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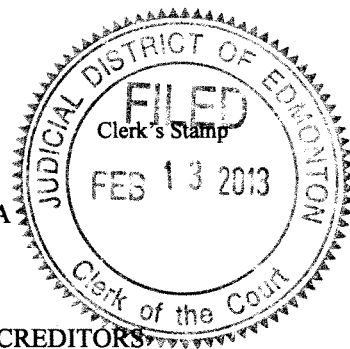
COURT OF QUEEN'S BENCH OF ALBERTA

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), FISHPATH RESORTS CORPORATION (BC),
ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES
LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC),
JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT
MOUNTAIN PROPERTIES LTD. (BC), and CHERRY
BLOSSOM PARK DEVELOPMENT CORP (BC)
(collectively, the "Purdy Group" or the "Applicant's")

DOCUMENT

TENTH REPORT OF THE MONITOR

FEBRUARY 12, 2013

ADDRESS FOR SERVICE AND
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DOCUMENT

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APPENDIX A	Actual to Budget Cash Flows
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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 tenth report of the Monitor (the "Tenth Report") is to provide the Court with an update in respect of the following:
 - a) operational and restructuring activities since the ninth report of the Monitor (the "Ninth Report");
 - b) the claims process since the Ninth Report of the Monitor;
 - c) the actual to forecast cash flow results for the period from December 1, 2012 to February 8, 2013 (the "Reporting Period");
 - d) the revised cash flow projections (the "Updated Forecast") from February 9, 2013 through April 26, 2013 (the "Forecast Period");
 - e) the Purdy Group's request for an extension to the current stay period until, and including May 24, 2013 (the "Proposed Stay Extension"); and
 - f) the Monitor's recommendations.
4. Capitalized terms not defined in this Tenth Report are as defined in the Initial Order, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report, the Claims Procedure Order and the Dispute Procedural 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 ("AB").
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Tenth 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. Jack Purdy is operating under the proposal provisions of the BIA and has presented a proposal to his creditors. Alvarez and Marsal Canada Inc. is also the Proposal Trustee. The meeting of creditors to

consider the proposal was held on June 22, 2012 and the meeting was adjourned to October 9, 2012. At that meeting, the creditors voted to further adjourn the meeting to January 25, 2013 at the same time and place and at this meeting the creditors again adjourned the meeting for further investigation into the affairs of Jack Purdy to February 20, 2013 at 10:00 am at the offices of Fraser Milner Casgrain LLP.

10. Further background to the Purdy Group and its operations and description of the Purdy Group properties are contained in the materials filed relating to the Initial Order including the various affidavits of Jack Purdy and in the previous nine reports of the Monitor. These documents, together with other information regarding this CCAA proceeding, have been posted by the Monitor on its website at: www.amcanadadocs.com/purdy.

OPERATIONAL UPDATE

Fishpath Resorts Corporation ("Fishpath Resort") & Armac Investments Ltd. (BC) ("Armac BC") (collectively, the "Hawkeye Group Properties")

LBVR Agreement

11. As previously reported, on September 17, 2012 (the "Effective Date"), LBVR took over management responsibility for the Hawkeye Group Properties. The assets of the Hawkeye Group Properties consist of three properties in Port Alberni, B.C. (the "BC Operating Properties") and 16 properties in Bamfield, B.C. (as are fully described in Schedule A to the Management Agreement).
12. Since the Ninth Report, LBVR was advanced \$180,000 by the Applicants, totaling a combined advance since the Effective Date of \$330,000, leaving \$220,000 in the Monitor's trust account that is reserved for LBVR pursuant to the Management Agreement. Any operating deficiency of the Hawkeye Group Properties is intended to be funded from the set-aside funds reserved for LBVR and likewise any operating income will be utilized by LBVR for further capital

projects. Accordingly, no receipts and disbursements respecting the Hawkeye Group Properties are included in the actual cash flows attached as Appendix A.

13. To date, the monies used have been utilized to improve the operations and the infrastructure of the BC Operating Properties, in particular, resurrecting and finishing the marina and road-side fuel stations that are expected to be completed and fully operational in the coming weeks.
14. The months from October 2012 to January 2013 inclusive are considered the “off season” for the Hawkeye Group properties. Receipts were limited (hotel and restaurant) during this period, while costs for management fees, other operating expenses and capital costs continue to be incurred. LBVR has not finalized its monthly financial reporting for January 2013, but it anticipates having this completed forthwith. LBVR indicated that as at January 31, 2013, ending cash balance for the Hawkeye Group Properties is \$67,401.
15. LBVR believes it will need an additional \$170,000 from the set-aside funds held by the Monitor during the Forecast Period to assist in covering the remaining capital expenditures it considers necessary to have the BC Operating Properties ready for operations for spring.
16. The Monitor understands that the total funding required for the operations, marketing and improvement of the LBVR managed properties during these proceedings will be incorporated into the LBVR’s proposed business plan, as discussed further below.

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

17. As outlined in previous reports of the Monitor, Half Moon Lake is a 139 acre seasonal resort located in the County of Strathcona (the “County”). It operates 216 serviced customer RV sites, a general store and other recreational facilities for the enjoyment of its clients.

