Breeze Construction Ltd. (Sept.30/94)	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06)
331 Bamfield/221 Nuthatch Rd	Parcel: 014-852-985; Lot A; Section 20; Twn 1; District Lot 782; Plan 49089; Barclay District	Kingfisher Lodge & Marina - 1 acre	The BC Crown (Armac Investment Ltd. (BC))	43,860.00	774,000.00	Forfeited to Province for unpaid property taxes		1) Crown of BC; undersurface rights (Sept.27/89); 2) Crown of Canada - judgement (Aug.20/03) 3) K.Galavan - CPL - (Sept.19/06)
420 Pachena Road	Parcel: 003-524-213; Lot 1; Section 20; Twn 1; Plan 20233; Barclay District	H.M.Group Office - 6 Acres 5.85 acres	The BC Crown (Armac Investment Ltd. (BC))	12,633.96	395,000.00	Forfeited to Province for unpaid property taxes	1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security);	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06) 3) Byron Loewen - Judgement (Apr.23/10)
Grappler Road Bamfield 300- All Bamfield	Parcel: 000-787-744; Lot 2, Plan 23308, Section 20; Twn 1; Barclay District	Land and Building (5.36 acres)	The BC Crown (Armac Investment Ltd. (BC))	8,665.69	248,000.00	Forfeited to Province for unpaid property taxes	1) Crown of Canada (Aug.22/02)	1) Crown of Canada (Aug.20/03) - Judgement 2) K.Galavan - CPL - (Sept.19/06) 3) Crown of BC - Property Transfer Tax charge (March 9/10) 4) Byron Loewen - Judgement (Apr.23/10)
200 South Bamfield Road	Parcel: 001-018-507; Plan 38260; Lot 1; Section 18; Township 1; Barclay district	WaterFront Lots - 38.53 acres (value \$2,872,000 BC assessments)	Armac Investment Ltd. (undivided 1/2 interest)	18,812.12	1,021,950.00	In Foreclosure. Federal Crown has conduct of sale by court order.	1) CRA, \$4,120,117.87 (July 11, 2002)	1) Crown - Judgement (Oct.5/2000) 2) Mortgage - Crown (Aug.22/02) 3) CPL - Kim Galavan (Sept.19/06) 4) Property Transfer Tax charge - Crown of BC (Mar.9/10) 5) B.Loewen - Judgement (July 6/11) 6) tax lien - Crown of BC (Sept.19/11)
200 South Bamfield Road	Parcel: 001-018-507; Plan 38260; Lot 1; Section 18; Township 1; Barclay district	WaterFront Lots - 38.53 acres (value \$2,872,000 BC assessments)	Ostrom Estates Ltd. (undivided 1/2 interest)	18,632.12	1,021,950.00	In Foreclosure. Federal Crown has conduct of sale by court order.	1) CRA, \$4,120,117.87 (July 11, 2002) 2) Crown of Canada (Aug.22/02)	1) Crown - Judgement (Oct.5/2000) 2) CPL - Kim Galavan (Sept.19/06) 3) Property Transfer Tax charge - Crown of BC (Mar.9/10) 4) B.Loewen - Judgement (July 6/11) 5) tax lien - Crown of BC (Sept.19/11)
469 Bamfield Inlet	Parcel: 018-843-310; Lot 2; Section 19; Township 1; Barclay District; Plan VIP59185	Burlo Island	John K Purdy	9,937.81	433,900.00	Tax lien field by Province. Next step is forfeiture.		
200 Binnacle Road	Parcel: 008-691-363; NE 1/4 of NE 1/4 of Section 17; Twn 1; Barclay District	Raw Waterfront land and tidal fronts (Mill Site) 40 acres	The BC Crown (Armac Investments Ltd)	53,560.00	978,000.00			
226 Frigate Road	Parcel: 000-282-553; Lot 2; Section 20; Twn 1; Plan 34316; Barclay District	1.4 acres (Trails Motel) + Land	The BC Crown (Fishpath Resorts Corporation)	45,557.88	775,700.00			
<i>Bamfield properties sub-total</i>				<u>\$ 422,449.58</u>	<u>\$ 10,161,900.00</u>			
<b>Total Hawkeye Properties</b>				<u><u>\$ 444,452.59</u></u>	<u><u>\$ 11,115,600.00</u></u>			

