



March 26, 2012

To: Creditors and Interested Stakeholders

Subject: **The Purdy Group of Companies & John (Jack) Kenneth Purdy**

We are writing to provide the various interested stakeholders with a brief update on the court proceedings and to advise that information pertaining to the proceedings is available on the Monitors Web-Site.

On December 1, 2011, the Purdy Group of Companies was granted an Order (the “Initial Order”) by the Alberta Court of Queen’s Bench (the “Court”) and obtained creditor protection under the CCAA.

The Initial Order granted the Purdy Group of Companies (as defined in the Initial Order) various relief, including but not limited to, imposing a stay of proceedings against the Company and its assets until December 30, 2011 (the “Stay Period”), appointing Alvarez and Marsal Canada Inc. as monitor (the “Monitor”) of the business and financial affairs of the Company, and providing the Company an opportunity to prepare and file a plan of arrangement or compromise under the CCAA for the consideration of its creditors and other stakeholders.

Under the Initial Order, the Stay Period may be extended by the Court from time to time and the Company is to continue carrying on the business in a manner consistent with the preservation of its business and assets.

On December 2, 2011, John (Jack) Kenneth Purdy (“Purdy”) filed a Notice of Intention to Make a Proposal (the “Notice of Intention”) pursuant to the *Bankruptcy and Insolvency Act* (“BIA”). In addition, on December 2, 2011, Alvarez & Marsal Inc. was appointed Proposal Trustee of Purdy.

A copy of the Initial Order, materials filed in the CCAA proceedings including the Monitor’s pre-filing report and subsequent post-filing reports, as well all materials relating to the Division I Proposal, may be obtained from the Monitor’s/Proposal Trustee’s website at:
www.alvarezandmarsal.com/purdy .

We understand that you may either be an interested stakeholder or a creditor and have a potential claim against Purdy in the Division I Proposal and/or CCAA proceedings. The Monitor and Proposal Trustee provide periodic reports to the court on the status of the proceedings and our website is updated for any new information regularly. We suggest you refer to the website for proper information concerning the proceedings and should you receive correspondence from other parties that is inconsistent with or contradictory to what is on our website please bring it to our attention.

The Monitor and Proposal Trustee wishes to clarify certain aspects of the proceedings which, if not understood properly, may have a negative impact to the progression of both these court sanction proceedings.

As such, we wish to clarify the following matters of fact regarding the two on-going proceedings (CCAA & Division I Proposal) and other matters:

Division I Proposal

- Purdy is not bankrupt and has not filed an assignment in bankruptcy.
- Purdy obtained creditor protection under the relevant provision provided for under the BIA to allow Purdy to make a proposal to his creditors for the debt he owes.
- There is currently a stay of proceedings until to May 3, 2012, and ultimately Mr. Purdy has until early June to formulate a viable plan to his creditors.
- All publicly available information with respect to the Division I Proposal can be found on the Proposal Trustee's website at: www.alvarezandmarsal.com/purdy .
- Creditors of Purdy will have a chance to prove their claims against Purdy (personally) once a Proposal has been submitted by Purdy to his creditors and the appropriate documentation (proof of claim, voting letter, etc) has been sent to all known creditors by the Proposal Trustee. To date, a claims process and/or first meeting of creditors have not been initiated under the Division I Proposal.

CCAA Proceedings

- The Purdy Group of Companies is not bankrupt nor have they utilized any provisions of the BIA.
- The Purdy Group of Companies have filed for creditor protection under a federal act , the CCAA, which is legislation to allow them the opportunity to prepare a plan of arrangement and/or compromise ("Plan") to its creditors.
- The Purdy Group of Companies is currently assessing its options to restructure. While it does this, it operates under a Court directed process, which provides that no creditors may take any action against the companies without leave of the court. This "stay of proceedings" is in place until May 4, 2012 and further stays can be granted by the Court.
- There have been no application materials filed to date to allow for an orderly liquidation of the Purdy Group of Companies properties or assets under the CCAA proceedings. There is no "Distressed Sale Opportunity" submitted by the Purdy Group of Companies and no sales process has been commenced for any of its properties.



- On February 15, 2012, the Court of Queen's Bench of Alberta granted a Claims Procedure Order to allow all potential creditors the opportunity to file and "prove" their claims before April 2, 2012. On or before February 29, 2012, the Monitor sent out to all known creditors a proof of claims document package and also published on two separate dates prior to February 29, 2012 a notice to all creditors of the claims procedure process in the Edmonton Journal and Victoria Times Columnist.
- As you are aware, all claimants must submit their claim to the Monitor on or before April 2, 2012 to avoid having their claims forever barred as indicated in the Claims Procedure Order. Again, this claims process is for the applicants involved in the CCAA proceedings and not a claims process against Purdy personally in the Division I Proposal (as discussed above).
- Purdy Group of Companies continue to work with Alberta Environment, Alberta Health, the County of Strathcona and all other relevant agencies to allow Half Moon Lake Resorts to open for operations this season. The Monitor has reported on the above and will provide updates on its web-site as material new information becomes available to the Monitor.
- All publicly available information with respect to the CCAA proceedings can be found on the Monitor's website at: www.alvarezandmarsal.com/purdy.

The Monitor and Proposal Trustee hopes that the above information clarifies any matters, questions or interpretation issues you may have on the two proceedings.

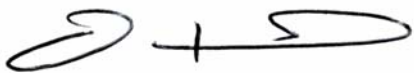
If you have any further questions or comments that relate to the CCAA and/or Division I Proposal process, please feel free to contact the undersigned.

Yours very truly,

Alvarez & Marsal Canada Inc.

The Trustee acting in re: the Proposal of
John (Jack) Kenneth Purdy and not in its personal capacity
&

in its capacity as court-appointed Monitor
of the Purdy Group of Companies



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