18. Half Moon closed for the season on October 15, 2012 and expects to open on the May long weekend in 2013. As previously reported Half Moon was closed in 2010 and remained closed through 2011 due to Orders issued by Alberta Health and Alberta Environment. The Applicants worked diligently to rectify the issues and a Consent Order to open the resort was granted on June 15, 2012, resulting in a later start to that year than normal. In order to open in May of 2013 the Applicants must complete the upgrading of the waste water system. The upgrade is substantially complete and Half Moon advises that it intends to complete it in the early spring of 2013 in time of opening for May 2013. The expenditures required, in that regard, are estimated at \$25,000 and funds were allocated by the Applicants in prior forecasts to complete these expenditures.
19. Property taxes for 2012 of approximately \$40,000 remain unpaid and are included in the Updated Forecast.
20. Operating expenses during the off season to winterize and operate the resort through to April 26, 2013 should be minimal as set out in the Updated Forecast attached as Appendix B. Some of these expenses are defrayed by monthly maintenance fees from Leaseholders, which are reflected in the Updated Forecast.

Insurance

21. As discussed in previous reports of the Monitor, the Purdy Group did not carry property insurance on any of its properties and only liability insurance on certain of its properties. However, given the investment in capital improvements and the return of certain properties to full operation the Purdy Group now believes it is appropriate to obtain full comprehensive insurance on its BC Operating Properties and general liability insurance on its remaining properties.
22. Since the Ninth Report, the Purdy Group, with the assistance of the Monitor, has been working with its current insurance provider to obtain the insurance necessary to ensure that the value of these properties is protected for the benefit of the creditors and stakeholders of the Purdy Group.

23. The Monitor understands that the required and necessary insurance will be in place on the BC Operating Properties forthwith and on all of the remaining BC properties before the end of February, 2013.

RESTRUCTURING UPDATE

Overall strategy

24. In the Seventh Report dated September 21, 2012, the Monitor advised that the Applicants' intentions for their Plan would likely require creditors to remain patient for at least a further six (6) months before a formal Plan is circulated. The Applicants have made significant progress with their restructuring efforts and have reviewed and addressed the various filed claims from their Claimants.
25. With the majority of the disputed claims now resolved as discussed below, the Applicants have a better understanding of funding needed for a successful Plan. In this regard, the Applicants are currently investigating a refinancing of their Hawkeye Group and Half Moon Lake Resort properties. The Applicants are hopeful that funding from a refinancing combined with sale proceeds from noncore properties and Half Moon Lake sites will provide sufficient cash to fund a plan to creditors.
26. The Applicant's expect to return to Court prior to the next extension for approval to circulate a plan.
27. The Applicants' restructuring efforts continue to be consistent with what was outlined in previous reports of the Monitor except that:
- a) They are now proceeding with the sale of Half Moon RV sites notwithstanding the lease issue has not been resolved or a subdivision into bare land strata lots completed;

- b) the listing price for the Non-Core For Sale Properties has been significantly reduced and the listing with Colliers has been extended for 60 days to March 31, 2013.

Hawkeye Group Properties

LBVR Business Plan

- 28. As previously reported, on December 10, 2012, the Purdy Group and the Monitor received a draft form of the LBVR business plan. The draft business plan includes annual forecasts, sales, a marketing plan for the assets and a capital plan for the maintenance and development of the properties. The Monitor and the Purdy Group have reviewed the draft LBVR business plan, have provided their collective comments to LBVR and are now waiting to receive a finalized version of the business plan that the Applicants will be able to provide to this Honourable Court.
- 29. LBVR has made substantial headway in renovating the main Bamfield operating properties and in re-establishing the Ostroms' marina including facilities to provide both marine and road fuel to tourists and residents. This should significantly increase the cash flow capabilities of these properties and enhance their values.

Shore Leases

- 30. The Monitor understands that Armac BC had five shore leases attached to its ocean front properties in Bamfield that were cancelled by the Ministry of Environment, Lands and Parks (Province of BC) ("MELP") in or around the Spring of 2011 for the non-payment of its lease and property tax payments. The shore leases are required for the proper operation of the properties. The Monitor has been advised that the Purdy Group continues in its effort to obtain these leases from the MELP so as to benefit the Hawkeye Group Properties.

Unsolicited Offer

31. An unsolicited offer was received on the ocean front property at 200 South Bamfield Road. The offer was refused by the Applicants as the offer price was well below the tax assessed value that has been used as a value bench mark. It was also not countered, as it is not the Applicants current strategy to dispose of core Bamfield properties at less than fair market value.

Half Moon Lake Resort

32. As previously reported, the Applicants' intentions for Half Moon have always been to develop the resort into a fully owner occupied RV resort. There are 216 RV lots which have been surveyed and approved for lease by the County of which 23 are leased to third parties and 172 are either retained by Half Moon or leased to Armac (AB) under a Campsite Rental Agreement ("Leases"). The Leases had an initial term of 35 years and there are now 25 years remaining. The terms of the Leases are subject to a Court Order obtained by the County some years ago.
33. The Applicants continue with their litigation with the County so as to enable Half Moon to grant leases with an initial term of 35 years and two proposed renewals of 35 years. This is more fully discussed in the Seventh Report. Half Moon, with the assistance of the Monitor, is in the process of developing and completing its marketing and business plan.
34. Justice Burrows, as case management Justice, is seized to hear all matters pertaining to this litigation. On or around February 7, 2013, the Applicants appeared before Justice Burrows for further case management including scheduling of filing affidavits and questioning thereon. At that time Justice Burrows also set down on or around June 3 and 4, 2013, as the trial dates.
35. The Applicants previous strategy for Half Moon was to wait to sell leases until the issue with the County was resolved or a subdivision approved as it was hoped one of those would occur prior to this operating season. However, given the length of

time this has been taking the Applicants are now pursuing the sale of leases as they currently exist, with approximately 26 years left. The Applicants kicked off their marketing efforts at the recent Edmonton RV show. They are also considering hiring a marketing person and engaging a realtor to assist with the process.