**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

Legal Description		Notes	Registered Owner	O/S Taxes (Jan.20/12)	2012 Property Tax Assessment	Status	Mortgagor, Amount and Date	Other encumbrances
<b>Non-Core Properties</b>								
<u>Immediate/Foreclosure Sales</u>								
5611 Culverton Rd.	Parcel: 003 851 168 Lot 1; Sec.8, Range 6, Sahtlam District; Plan 12309 Duncan Rural	18.37 acres land Utility bldg- 2,112sq.ft	The BC Crown (Cherry Blossom Park Development Corp)	42,860.00	437,000.00	Forfeited to Province	1) Armac Investments Ltd.; April 16, 2004 2) Tarmac Management Ltd. (Feb.9/05)	1) Crown of Canada - Judgement (Jan.29/09) (as to interest in Cherry Blossom) 2) Crown of Canada - Judgement (Aug.19/09) (as to interest of Armac Investments Ltd) 3) Builders lien (Nov.26/09) (WellMaster Pump & Water Systems Ltd.)
3425 River Road, Chemainus	Parcel: 001-160-141; Plan 31422; Lot 2; Sections 14 & 15; Range 3; Chemainus district	7.51 acres 1,223 sq.ft bldg	Armac Investments Ltd (BC)	25,972.09	712,200.00	Tax Sale Notice filed by Municipality of North Cowichan	Tarmac Management Ltd; February 9, 2005	1) Esquimalt and Nanaimo Railway Company - registered owner charge 2) Crown of Canada - Judgement (Aug.20/03) 3) Ronald Durrance - bulider's lien (Nov.24/09) 4) Crown of BC - property tax charge (Mar.9/10) 5) B.Loewen - Judgement (July 13/10)
8335 Meshers Road	Parcel: 008-428-565; The South 1/2 of District Lot 51; 1360 sq ft building Alberni District	80 acres land 1360 sq ft building	John K Purdy	4,680.07	386,200.00	In foreclosure. Crown has conduct of sale by court order	1) Ladysmith & District Credit Union (June 20, 2000) 2) Armac Investments Ltd (June 30, 2000)	1) Esquimalt and Nanaimo Railway Company - registered owner charge; 2) Crown of Canada (May 30/02); 3) Ladysmith Credit Union - CPL (July 26, 2011) 4) Crown of Canada - judgement (Dec.30/09) (against Armac 2nd mortgage)
3620 3rd Ave. Port Alberni	000-522-546 Part of Lot 1; Alberni District, Plan 795r	Retail Store & Land	Armac Investments Ltd (BC)	7,977.91	223,000.00		1) John Purdy (May 14/99) 2) Crown of Canada (Aug.22/02)	1) Crown of Canada - Judgement - interest in Jack Purdy (May 23/03); 2) Kim Galavan - CPL (Sept.19/06); 3) Crown of BC - Property Transfer Tax charge (March 9/10) 4) Byron Loewen - Judgement (Apr.23/10)
3620 3rd Ave. Port Alberni	000-522-538 Part of Lot 1; Alberni District, Plan 795r	Retail Store & Land  Revie Building	Armac Investments Ltd (BC)	-	223,000.00		1) John Purdy (May 14/99) 2) Crown of Canada (Aug.8/02)	1) Alberni Land Company Limited and Esquimalt and Nanaimo Railway Company - registered owner charge; 2) Crown of Canada - Judgement (May 23/03) 3) Kim Galavan - CPL (Sept.19/06) 4) Crown of BC - property transfer act (March 9/10) 5) Byron Loewen - Judgement (April 23, 2010) 6) Tax sale notice (Oct.4, 2010)

**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

	<b>Legal Description</b>	<b>Notes</b>	<b>Registered Owner</b>	<b>O/S Taxes (Jan.20/12)</b>	<b>2012 Property Tax Assessment</b>	<b>Status</b>	<b>Mortgagor, Amount and Date</b>	<b>Other encumbrances</b>
3203 2nd Ave. Port Alberni	Parcel: 009-278-923; Lot 13, Block 74, District Lot 1; Plan 197; Alberni District	Storage Warehouse 33 x 125 ft	Armac Investments Ltd (BC)	1,024.12	29,000.00		1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security); 2) Crown of Canada (Aug. 22/02)	1) Alberni Land Company Limited and Esquimalt and Nanaimo Railway Company; 2) City of Port Alberni - restrictive covenant (June 13, 1996) 3) Crown of Canada - Judgement (Aug.20/03) 4) Kim Galavan - CPL (Sep.19/06) 5) Crown of BC - property tax transfer (Mar.3/10) 6) B.Loewen - Judgement - (Apr.23/10)
3211 2nd Ave. Port Alberni	Parcel: 009-278-966; Lot 15, Block 74, District Lot 1; Plan 197; Alberni District	Land 8250 sq. ft.	Armac Investments Ltd (BC)	1,570.59	43,300.00		1) CRA, \$4,120,117.87, July 11/02 (judgement against Armac security);	1) Alberni Land Company Limited and Esquimalt and Nanaimo Railway Company; 2) City of Port Alberni - restrictive covenant (June 13, 1996) 3) Crown of Canada - Judgement (Aug.20/03) 4) Kim Galavan - CPL (Sep.19/06) 5) Crown of BC - property tax transfer (Mar.3/10) 6) B.Loewen - Judgement - (Apr.23/10)
4070 Giant Mine Rd. Invermere	Parcel: 012-778-362; District Lot 8199; Kootenay District	152.25 acres (part of giant #1 of #3 Blg - 1,468 sq.ft	The BC Crown (Armac Investment Ltd. (BC))	6,754.26	308,000.00			1) Baroid Corporation of Canada Ltd. - undersurface rights (Sept.30/60) 2) Crown of BC - Property Tax Charge (Nov.6/08) 3) Crown of BC - Crown Debt - (Jan.28/10) 4) B.Loewen - Judgement (April 23/10) Baroid Corporation of Canada Ltd. - undersurface rights (Aug.15/89)
Giant Mine Rd. Invermere	Parcel: 014-571-943; District Lot 136; Kootenay District	20.56 Acres	The BC Crown (Giant Mtn Properties Ltd)	1,539.61	43,400.00			
Giant Mine Rd. Invermere	Parcel: 012-778-338; District Lot 1109; Kootenay District	51.3 Acres	The BC Crown (Jubilee Mtn. Hldgs. Ltd.)	1,289.97	30,300.00			1) Baroid Corporation of Canada Ltd. - undersurface rights (Sept.30/60) 2) Baroid Corporation of Canada Ltd. - undersurface rights (Aug.15/89)
Onoway	Title#: 112 358 811 Plan 7720103; Block S; Lot 26; (5,2,54,35,SW)	7.71 acres	Armac Investments Ltd. (AB)	219.96	131,900.00			1) Midwest Surveys Inc. - Builder's Lien (Jan.7/09) - \$65,520 2) CLP - June 18, 2009
<b>Total Non-Core Properties</b>				<u>93,888.58</u>	<u>2,567,300.00</u>			

THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012

Legal Description	Notes	Registered Owner	O/S Taxes (Jan.20/12)	2012 Property Tax Assessment	Status	Mortgagor, Amount and Date	Other encumbrances
<b>ALBERTA PROPERTIES IN FORECLOSURE</b>							
Half Moon Lake Resort  21524 Twp. 520	Title #: 932 396 628  SE-6-52-21-4	139 acres  Half Moon Lake Resort Ltd.	\$ -	\$ 375,000.00	Foreclosure proceedings have commenced on 27 RV lot leases	1) Armac Investments Ltd. (AB) - \$500,000 (Jan.3/02) 2) Armac investments Ltd. (AB) - \$1,600,000 (Aug.4/05)	1) Judges Order (Jan.16/02); 2) Armac AB - Builder's lien - \$161,570 (Nov.11/02); 3) CLP - (May 26/03) 4) Various Caveats - leases (May 29/03 to Jan.7/04) 5) Brayford Trucking Ltd. - \$21,986 (June 2/04) 6) Varous Caveats & Leases (Aug.8/04 to Jun 8/10) 7) CLP - Nov.24/04 8) CLP - Jan.14/05 9) Brownlee LLP - Writ -(Sept.22/05) 10) Ahlstrom Wright Oliver & Cooper LLP - Writ (Nov.21/05) - \$4,791 11) S&D International Group inc. - Writ ((June 6/09) 12) WCB - certified stmt - \$6,101 (Jan.20/10) 13) Crown of Canada - Writ (Oct.22/10) - \$99,062 14) Crown of Canada - Writ (Oct.22/10) - \$61,805 15) Crown of Canada - Writ (Oct.22/10) - \$6,533 16) AHS - Notice of Health Hazard (Sept.11/10) 17) Crown of Canada - Writ (Dec.2/10) - \$196,312 (**Debtor - Armac Investments BC) 18) AAA Broiler's & Hydronics - Builder's lien (Feb. 1/11) - \$1,976 19) Strathcona Couny - tax notification (March 3/11) 20) AHS - Notice of Health Hazard - (March 5/11)
Westridge Park Lodge Ltd.  Range Road 261A and Township Road 510A, Parkland County	Title# 082 489 290 4; 26; 51; 1; SE	129.4 acres  Armac Investments Ltd (AB)	132,308.46	3,105,210.00		Axcess Capital Partners Inc., November 6, 2008, \$3,350,000	1) Caveat - Assignment of Rents & Leases (Nov.6/08) 2) S&D International Group inc. - CLP (June 5, 2009) 3) Crown of Canada - Writ - \$196,312 (June 2, 2010) 4) Parkland County - tax notification (April 18, 2011)
		3 years taxes o/s due March 30/12  If not paid, on August 15/12 auction will occur.  If not sold, county takes title and goes through process					

**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

Legal Description		Notes	Registered Owner	O/S Taxes (Jan.20/12)	2012 Property Tax Assessment	Status	Mortgagor, Amount and Date	Other encumbrances
15625 Stony Plain Road NW; Edmonton, AB; T2P 3Z3	Title#: 072 313 780 Plan 9422776; Block 1; Lot 18	Jasper Place Building	1317517 Alberta Ltd.	42,140.37	814,500.00		1) Mortgage: Axxess Capital Partners Inc. - 2009) \$1,350,000 (Oct.22/08)	1) CLP: S&D International Group Inc. (June 5, 2009) 2) Writ: Minister of Finance against Debtor of Armac Investments Ltd. - \$196,312 (June 2, 2010)
51231 Range Rd. 210 Sherwood Park	Parcel: 072-131-665; Lot C (4,20,51,18 SW)	40.59 acres; Equestrian Property	Armac Investments Ltd.	15,074.74	627,000.00	Listed for Sale for \$423,000  Foreclosure proceeding by RBC	RBC, \$232,000	1) S&D International Group Inc. - CLP (June 6/09) 2) Crown of Canada - Writ (June 2/10) - \$196,312 3) Consolidate Civil Enforcement Inc. - NOI to sell under Civil Enforcement Act (Caveat) (Dec.22/10) 4) Strathcona Count - Tax Notification (Mar.15/11) 5) B.Loewen - Writ (Oct.21/11) - \$99,165
<b>Total Alberta Properties in Foreclosure</b>				<u>189,523.57</u>	<u>4,921,710.00</u>			



**THE PURDY PROPERTIES  
PROPERTY LISTING  
February 7, 2012**

Legal Description		Notes	Registered Owner	O/S Taxes (Jan.20/12)	2012 Property Tax Assessment	Status	Mortgagor, Amount and Date	Other encumbrances
<b>Half Moon Lake Resort</b>								
Half Moon Lake Resort	Title #: 932 396 628	139 acres	Half Moon Lake Resort Ltd.	-	2,625,000.00		Same above	Same above
21524 Twp. 520	SE-6-52-21-4	2012 Property Tax Assessment value is calculated based on 189 remaining leases from the total 216 that are not part of Axxcess mortgage						
<b>TOTAL PURDY PROPERTIES</b>				<b>633,976.16</b>	<b>18,662,310.00</b>			

# APPENDIX B

**Purdy Group of Companies**  
**Actual to Forecast Cash Flow Results**  
**For the period of December 15, 2011 to January 27, 2012 (the "Reporting Period")**  
**(in CDN dollars)**

	<b>ACTUAL</b>	<b>FORECAST</b>	<b>VARIANCE</b>
	<b>Week 4 to Week 9</b>	<b>Week 4 to Week 9</b>	<b>Week 4 to Week 9</b>
<b>Week ending:</b>	<b>Dec.15/11 - Jan.27/12</b>	<b>Dec.15/11 - Jan.27/12</b>	<b>Dec.15/11 - Jan.27/12</b>
<b>RECEIPTS</b>			
Fishpath trade sales and rental receipts	5,600	13,800	(8,200)
Half Moon Resort receipts	1,600	-	1,600
Other	-	-	-
<b>Total receipts</b>	<b>7,200</b>	<b>13,800</b>	<b>(6,600)</b>
<b>DISBURSEMENTS</b>			
Fishpath operating disbursements	7,954	7,000	(954)
Half Moon Lake operating disbursements	6,600	-	(6,600)
Advances / Management fees	5,104	9,600	4,496
Property tax arrears	105,592	206,000	100,408
Contingency	8,663	15,000	6,337
Preservation, repair and marketing costs	7,246	130,000	122,754
<b>Total operating disbursements</b>	<b>141,159</b>	<b>367,600</b>	<b>226,441</b>
<b>NET CHANGE IN CASH</b>	<b>(133,959)</b>	<b>(353,800)</b>	<b>219,841</b>
<b>OPENING CASH</b>	<b>363,381</b>	<b>363,381</b>	<b>-</b>
Net change in cash	(133,959)	(353,800)	219,841
<b>ENDING CASH</b>	<b>229,422</b>	<b>9,581</b>	<b>219,841</b>