36. The Applicants also continue to pursue the subdivision of the Half Moon land into bare land strata titles. The Applicants advise a further approximately 530 serviced sites could be developed given the current zoning of the lands. A development plan was previously submitted to the County on February 28, 2012, but has so far not been accepted. The Court required Mr. Purdy to file a detailed affidavit outlining the process and the status of the subdivision application. That affidavit was required to be filed by January 7, 2013 and it was so filed. The Applicants have engaged a planner to assist with the process and the Applicants advise an updated plan is to be submitted prior to February 19, 2013. The Applicants have advised that this plan to be submitted, in conjunction with the Company's surveyors, will initially only include plans for the bare land stratification of the 216 existing surveyed and registered sites.

Non-Core For Sale Properties

37. The Non-Core For Sale Properties have been listed with Colliers MacAulay Nicolls Inc. ("Colliers" or the "Listing Agent") since June 22, 2012 and the listing agreement was scheduled to expire on January 31, 2013. On January 29, 2013, the Purdy Group extended the listing agreement with Colliers for an additional two (2) months to March 31, 2013.
38. As previously reported, an offer was accepted on the 8335 Mesher Road, Port Alberni, BC property (owned directly by Jack Purdy) and the due diligence period expired on December 14, 2012. The purchaser was not able to satisfy its conditions and terminated its offer.

39. Since the Ninth Report, the Purdy Group and the Monitor had multiple discussions with Colliers with respect to Colliers marketing process and its findings relating to comments they received from interested parties and/or other real estate agents on the Non-Core For Sale Properties. In addition, these discussions involved obtaining Colliers' perspective on the current market conditions in the Port Alberni, Chemainus and Chowichan Valley areas of BC where the properties are located.
40. Upon the recommendation of Colliers, the Purdy Group, with the support of the Monitor, decided to reduce the initial listing price of the Non-Core For Sale Properties to reflect the market conditions with which the Purdy Group must contend. The Monitor has been advised by the Purdy Group that the Purdy Group is committed to sell these Non-Core For Sale Properties forthwith as the proceeds from the sale of these potential properties are necessary and vital to the success of these CCAA proceedings.
41. The Non-Core For Sale Properties are now listed for sale at the following listing price:
- a) 5611 Culverton Road, Cowichan Valley, BC - \$875,000 (reduced from \$1,100,000);
 - b) 3425 River Road, Chemainus, BC - \$835,000 (reduced from \$975,000);
 - c) 8335 Meshers Road, Port Alberni, BC - \$415,000 (reduced from \$460,000);
 - d) 3620-3rd Avenue, Port Alberni, BC - \$369,000 (reduced from \$460,000);
 - e) 3203-2nd Avenue, Port Alberni, BC - \$54,500 (reduced from \$99,000); and

f) 3211-2nd Avenue, Port Alberni, BC - \$54,500 (reduced from \$99,000)

42. Colliers will continue marketing these properties using existing venues to reach out to as many interested and potential buyers for these types of properties. Colliers is also looking into other marketing and advertising means to help attract potential buyers.
43. The Monitor has been further advised by the Purdy Group that the Purdy Group intends to list certain other “non-core” BC properties forthwith, including the Alberta properties currently in foreclosure (as discussed below).

Alberta Properties in Foreclosure

44. As previously reported, the Alberta properties in foreclosure at the commencement of the CCAA proceedings included the property at 15625 Stony Plain Road and the Westridge property west of Edmonton.
45. The Stony Plain property is listed for sale with Trikon Properties and was previously subject of an ownership dispute that was impeding the sale of the property. This dispute was in connection with the proof of claim process and this Honourable Court dismissed the applicable proof of claim during the time allotted by this Honourable Court on December 18 and 19, 2012 and the weeks of January 14, 2013 and January 21, 2013 (collectively, the “Claims Hearing Date”). Since this dispute has now been resolved, the Applicant, with the assistance of the Monitor, is currently following up on interest expressed previously by potential purchasers for this property.
46. The Purdy Group anticipates that it will now likely list this property as the foreclosure value previously determined is dated and may be an unrealistically high value.
47. It is unlikely there will be any equity over the first mortgage in either of the two above mentioned properties.