  
 Jack Purdy  
 President & Chief Executive Officer

  
 Date

# APPENDIX C

**Purdy Group of Companies**  
**Projected Cash Flow Statement\***  
**For the period of January 28, 2012 to May 4, 2012 (the "Forecast Period")**  
**(in CDN dollars)**

	Week ending:	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Total
		3-Feb-12	10-Feb-12	17-Feb-12	24-Feb-12	2-Mar-12	9-Mar-12	16-Mar-12	23-Mar-12	30-Mar-12	6-Apr-12	13-Apr-12	20-Apr-12	27-Apr-12	4-May-12	
<b>RECEIPTS</b>																
Fishpath trade sales and rental receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,250
Half Moon Lake Resort receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funds held in trust		-	-	320,000	-	-	-	-	-	-	-	-	-	-	-	320,000
<b>Total receipts</b>		-	-	320,000	-	-	-	-	-	-	-	-	-	-	-	322,250
<b>DISBURSEMENTS</b>																
Fishpath operating disbursements		-	-	4,500	-	-	-	-	-	-	-	-	-	-	-	21,500
Half Moon Lake Resort disbursements		-	-	4,500	-	-	-	-	-	-	-	-	-	-	-	13,500
Management fees, wages and salaries		9,600	-	-	5,000	-	-	-	-	-	4,400	-	-	-	-	34,200
Contractor fees and expenses		-	-	-	10,000	-	-	-	-	10,000	-	-	-	-	10,000	30,000
Property tax arrears		-	-	-	-	95,000	-	-	-	-	-	-	-	-	-	95,000
Contingency		-	-	-	-	5,000	-	-	-	5,000	-	-	-	-	5,000	15,000
Preservation, repair and marketing costs		-	-	50,000	-	-	50,000	-	-	-	50,000	-	-	-	-	150,000
<b>Total operating disbursements</b>		9,600	-	59,000	15,000	100,000	50,000	9,000	-	20,000	54,400	17,000	-	20,000	5,200	359,200
Restructuring retainer fees		-	-	-	-	-	-	-	-	150,000	-	-	-	-	-	150,000
<b>Total disbursements</b>		9,600	-	59,000	15,000	100,000	50,000	9,000	-	170,000	54,400	17,000	-	20,000	5,200	509,200
<b>NET CHANGE IN CASH</b>		(9,600)	-	261,000	(15,000)	(100,000)	(50,000)	(9,000)	-	(170,000)	(54,400)	(17,000)	-	(20,000)	(2,950)	(186,950)
<b>OPENING CASH</b>		229,422	219,822	219,822	480,822	465,822	365,822	315,822	306,822	306,822	136,822	82,422	65,422	65,422	45,422	229,422
Net change in cash		(9,600)	-	261,000	(15,000)	(100,000)	(50,000)	(9,000)	-	(170,000)	(54,400)	(17,000)	-	(20,000)	(2,950)	(186,950)
<b>ENDING CASH</b>		219,822	219,822	480,822	465,822	365,822	315,822	306,822	306,822	136,822	82,422	65,422	65,422	45,422	42,472	42,472

Jack Purdy  
 President & Chief Executive Officer

February 7, 2012  
 Date

# APPENDIX D

COURT FILE NUMBER	1103-18646	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
APPLICANTS	<p>IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED</p> <p>AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGMENT OF ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB), and WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC), and CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC) (collectively, the "Purdy Group" or the "Applicants")</p>	
DOCUMENT	<p><b>CLAIMS PROCEDURE ORDER</b></p> <p><b>FEBRUARY 7, 2012</b></p>	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<p><b>TAYLOR LAW OFFICE</b> 10722 – 103 Avenue Edmonton, Alberta T5J 5G7 Attention: Conan Taylor Telephone: (780) 428-7770 Fax: (780) 428-7775 Email: <a href="mailto:ctaylor@taylorlawservices.com">ctaylor@taylorlawservices.com</a> File: 3007-001</p>	
DATE ON WHICH ORDER WAS PRONOUNCED	FEBRUARY 15, 2012	
NAME OF JUSTICE WHO MADE THIS ORDER	Mr. Justice D.R.G Thomas	

**UPON THE APPLICATION** of the Purdy Group; **AND UPON** having read the Affidavits of John (Jack) Kenneth Purdy sworn December 1, 2011 (the “**December 1<sup>st</sup> Purdy Affidavit**”), December 12, 2011 (the “**December 12<sup>th</sup> Purdy Affidavit**”), December 15, 2011 (the “**December 15<sup>th</sup> Purdy Affidavit**”) and February 7, 2012 (the “**February 7<sup>th</sup> Purdy Affidavit**”), filed; **AND UPON READING** the Ex Parte Initial Order granted in the within Action on December 1, 2011 (the “*Ex Parte* Initial Order”); **AND UPON** hearing the submissions of Counsel for the Applicants and Counsel for Alvarez & Marsal Canada Inc., in its capacity as monitor of the Purdy Group (the “**Monitor**”); **AND UPON READING** the Second Report of the Court-appointed Monitor, filed

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

1. Service of this Notice of Motion and supporting documents is hereby deemed to be good and sufficient, the time for notice is hereby abridged to the time provided, and no other person is required to have been served with notice of this application.

**Claims Procedure**

2. Pursuant to s.19 of the *Companies' Creditors Arrangement Act* (the “**CCAA**”) the Monitor, with the assistance of the Purdy Group, shall conduct a proof of claim procedure to identify all creditors (the “**Claimants**”) who have a Claim (as such term is defined in the CCAA) whether such Claim arose before the granting of the *Ex Parte* Initial Order (a “**Claim**”) against any of the Applicants or their respective directors and officers (collectively referred to herein as “**Directors**”) as follows:
  - (a) the Monitor, with the assistance of the Purdy Group, shall send notice to the Claimants (the “**Notice to Creditor**”) and other potential affected creditors (collectively referred to as “**Affected Creditors**”) of which the Applicants or the Monitor are aware, a Proof of Claim form (the “**Proof of Claim**”) and related instruction letter (collectively the “**Proof of Claim Document Package**”) by no later than February 29, 2012 by ordinary mail or by electronic mail. The Proof of



Claim Document Package will be in a form substantially the same as that attached hereto as Schedule "A";

- (b) the Monitor will publish on two separate dates prior to February 29, 2012 a notice to Affected Creditors (the "Notice to Affected Creditors") of the Claims Procedure in both the Edmonton Journal and the Victoria Times Colonist. The Notice to Affected Creditors will be in a form substantially the same as that attached hereto as Schedule "B";
- (c) the Monitor will also post electronic copies of the Notice to Affected Creditors, the Proof of Claim Document Package and this Claims Procedure Order on the Monitor's website at [www.alvarezandmarsal.com/purdy](http://www.alvarezandmarsal.com/purdy) as soon as practically possible after the granting of this Order;
- (d) Affected Creditors must submit their Proofs of Claim to the Monitor prior to 5:00 p.m. MST on April 2, 2012 (the "Claims Bar Date"). The Monitor will supervise the receipt and collection of the Proofs of Claim and will review and examine each Proof of Claim filed by the Claims Bar Date;
- (e) all Affected Creditors who have a Claim that do not submit a Proof of Claim with the Monitor on or before the Claims Bar Date, or such later date as this Honourable Court may otherwise order, will:
  - (i) not be entitled to attend or vote at any creditor's meeting;
  - (ii) not be entitled to any further notice of these proceedings;
  - (iii) not be entitled to receive any distribution under any plan of compromise or arrangement; and
  - (iv) be forever barred from making or enforcing any Claim against the Applicants or their respective Directors (as the case may be) and all such Claims will be forever barred and extinguished;

- (f) the Monitor, with the assistance of the Purdy Group, will either: (i) accept the Claim as set out in the Proof of Claim in its entirety; or (ii) revise the amount or any priority of the Proof of Claim for voting and/or distribution purposes; or (iii) disallow the Claim as set out in the Proof of Claim for voting and/or distribution purposes;
- (g) if the Monitor, in conjunction with the Applicants, disputes the amount of a Claim set out in a Proof of Claim, the Monitor, in conjunction with the Applicants, may: (i) attempt to consensually resolve the amount of such Claim with the Claimant; and/or (ii) send a notice of revision or disallowance (the "Notice of Revision or Disallowance") to the Claimant. The Notice of Revision or Disallowance will be in a form substantially the same as that attached hereto as Schedule "C";
- (h) any Claimant who has filed a Claim and who intends to dispute the amount of their Claim as set out in the Notice of Revision or Disallowance must deliver a notice of dispute (the "Dispute Notice") to the Monitor no later than 10 calendar days following the receipt of the Notice of Revision or Disallowance or such later date as the Monitor may agree to in writing or as ordered by this Honourable Court. The Dispute Notice will be in a form substantially the same as that attached hereto as Schedule "D";
- (i) if a Claimant who has filed a Claim does not deliver a Dispute Notice in accordance with the preceding paragraph, they shall be deemed to have accepted the Notice of Revision or Disallowance and will:
  - (i) where the entire Claim is disallowed:
    - (A) not be entitled to attend or vote at any creditor's meeting;
    - (B) not be entitled to receive any distribution under any plan of compromise or arrangement; and
    - (C) not be entitled to any further notice of these proceedings; and

- (D) be forever barred from making or enforcing any Claim against the Applicants and their respective Directors and all such Claims will be forever barred and extinguished; or
- (ii) where the Claim has been revised:
  - (A) only be entitled to receive any distribution under any plan of compromise or arrangement in an amount proportionate to the revised amount; and
  - (B) be forever barred from making or enforcing any Claim greater than the amount of such revised Claim against the Applicants and their respective Directors and the amount of the Claim reduced by the revision will be forever extinguished, and
- (j) the Monitor, in conjunction with the Applicants, may attempt to consensually resolve any Notice of Dispute with the Claimant for voting and/or distribution purposes. If same cannot be resolved, the Monitor shall apply to Court for a determination of the value and priority of such Claim for voting and/or distribution purposes, as the case may be, by filing with this Honourable Court an application and serving it upon the Affected Creditor, as applicable.

### **Miscellaneous**

3. The Monitor shall serve, by courier, telecopy transmission, ordinary post, or email a copy of this Order on all parties present at this application and on all parties who received notice of this application or appear on the service list established in these proceedings. Service on any person represented by a lawyer shall be deemed good and sufficient on the person so represented if service is affected on that lawyer.