UPDATE ON CLAIMS PROCESS

Overview

48. As discussed in the Ninth Report, a Claims Procedure Order was approved by this Honourable Court on February 15, 2012, which required Creditors to submit their Claims by the Claims Bar Date (April 2, 2012).
49. Since the Ninth Report, the Monitor (with the assistance of the Applicants) continued to spend significant time reviewing and addressing the 201 filed POC's totalling (in aggregate) approximately \$191.6 million, many of which were considered duplicative in nature. The Eighth Report outlined all the POC's that were being contested and the process that the Monitor understood to be utilized by this Honourable Court to determine the claims in dispute during the Claims Hearing Date.
50. A breakdown of the claims received and the current status of these claims is summarized in the chart below:

Purdy Companies Claims Summary Breakdown February 12, 2013			
	Values	Claims Filed	% of total filed claim
<u>Accepted claims by Monitor and/or Court</u>			
Accepted claims in full	\$ 8,642,699.48	16	4.51%
Revised (not disputed by the claimant)	328,246.12	12	0.17%
Revised (court)	34,788.50	2	0.02%
	9,005,734.10	30	4.70%
<u>Outstanding claims to be determined</u>			
Disallowed (disputed)	9,078,564.94	5	4.74%
Revised (disputed)	24,019.56	2	0.01%
Claims under review**	5,280,255.51	37	2.76%
	14,382,840.01	44	7.51%
<u>Disallowed claims by Monitor and/or Court</u>			
Disallowed (not disputed by the claimant)	6,472,548.67	66	3.38%
Disallowed (court)	152,103,501.17	54	79.37%
	158,576,049.84	120	82.75%
<u>Intercompany / shareholder claims</u>	9,678,772.37	7	5.05%
Proof of Claims Filed	191,643,396.32	201	100%
**30 of the 37 remaining claims to be reviewed relate to CRA claims.			

51. The chart above indicates that of the approximate \$191.6 million POC's that were filed, the Monitor and/or the Court has accepted approximately \$9 million, disallowed approximately \$158.5 million and are currently deciding upon the validity of approximately \$14.3 million of 3rd party creditor claims. These claims do not take into consideration the remaining \$9.6 million in intercompany and/or shareholder claims that were filed by the Applicants that the Monitor is also currently reviewing. In addition to the filed POC's, there is an Administration Charge of \$500,000 and \$2.15 million in Interim Financing that are in priority to all other claims.

Accepted claims by Monitor and/or Court

Accepted in full

52. This category represents filed POC's from Claimants that have been reviewed and based on information available to date accepted by the Monitor and Applicants and not disallowed or revised. Currently, there are 16 such POC's totalling approximately \$8.6 million.

Revised (not disputed by the claimant)

53. This category includes POC's that have been reviewed and revised by the Monitor, with the concurrence of the Applicants, where a notice of revision (the "NOR") was sent by the Monitor for each filed proof of claim and the claimant did not dispute the NOR. As a result, since the NOR was not disputed within the Dispute Deadline (defined in prior reports), the revised claim is then considered accepted and final. There are currently twelve (12) claims totalling approximately \$328,000 in this category.

Revised (court)

54. This category represents claims that have been revised and allowed by this Honourable Court at the Claims Hearing Date based upon the Courts review of the Claimants notice of dispute ("NOD") filed with respect to a NOR received on its claim during the claims process. The Monitor understands that this Honourable Court has revised and allowed two (2) claims during the Claims Hearing Date totaling approximately \$34,800.

Outstanding claims to be determined

Disallowed (disputed)

55. This category represents POC's that were reviewed and disallowed by the Monitor, with the concurrence of the Applicants. The Monitor sent a notice of disallowance (the "NDA") for the submitted POC and in response to the NDA,

the claimant filed a NOD to challenge the NDA. There are currently five (5) claims totalling approximately \$9 million in this category. Of these 5 claims, four (4) relate to claims filed by S&D International Group Ltd. (the “S&D Claims”) totalling \$8,980,000 (or \$2,245,000 per filed claim) against certain Applicants and the director of the Applicants (Jack Purdy). A decision on the S&D Claims is expected to be made by this Court on or about February 19, 2013. The remaining outstanding claim in this category has been disputed by a claimant (not been before the Court yet) and the Monitor, with the assistance of the Applicant, is currently reviewing this NOD.

Revised (disputed)

56. This category includes POC’s that were reviewed and revised by the Monitor, with the concurrence of the Applicants. The Monitor filed a NOR for the submitted POC and in response, the claimant filed a NOD to challenge the NOR. There are currently two (2) claims totalling approximately \$24,000 in this category and have not been before the Court yet. The Monitor, with the assistance of the Applicants, is currently reviewing the filed NOD’s with respect to these claims.

Claims under review

57. This category represents POC’s that are currently being reviewed by the Monitor. There are 37 claims totalling approximately \$5.3 million represented in this category, of which, 30 claims totalling approximately \$5.18 million relate to CRA claims. The Monitor has not completed its review of these claims (due to the financial reporting delays by the Purdy Group as discussed in previous reports), but believes the majority of the CRA claims are valid (with the exception of a possible duplicative claim totalling \$1.3 million that would adjust the total value of these claims in this category to approximately \$4.1 million). As discussed further below, it will be extremely important that the Applicant’s complete all outstanding regulatory filings (GST returns, corporate returns) and its remaining financial statements in order to allow the Monitor to evaluate each of the CRA

POC's. The Monitor believes that it will be able to complete its review of the remaining seven (7) POC's in this category within the coming weeks.

Disallowed claims by the Monitor and/or Court

Disallowed (not disputed by the claimant)

58. This category represents claims that have been reviewed and disallowed by the Monitor, with the concurrence of the Applicants, where a NDA was sent by the Monitor for each filed proof of claim and the claimant did not dispute the NDA by filing a NOD. As a result, if a NDA is not disputed within Dispute Deadline, the disallowed claim is then considered accepted and final. Currently, there are 35 Claimants with 66 claims totalling approximately \$6.47 million that are represented in this category.