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*J.C.Q.B.A.*

**ENTERED** this \_\_\_\_\_ day  
of February, 2012.

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**CLERK OF THE COURT**

## Schedule "A"

## INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE OF:

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

(hereinafter referred to as, the “Purdy Group” or the “Applicant’s”)

#### A. Claims Procedure

By order of the Court of Queen’s Bench of Alberta, Judicial Centre of Edmonton (the “**Court**”), an Initial Order under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), was granted on December 1, 2011 granting a stay of proceedings against the Applicant’s (the “**Initial Order**”). A copy of the Initial Order may be found on the Monitor’s website at: [www.alvarezandmarsal.com/purdy](http://www.alvarezandmarsal.com/purdy).

By further order of the Court dated February 15, 2012 (the “**Claims Procedure Order**”), which is attached hereto without schedules, the Purdy Group has been authorized to conduct a claims procedure (the “**Claims Procedure**”). A copy of the Claims Procedure Order may also be found on the Monitor’s website.

This letter provides instructions for completing the Proof of Claim. Defined terms which are not defined herein shall have the meaning ascribed thereto in the Claims Procedure Order.

The Claims Procedure is intended for any Person asserting a Claim of any kind or nature whatsoever against one or more of the Applicants or their respective directors and officers, whether such Claim arose before December 1, 2011 (the “**Filing Date**”). The Claim should clearly identify which Applicant, the amount and nature of any priority claim.

If you have any questions regarding the Claims Procedure, please contact the Court-appointed Monitor (“the Monitor”) at the address provided below.

All enquiries with respect to the Claims Procedure should be addressed to:

**The Monitor**  
**Alvarez & Marsal Canada Inc., the Court-appointed**  
**Monitor of the Applicants**  
**Attn: Mr. Orest Konowalchuk**  
**Bow Valley Square II**  
**Suite 3300, 205 – 5th Avenue SW**  
**Calgary, Alberta T2P 2V7**  
**E-mail: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)**

**B. For Creditors Submitting a Proof of Claim**

To avoid the barring and extinguishment of any Claim you may have against any of the Applicants or their respective directors and officers, you are required to file a Proof of Claim, in the form attached hereto so as to be received by the Monitor by 5:00 p.m. (Mountain Daylight Time) on April 2, 2012 (the “**Claims Bar Date**”).

Additional Proof of Claim forms can be found on the Monitor's website at [www.alvarezandmarsal.com/purdy](http://www.alvarezandmarsal.com/purdy) or obtained by contacting the Monitor at the address indicated above and providing particulars as to your name, address, facsimile number and e-mail address. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms.

**PROOFS OF CLAIM WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.**

Yours very truly,

**ALVAREZ & MARSAL CANADA INC.,**  
**in its capacity as Court Appointed**  
**Monitor of the Applicants**

Tim Reid  
Senior Vice-President

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

**(collectively, the "Purdy Group" or the "Applicant's")**

**PROOF OF CLAIM**

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Please read carefully the enclosed Instruction Letter for completing this Proof of Claim form. Defined terms not defined within this Proof of Claim form shall have the meaning ascribed in the Claims Procedure Order granted by the Court of Queen's Bench of Alberta on February 15, 2012, 2010, as may be amended from time to time (the "Claims Procedure Order"). **Please print legibly.**

**THIS CLAIM:****1. APPLICANT AGAINST WHICH YOU ASSERT A CLAIM:**

*Check only one Applicant for each Proof of Claim. If you have Claims against more than one Applicant you must file a separate Proof of Claim for each.*

*The below corporate names have either an (AB) or (BC) after each of the individual applicant company names. These identifiers indicate 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 ("BC") Corporation and the other is an Alberta Corporation.*

- |  |                          |
|--|--------------------------|
| Armac Investments Ltd. (AB)                    | <input type="checkbox"/> |
| Lake Eden Projects Inc. (AB)                   | <input type="checkbox"/> |
| 1204583 Alberta Inc. (AB)                      | <input type="checkbox"/> |
| 1317517 Alberta Inc. (AB)                      | <input type="checkbox"/> |
| Westridge Park Lodge Development Corp. (AB)    | <input type="checkbox"/> |
| Westridge Park Lodge and Golf Resort Ltd. (AB) | <input type="checkbox"/> |
| Half Moon Lake Resort Ltd. (AB)                | <input type="checkbox"/> |
| No. 50 Corporate Ventures Ltd. (BC)            | <input type="checkbox"/> |
| Fishpaths Resorts Corporation (BC)             | <input type="checkbox"/> |
| Armac Investments Ltd. (BC)                    | <input type="checkbox"/> |
| Ostrom Estates Ltd. (BC)                       | <input type="checkbox"/> |
| Hawkeye Marine Group Ltd. (BC)                 | <input type="checkbox"/> |
| Jubilee Mountain Holdings Ltd. (BC)            | <input type="checkbox"/> |
| Giant Mountain Properties Ltd. (BC)            | <input type="checkbox"/> |
| Cherry Blossom Park Development Corp (BC)      | <input type="checkbox"/> |
| Directors of any of the above                  | <input type="checkbox"/> |



**2. PARTICULARS OF CREDITOR:**

- (a) Full Legal Name of Creditor (including trade name, if different):

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(the "Creditor"). The full legal name should be the name of the original Creditor of the Applicant, or its Directors or Officers, regardless of whether an assignment of a Claim has been made, or a portion thereof, has occurred prior to or following the applicable Filing Date.

- (b) Full Mailing Address of the Creditor (the original Creditor, not the Assignee):

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The mailing address should be the mailing address of the Creditor and not any assignee.

- (c) Other Contact Information of the Creditor:

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Attention (Contact): \_\_\_\_\_

- (d) Has the claim set out herein been sold, transferred or assigned by the Creditor to another party?