Disallowed (court)

59. This category represents claims that have been disallowed by this Honourable Court at the Claims Hearing Date based upon the Courts review of the Claimants NOD filed with respect to a NDA or NOR received on its claim during the claims process. The Monitor understands that this Honourable Court addressed and disallowed 54 claims during the Claims Hearing Date totaling approximately \$152.1 million.

Intercompany / shareholder claims

60. This category represents intercompany and /or shareholder claims within these CCAA proceedings. The Monitor is currently reviewing these claims as to their validity.

ACTUAL TO FORECAST RESULTS – DECEMBER 1, 2012 TO FEBRUARY 8, 2013

Actual to Forecast Summary Results

61. The actual to forecast cash flow presented at Appendix A 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 Ninth Report (the “Ninth Report Forecast”).
62. The table below provides a summary of the actual to forecast cash flow for the Reporting Period:

Purdy Group	Dec. 1/12 to	Dec. 1/12 to	Dec. 1/12 to
Actual to Budget Cash Flow Results	Feb. 8/13	Feb. 8/13	Feb. 8/13
	Budget	Actual	Variance
Operating receipts	\$ 69,000	\$ 48,695	\$ (20,305)
Funds from Monitor's trust account	45,000	205,000	\$ 160,000
Total receipts	<u>\$ 114,000</u>	<u>\$ 253,695</u>	<u>\$ 139,695</u>
Operating disbursements	70,000	258,929	(188,929)
Restructuring professional fees	75,000	33,252	41,748
Total operating disbursements	<u>\$ 145,000</u>	<u>\$ 292,182</u>	<u>\$ (147,182)</u>
Net change in Applicant cash	\$ (31,000)	\$ (38,487)	\$ (7,487)
Applicant cash balance, opening	53,342	53,342	-
Applicant cash balance, ending	<u>22,342</u>	<u>14,855</u>	<u>(7,487)</u>
FUNDS HELD IN TRUST BY MONITOR			
Trust Opening Cash	\$ 549,051	\$ 549,051	\$ -
Collection of funds - other	-	-	-
Collection of funds from sale of properties	-	-	-
Release of funds to LBVR	-	(180,000)	(180,000)
Release of funds to Applicants	(45,000)	(25,000)	20,000
	<u>(45,000)</u>	<u>(205,000)</u>	<u>(160,000)</u>
Trust Ending cash	<u>\$ 504,051</u>	<u>\$ 344,051</u>	<u>\$ (160,000)</u>
TOTAL AVAILABLE CASH			
Applicant ending cash balance	\$ 22,342	\$ 14,855	\$ (7,487)
Trust cash balance	504,051	344,051	(160,000)
Less: cash not available per Court Order	(100,000)	(100,000)	-
Less: cash held for LBVR	(400,000)	(220,000)	180,000
	<u>4,051</u>	<u>24,051</u>	<u>20,000</u>
Available Cash	<u>\$ 26,393</u>	<u>\$ 38,906</u>	<u>\$ 12,513</u>

63. Receipts, including the release by the Monitor of previously received Interim Financing and other funds to the Applicant, for the Reporting Period totaled

\$253,695, representing a positive variance of \$139,695 from the receipts set out in the Ninth Report Forecast. This positive variance was primarily due to:

- a) a positive variance of approximately \$2,700 and \$3,800 relating to higher than expected rental and hotel revenues collected in Hawkeye Group Properties and the timing of operating costs payments from leaseholders of Half Moon, respectively;
- b) a positive variance of approximately \$160,000 relating to the timing of funds received from the Monitor's trust account with respect to the release of interim financing and other collected receipts for the Applicants' operations and restructuring purposes; and
- c) a negative timing variance of approximately \$27,000 relating to lower than expected collection of funds from Purdy with respect to the reimbursement of outstanding property taxes paid by the Applicants on two of Purdy's personally owned BC properties.

64. Operating disbursements for the Reporting Period totaled \$258,929 representing a negative variance of \$188,929. This variance was primarily due to:

- a) a positive timing variance of approximately \$3,000 relating to management and contractor fees that are expected to be paid in the Reporting Period and a portion of which fees will now be paid in the Forecast Period;
- b) a positive permanent variance of approximately \$2,000 relating to contingency costs that were originally forecast to be paid in the Reporting Period, which did not occur;
- c) a negative permanent variance of approximately \$14,000 relating to higher than expected operating costs incurred by both the Hawkeye Group Properties and Half Moon for utility payments and other miscellaneous expenses; and

- d) a negative variance of \$180,000 relating to the timing of capital costs incurred by LBVR for the preservation and development the Hawkeye Group Properties buildings, docks and marine fuel stations.
- 65. Restructuring fees of \$33,252 were paid for professional services rendered during the Reporting Period. Due the Purdy Group's cash constraints in these CCAA proceedings, the Purdy Group did not advance the remaining approximately \$42,000 forecast in the Reporting Period. Currently, the Monitor and its counsel have unpaid and unbilled invoices of approximately \$460,000 from September 1, 2012 to February 8, 2013 and the Purdy Group's counsel has unpaid invoices of approximately \$80,000.
- 66. The Applicant's ending cash balance as at February 8, 2013 was \$14,855 compared to the forecast cash balance amount of \$22,342, for the reasons discussed above. By combining the ending available cash balance in the Monitor's trust account of \$24,051 and the Applicant ending cash balance above, resulted in an overall ending available cash balance of \$38,906.

UPDATED CASH FLOW FORECAST THROUGH MAY 24, 2013

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

Purdy Group Projected Cash Flow Summary	Feb. 1/13 to May 24/13 Forecast
Operating receipts	\$ 60,000
Funds from Monitor's trust account	1,125,000
Total receipts	<u>\$ 1,185,000</u>
Operating disbursements	290,000
Restructuring professional fees	880,000
Total operating disbursements	<u>\$ 1,170,000</u>
Net change in Applicant cash	\$ 15,000
Applicant cash balance, opening	14,855
Applicant cash balance, ending	<u><u>29,855</u></u>
FUNDS HELD IN TRUST BY MONITOR	
Trust Opening Cash	\$ 344,051
Collection of funds - other	260,000
Collection of funds - sale of non-core properties	1,320,000
Half Moon Lake Lot Sale Receipts	350,000
Release of funds to LBVR	(170,000)
Release of funds to Applicants	<u>(955,000)</u>
	805,000
Trust Ending cash	<u>\$ 1,149,051</u>
TOTAL AVAILABLE CASH	
Applicant ending cash balance	\$ 29,855
Trust cash balance	1,149,051
Less: cash not available per Court Order	(100,000)
Less: cash held for LBVR	<u>(50,000)</u>
	999,051
Available Cash	<u><u>\$ 1,028,906</u></u>

69. As summarized above, the Purdy Group is projecting:
- a) total operating cash receipts of approximately \$60,000 from Half Moon Lake Resort. All Hawkeye receipts are retained by LBVR for use at the Hawkeye properties as previously discussed above;
 - b) funds received from the Monitor's trust account to be used in its operations of approximately \$1.12 million;
 - c) cash disbursements for operations of approximately \$290,100; and
 - d) restructuring fees and costs accrued of approximately 880,000.
70. The above results in a net increase in cash of the Applicant's cash balance of approximately \$15,000 during the Forecast Period. The net increase in cash from the Applicant's bank account will increase the Applicants ending cash position to approximately \$29,855. This, combined with the ending available cash for use from the Monitor's trust account of approximately \$999,051, results in an overall ending available cash balance of approximately \$1,028,906.
71. The Monitor has reviewed the assumptions supporting the Updated Forecast with Purdy Group management and believes the assumptions to be reasonable. The Applicants' operations are seasonal in nature and are currently in the off season. Accordingly, as expected they are forecasting lower operating receipts being collected and operating disbursements being made in the Forecast Period.
72. Significant assumptions made by Purdy Group management with respect to the Updated Forecast are:
- a) LBVR is now operating the BC Operating Properties in Bamfield (the Hawkeye Group Properties) and has provided a complete operating budget for the 2013 operating season that the Monitor is currently reviewing as part of the LBVR business plan. This operating budget assumes that LBVR will obtain the necessary capital resources from

the Purdy Group to achieve the cash flow results anticipated from its operating resort properties in the Hawkeye Group Properties;

- b) common cost fee collection and rental RV receipts from Half Moon Lake of approximately \$60,000;
- c) operating costs relating to the Hawkeye Group Properties of approximately \$30,000 for property and corporate liability insurance to cover the BC Operating Properties and remaining BC properties as discussed above;
- d) operating costs relating to Half Moon of approximately \$75,000, which includes the anticipated payment of Half Moon's outstanding property taxes of approximately \$40,000;
- e) management fees, wages and salaries and contractor fees of approximately \$13,500;
- f) contingency costs of approximately \$1,500;
- g) LBVR management agreement Set Aside Funds to be advanced is approximately \$170,000 over the Forecast Period. This will result in a reduction of the funds held by the Monitor on reserve for LBVR to \$50,000;
- h) restructuring costs for the Monitor, its counsel and the Applicants' counsel are based on the cash flow available and are not indicative of the outstanding fees as discussed above;
- i) collection of certain funds held in trust relating to the Stony Plain building (as discussed above) and other amounts of approximately \$260,000; and

- j) anticipated sale of certain Non-Core For Sale Properties (as discussed above) that is expected to recover net proceeds of approximately \$1.32 million;
 - k) the expected sale of Half Moon Lake lots of approximately \$350,000 (as discussed above).
73. Based on the Purdy Group's assumptions, the Updated Forecast indicates that the Purdy Group will continue to have sufficient available cash to meet its current operating obligations through the Forecast Period but not to pay its professional fees. The monitor and both counsels have an Administration Charge of \$500,000 to secure their fees. This, along with the forecast payment to these fees in the Updated Forecast, is currently sufficient to cover the outstanding fees incurred (but not paid) to date. The Purdy Group will need to obtain additional cash flow through the sale of Non-Core For Sale Properties during the next proposed Stay Extension in order to fund its restructuring efforts.

FINANCIAL STATEMENT, REGULATORY FILING REQUIREMENTS AND BANKING INFORMATION

Financial Statements, Regulatory Filings and Banking Information

74. During the Reporting Period, the Purdy Group's contract accountant discontinued his services to complete the Applicant's outstanding financial statements, GST remittances and other accounting services required by the Purdy Group since the Filing Date. The Monitor requested and obtained various financial statements from the contract accountant and conducted a review of these records and discovered various inconsistencies, errors and omissions. The Monitor further noted that many of the GST remittances that were purported to be completed, but not yet submitted, were in fact not completed.
75. As a result, the Monitor, with the assistance of Purdy and CRA (and in accordance with the order provided by this Honourable Court on August 10, 2012

regarding the Monitor's authority to oversee and assist in the preparation of the Purdy Group's financial statements and tax records) worked diligently to address the various errors and omissions noted in the financial statements for the Applicants. The Monitor is assisting the Purdy Group to finalize these financial statements and will arrange to have all outstanding corporate income tax returns for each of the Applicants' and their respective GST returns completed and finalized during the next Proposed Stay Extension.