Yes: ☐ No: ☐

3. **PARTICULARS OF ASSIGNEE(S) (IF ANY):**

(a) Full Legal Name of Assignee(s):

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(b) Full Mailing Address of Assignee(s):

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(c) Other Contact Information of Assignee Creditor:

Telephone Number: 

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Email Address: 

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Fax Number: 

---

Attention (Contact): 

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4. **PROOF OF CLAIM**

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

I, 

---

 (name of individual Creditor or Representative of Corporate Creditor), of 

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 (City and Province) do hereby certify:

- (a) that I:
- ☐ am the creditor; OR
- ☐ am \_\_\_\_\_ (state position or title) of  
\_\_\_\_\_ (name of Creditor)
- (b) that I have knowledge of all the circumstances connected with the Claim referred to below;
- (c) the Creditor asserts its claim against
- ☐ Armac Investments Ltd. (AB)
  - ☐ Lake Eden Projects Inc. (AB)
  - ☐ 1204583 Alberta Inc. (AB)
  - ☐ 1317517 Alberta Inc. (AB)
  - ☐ Westridge Park Lodge Development Corp. (AB)
  - ☐ Westridge Park Lodge and Golf Resort Ltd. (AB)
  - ☐ Half Moon Lake Resort Ltd. (AB)
  - ☐ No. 50 Corporate Ventures Ltd. (BC)
  - ☐ Fishpaths Resorts Corporation (BC)
  - ☐ Armac Investments Ltd. (BC)
  - ☐ Ostrom Estates Ltd. (BC)
  - ☐ Hawkeye Marine Group Ltd. (BC)
  - ☐ Jubilee Mountain Holdings Ltd. (BC)
  - ☐ Giant Mountain Properties Ltd. (BC)
  - ☐ Cherry Blossom Park Development Corp (BC) OR
  - ☐ a Director (identify Director(s)) \_\_\_\_\_; OR
  - ☐ an Officer (identify Officer(s)) \_\_\_\_\_

(d) At December 1, 2011, the Applicant, its Directors/its Officers was and still is indebted to the Creditor as follows:

(i) CDN\$\_\_\_\_\_ (insert \$ value of Claim)

(as shown by the statement of account (the statement or account, or affidavit or solemn declaration must specify vouchers or other evidence in support of the claim) (or affidavit or solemn declaration) hereto attached and marked "Schedule A" after deducting any counterclaims to which the debtor is entitled, include all Claims that you assert against the Applicant).

## 5. NATURE OF CLAIM

(Check and complete appropriate category)

☐ A. UNSECURED CLAIM of \$\_\_\_\_\_.

That in respect of this Claim, no assets of the Applicant are subject to a mortgage, charge, security interest, lien or other encumbrances as security; and (check appropriate description)

☐ B. Assert a DIRECTOR'S CLAIM against one or more of the directors and officers of a Applicant in the amount of \$\_\_\_\_\_.

Name of director(s) and/or officer(s) in respect of whom a Director's Claim is being filed is\_\_\_\_\_.

☐ C. Assert an OFFICER'S CLAIM against one or more of the trustees, directors and officers of a Applicant in the amount of \$\_\_\_\_\_.

Name of trustee(s), director(s) and/or officer(s) in respect of whom a Officer's Claim is being filed is\_\_\_\_\_.

☐ C. SECURED CLAIM or PRIORITY CLAIM of \$\_\_\_\_\_.

That in respect of this Claim, assets of the Applicant valued at \$\_\_\_\_\_ are subject to a mortgage, charge, security interest, lien or other encumbrances as security, particulars of which are as follows:

(Give full particulars of the security or the nature of the priority claim, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents).

## 6. PARTICULARS OF CLAIM

Other than as already set out herein, the particulars of the undersigned's total Claim against the Applicant as at December 1, 2011 are attached on a separate sheet.

*(provide all particulars of the Claims and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the claims, name of any guarantor which has guaranteed the claims, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Applicant to the Creditor and estimated value of such security, particulars of any restructuring claim).*

## 7. FILING OF CLAIM

This Proof of Claim form must be received by the Monitor by no later than **5:00 p.m. (Mountain Daylight Time)** on **April 2, 2012** (the "Claims Bar Date") by either prepaid registered mail, personal delivery, courier or email at the following address:

**The Monitor**  
**Alvarez & Marsal Canada Inc., the Court-appointed**  
**Monitor of the Applicants**  
**Attn: Mr. Orest Konowalchuk**  
**Bow Valley Square II**  
**Suite 3300, 205 – 5th Avenue SW**  
**Calgary, Alberta T2P 2V7**  
**E-mail: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)**

**Failure to file your Proof of Claim and required documentation as directed by 5:00 p.m. on April 2, 2012 (Mountain Daylight Time) will result in your Claim being forever barred and you will be prohibited from making or enforcing a Claim against the Applicant and shall not be entitled to further notice, voting or distribution, if any, and shall not be entitled to participate as a Creditor in these proceedings.**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

<hr/> <p>Witness Signature</p>	<p>Name of Creditor:</p> <hr/> <hr/> <p>Per: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p><i>(please print)</i></p>
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**Schedule "B"**

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**NOTICE TO CREDITORS OF**

ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB), and WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC), and CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)  
(the "Applicants")

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**Re: NOTICE OF CALL FOR CLAIMS AND CLAIMS BAR DATE  
FOR THE APPLICANTS**

**NOTICE IS HEREBY GIVEN THAT** pursuant to an order of the Court of Queen's Bench of Alberta (the "Court") granted February 15, 2012 (the "Claims Procedure Order") the Court has ordered that Proof of Claim Document Packages (as defined in the Claims Procedure Order) be sent to various known creditors of the Applicants, as specified in the Claims Procedure Order. A copy of the Claims Procedure Order and the Proof of Claim Document Package can be obtained from the website of the Monitor at [www.alvarezandmarsal.com/purdy](http://www.alvarezandmarsal.com/purdy) .

Any person who believes that they have a claim against the Applicant noted above, whether liquidated, contingent or otherwise, and whether such claim arose before or after the December 1, 2011 filing date, should send a Proof of Claim to the Monitor to be received by **5:00 p.m. (Mountain Daylight Time) on April 2, 2012 (the "Claims Bar Date")**.

**CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE FOREVER EXTINGUISHED AND SUCH CREDITORS WILL BE FOREVER BARRED FROM MAKING OR ENFORCING CLAIMS AGAINST THE APPLICANTS AND WILL NOT BE ENTITLED TO PARTICIPATE AS A CREDITOR IN THESE PROCEEDINGS OR RECEIVE FURTHER NOTICE OF THESE PROCEEDINGS.**

Creditors of the Applicants who have not received a Proof of Claim Document Package from the Monitor can obtain a copy from the Monitor's website or the Monitor's contact, Mr. Orest Konowalchuk, by email at [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com) .

DATED this                      day of February, 2012.

## SCHEDULE "C"

### NOTICE OF REVISION OR DISALLOWANCE FOR DISTRIBUTION PURPOSES

ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB), and WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC), and CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)  
(the "Applicants")

Claim Reference Number: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

TO: \_\_\_\_\_  
(Name of Creditor)

Defined terms not defined in this Notice of Revision or Disallowance have the meaning ascribed in the Order of the Court of Queen's Bench of Alberta dated February 15, 2012 (the "Claims Procedure Order"). **All dollar values contained herein are in Canadian dollars unless otherwise noted.**

Pursuant to the Claims Procedure Order, Alvarez & Marsal Canada Inc., in its capacity as Court-appointed Monitor of the Applicants, hereby gives you notice that it has reviewed your Proof of Claim in conjunction with the Applicants and has revised or disallowed your Claim. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be allowed as follows:

	<b><u>Amount Allowed by Monitor for:</u></b>		
	<b><u>Proof of Claim Amount</u></b>	<b><u>Voting</u></b>	<b><u>Distribution</u></b>
Unsecured Claim	\$ _____	\$ _____	\$ _____
Secured Claim	\$ _____	\$ _____	\$ _____



## REASON(S) FOR THE REVISION OR DISALLOWANCE:

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## SERVICE OF DISPUTE NOTICES

If you intend to dispute this Notice of Revision or Disallowance, you must **within ten (10) Calendar Days after receipt of this Notice of Revision or Disallowance** deliver to the Monitor a Dispute Notice (in the form enclosed) either by prepaid registered mail, personal delivery, courier or email to the address below. Claims Procedure Order notices are deemed to have been received two business days from the date of mailing.

Alvarez & Marsal Canada Inc., the Court-appointed Monitor of the Applicant's

**The Monitor**  
**Alvarez & Marsal Canada Inc., the Court-appointed**  
**Monitor of the Applicants**  
**Attn: Mr. Orest Konowalchuk**  
**Bow Valley Square II**  
**Suite 3300, 205 – 5th Avenue SW**  
**Calgary, Alberta T2P 2V7**  
**E-mail: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)**

**IF YOU FAIL TO FILE YOUR DISPUTE NOTICE WITHIN TEN (10) CALENDAR DAYS AFTER RECEIPT OF THIS NOTICE OF REVISION OR DISALLOWANCE, THE VALUE OF YOUR CLAIM WILL BE DEEMED TO BE ACCEPTED AS FINAL AND BINDING AS SET OUT IN THIS NOTICE OF REVISION OR DISALLOWANCE.**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

## SCHEDULE "D"

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### DISPUTE NOTICE FOR CREDITORS OF:

ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB), and WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC), and CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)  
(the "**Applicants**")

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Claim Reference Number: \_\_\_\_\_

Name of Applicant against  
Which a Claim is asserted: \_\_\_\_\_

#### 1. Particulars of Creditor:

(a) Full Legal Name of Creditor (include trade name, if different):

\_\_\_\_\_

*(the "Creditor").*

(b) Full Mailing Address of the Creditor:

\_\_\_\_\_

\_\_\_\_\_

## (c) Other Contact Information of the Creditor:

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Attention (Contact): \_\_\_\_\_

**2. Particulars of Original Creditor from whom you acquired the Claim, if applicable:**

- (a) Have you acquired this Claim by assignment? If yes, if not already provided, attach documents evidencing assignment.

Yes: ☐ No: ☐

- (b) Full Legal Name of original creditor(s): \_\_\_\_\_

**3. Dispute of Revision or Disallowance of Claim:**

The Creditor hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance and asserts a Claim as follows:

<u>Amount Allowed by Monitor for:</u>			<u>Amount claimed by Creditor for:</u>		
	<u>Voting</u>	<u>Distribution</u>		<u>Voting</u>	<u>Distribution</u>
Unsecured Claim	\$ _____	\$ _____	Unsecured Claim	\$ _____	\$ _____
Secured Claim	\$ _____	\$ _____	Secured Claim	\$ _____	\$ _____

**REASON(S) FOR THE DISPUTE:**

*(You must include a list of reasons as to why you are disputing your Claim as set out in the Notice of Revision or Disallowance)*

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**SERVICE OF DISPUTE NOTICES**

If you intend to dispute the Notice of Revision or Disallowance, you must within **ten (10) calendar days after receipt of the Notice of Revision or Disallowance** deliver to the Monitor this Dispute Notice either by prepaid registered mail, personal service, courier or email to the following address. In accordance with the Claims Procedure Order notices shall be deemed to be received two business days from the date of mailing. upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

Alvarez & Marsal Canada Inc., the Court-appointed Monitor of the Applicant's

**The Monitor**  
**Alvarez & Marsal Canada Inc., the Court-appointed**  
**Monitor of the Applicants**  
**Attn: Mr. Orest Konowalchuk**  
**Bow Valley Square II**  
**Suite 3300, 205 – 5th Avenue SW**  
**Calgary, Alberta T2P 2V7**  
**E-mail: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

<hr/> <p>Witness Signature</p>	<p>Name of Creditor:</p> <hr/> <hr/> <p>Per: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p><i>(please print)</i></p>
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