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

76. Pursuant to the Initial Order, the Purdy's Group's stay period expires at midnight on February 19, 2013 (the "Stay Period"). The Purdy Group is seeking an extension of the Stay Period, until and including May 24, 2013 (the "Proposed Stay Extension").
77. The Proposed Stay Extension is necessary for the Purdy Group to receive judgement on certain outstanding claims heard by this Honourable Court during the Claims Hearing Date, to complete and address the remaining claims in accordance with the Claims Procedure Order, further its restructuring initiatives and develop a plan of arrangement and/or compromise, which the Applicants intend to submit before the end of the Proposed Stay Extension.
78. In the Monitor's view, the Purdy Group, overall, is acting in good faith and with due diligence during this CCAA proceeding and no creditor will be materially prejudiced by an extension of the stay. The Monitor is of the view that that Stay Extension is appropriate in the circumstances.

RECOMMENDATION

79. The Monitor recommends that this Honourable Court approve the Proposed Stay Extension.

All of which is respectfully submitted this 12th day of February, 2013.

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

A handwritten signature in black ink, appearing to read "Tim Reid".

Tim Reid, CA•CIRP
Senior Vice-President

A handwritten signature in black ink, appearing to read "Orest Konowalchuk".

Orest Konowalchuk, CA•CIRP
Senior Manager

APPENDIX A

Purdy Group of Companies
Actual to Forecast Results
For the period of December 1, 2012 to February 8, 2013 (the "Forecast Period")
(In CDN dollars)

	Forecast	Actual	Variance
	Week 55 to Week 64 December 1, 2012 to February 8, 2013	Week 55 to Week 64	Week 55 to Week 64
<u>Operating receipts</u>			
Hawkeye Group Properties sales and rental receipts	-	2,685	2,685
Half Moon Lake Resort receipts	9,000	12,758	3,758
Other receipts	60,000	33,252	(26,748)
<i>Total operating receipts</i>	69,000	48,695	(20,305)
<u>Funds from Monitor's Trust Account</u>	45,000	205,000	160,000
Total receipts	114,000	253,695	139,695
<u>Operating Disbursements</u>			
Fishpath expenses	6,300	6,419	(119)
Half Moon Lake expenses	18,000	31,892	(13,892)
Management fees, wages and salaries	18,700	15,611	3,089
Half Moon Lake Capital Costs	25,000	25,008	(8)
Contingency - Non Bamfield	2,000	-	2,000
LBVR Managment agreement set aside funds	-	180,000	(180,000)
<i>Total operating disbursements</i>	70,000	258,929	(188,929)
<u>Restructuring professional fees</u>			
- Monitor	25,000	-	25,000
- Company Counsel	25,000	-	25,000
- Monitor Counsel	25,000	33,252	(8,252)
<i>Total restructuring professional fees</i>	75,000	33,252	41,748
Total disbursements	145,000	292,182	(147,182)
Net change in Applicant cash	(31,000)	(38,487)	(7,487)
APPLICANT CASH BALANCE			
Opening cash	53,342	53,342	-
Net change in operating cash	(31,000)	(38,487)	(7,487)
Ending Cash	22,342	14,855	(7,487)


(continued...)



FUNDS HELD BY MONITOR			
Opening Cash	549,051	549,051	-
Collection of funds - other	-	-	-
Collection of funds from sale of properties	-	-	-
Release of funds to LBVR	-	(180,000)	(180,000)
Release of funds to Applicants	(45,000)	(25,000)	20,000
	(45,000)	(205,000)	(160,000)
Ending cash	504,051	344,051	(160,000)

TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING			
Applicant ending cash balance	22,342	14,855	(7,487)
			-
Total Funds held by Monitor	504,051	344,051	(160,000)
Less: Funds held for LBVR Agreement	(400,000)	(220,000)	180,000
Cash held in trust per Court Order	(100,000)	(100,000)	-
	4,051	24,051	20,000
Cash available for general restructuring	26,393	38,906	12,513

DIP Loan Reconciliation			
Max. borrow on DIP	2,150,000	2,150,000	-
Opening balance			
DIP Advance to Monitor	-	-	-
Principal repayments on DIP	-	-	-
Legal costs and closing fees	-	-	-
DIP fee payment to Axxess - 4.45%	-	-	-
DIP Interest reserve held by Axxess - 11.75%	-	-	-
Ending balance	-	-	-


 Jack Purdy, President
 Purdy Group

Date February 12/2013

APPENDIX B

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of February 9 to May 24, 2013 (the "Forecast Period")
(In CDN dollars)

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	TOTAL
	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Week 69	Week 70	Week 71	Week 72	Week 73	Week 74	Week 75	Week 76	Week 77	Week 78	Week 79	Week 80
	18-Feb-13	22-Feb-13	1-Mar-13	8-Mar-13	15-Mar-13	22-Mar-13	29-Mar-13	5-Apr-13	12-Apr-13	19-Apr-13	26-Apr-13	3-May-13	10-May-13	17-May-13	24-May-13	31-May-13	7-Jun-13	14-Jun-13	21-Jun-13	28-Jun-13
Operating receipts																				
Hawkeye Group Properties trade sales and rental receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Moon Lake Resort receipts	2,000	-	-	4,000	-	-	-	10,000	-	-	-	6,000	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating receipts	2,000	-	-	4,000	-	-	-	10,000	-	-	-	6,000	-	-	-	-	-	-	-	-
Funds from Monitor's Trust Account																				
-	-	230,000	30,000	100,000	-	40,000	350,000	-	75,000	20,000	280,000	-	-	-	-	-	-	-	-	-
Total receipts	2,000	230,000	30,000	104,000	-	40,000	350,000	10,000	75,000	20,000	280,000	6,000	7,000	15,000	10,000	-	-	-	-	-
Operating Disbursements																				
Hawkeye Group Properties expenses	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Moon Lake expenses	2,000	4,000	-	-	4,000	-	-	6,000	40,000	4,000	2,000	6,000	2,000	-	5,000	-	-	-	-	-
Management fees, wages and salaries	-	4,500	-	-	-	-	4,500	-	-	-	4,500	-	-	-	-	-	-	-	-	-
Half Moon Lake Capital Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency - Non Barrfield	-	500	-	-	-	500	-	-	-	500	-	-	-	-	-	-	-	-	-	-
LBVR Management agreement set aside funds	-	-	-	100,000	-	-	50,000	-	-	20,000	-	-	-	-	-	-	-	-	-	-
Total operating disbursements	2,000	9,000	30,000	100,000	4,000	500	54,500	6,000	40,000	24,500	6,500	6,000	2,000	-	5,000	-	-	-	-	-
Restructuring professional fees																				
- Monitor	-	150,000	-	-	-	-	175,000	-	-	-	200,000	-	-	-	-	-	-	-	-	-
- Company Counsel	-	40,000	-	-	-	-	75,000	-	-	-	75,000	-	-	-	-	-	-	-	-	-
- Monitor Counsel	-	40,000	-	-	-	-	75,000	-	-	-	75,000	-	-	-	-	-	-	-	-	-
Total restructuring professional fees	-	230,000	-	-	-	-	325,000	-	-	-	325,000	-	-	-	-	-	-	-	-	-
Total disbursements	2,000	230,000	30,000	100,000	4,000	500	379,500	6,000	40,000	24,500	331,500	6,000	2,000	-	5,000	-	-	-	-	-
Net change in Applicant cash	-	(9,000)	-	4,000	(4,000)	39,500	(29,500)	4,000	34,000	(4,500)	(45,500)	-	5,000	15,000	5,000	-	-	-	-	-

APPLICANT CASH BALANCE

Opening cash	14,855	14,855	5,855	5,855	9,855	5,855	45,355	15,855	19,855	54,855	50,355	4,855	4,855	9,855	24,855	14,855				
Net change in operating cash	-	(9,000)	-	4,000	(4,000)	39,500	(29,500)	4,000	35,000	(4,500)	(45,500)	-	5,000	15,000	5,000	15,000				
Ending Cash	14,855	5,855	5,855	9,855	5,855	45,355	15,855	19,855	54,855	50,355	4,855	4,855	9,855	24,855	29,855	29,855				

FUNDS HELD BY MONITOR

Opening cash	344,051	344,051	344,051	344,051	244,051	464,051	424,051	574,051	574,051	499,051	479,051	1,149,051	1,149,051	1,149,051	1,149,051	344,051				
Collection of funds - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Non Core Property Sale Receipts	-	230,000	30,000	-	120,000	-	500,000	-	-	-	700,000	-	-	-	-	-				
Half Moon Lake Lot Sale Receipts	-	-	-	-	100,000	-	(50,000)	-	-	(20,000)	250,000	-	-	-	-	-				
Release of funds to LBVR	-	(230,000)	(30,000)	(100,000)	-	(40,000)	(300,000)	-	(75,000)	(280,000)	-	-	-	-	-	(170,000)				
Release of funds to Applicants	-	-	-	(100,000)	220,000	(40,000)	150,000	-	(75,000)	(20,000)	670,000	-	-	-	-	865,000				
Ending cash	344,051	344,051	344,051	244,051	464,051	424,051	574,051	574,051	499,051	479,051	1,149,051	1,149,051	1,149,051	1,149,051	1,149,051	1,149,051				

TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING												
Applicant ending cash balance	14,855	5,855	5,855	5,855	5,855	5,855	5,855	5,855	5,855	5,855	5,855	5,855
Total Funds held by Monitor	344,051	344,051	344,051	344,051	344,051	344,051	344,051	344,051	344,051	344,051	344,051	344,051
Less: Funds held for LBVR Agreement	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)
Cash held in trust per Court Order	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	24,051	24,051	24,051	24,051	24,051	24,051	24,051	24,051	24,051	24,051	24,051	24,051
Cash available for general restructuring	38,906	29,906	29,906	29,906	29,906	29,906	29,906	29,906	29,906	29,906	29,906	29,906

DIP Loan Reconciliation												
Max. borrow on DIP	2,150,000											
Opening balance												
DIP Advance to Monitor												
Principal repayments on DIP												
Legal costs and closing fees												
DIP fee payment to Access - 4.45%												
DIP interest reserve held by Access - 11.75%												
Ending balance												

Revised 12/2013

Date

Jack Purdy, President
Purdy Group