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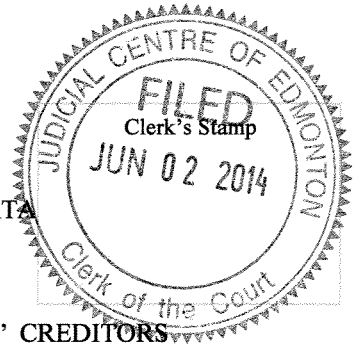
COURT OF QUEEN'S BENCH OF ALBERTA

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 "Applicants")

DOCUMENT

TWENTY-THIRD REPORT OF THE MONITOR

June 2, 2014

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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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 twenty-third report of the Monitor (the "Twenty-Third Report") is to provide Creditors and the Court with information in respect of the following:
 - a) the First Amended and Restated Plan of Arrangement and Compromise of the Plan Applicants (the "Plan") voted on by the creditors in these proceedings;
 - b) the status of the condition precedent in the Plan to be fulfilled prior to the Court Sanction Order being obtained;
 - c) the results of the Meetings of Creditors to vote on the Plan held on May 15, 2014;
 - d) the actual to forecast cash flow results for the period from March 22, 2014 to May 30, 2014 (the "Reporting Period");
 - e) the revised cash flow projections (the "Updated Forecast") from May 31, 2014 through July 4, 2014 (the "Forecast Period");
 - f) the Purdy Group's request for an extension to the current stay period until and including July 4, 2014; and
 - g) the Monitor's recommendations.

4. Capitalized terms not defined in this Twenty-Third Report are as defined in the Initial Order, the First Report to the Twenty-Second Report inclusive, the Claims Procedure Order, the Dispute Procedural Order, the Sale Order, the Ocean Front Property Sale Order, the Meeting Procedure Order and the Plan.
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 ("BC") 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 Twenty-Third 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 (“Purdy”), either directly or through holding companies, legally and beneficially. Purdy is operating under the proposal provisions of the BIA and has presented a proposal to his creditors (the “Proposal”). Alvarez and Marsal Canada Inc. is also the Proposal Trustee. The Proposal provides that:
- a) if the Plan is approved by the Court:
 - i. all Proven Unsecured Claims in the Proposal, except Axxess and CRA, will share pro-rata in the distribution of the Unsecured Creditor Pool established under the Plan; and
 - ii. Axxess and CRA will receive Promissory Notes and security for their Secured and Unsecured Claims in the Proposal;
 - b) If the Plan is not approved by the Court:
 - i. the Proposal Trustee will liquidate the property of Purdy and distribute the proceeds in accordance with the scheme of distribution set out in Section 136 of the BIA.
10. The meeting of creditors to consider the Proposal was initially held on June 22, 2012 but adjourned several times. The meeting was reconvened on April 17, 2014 at the office of Dentons at 12:00 PM MST. The Creditors at that meeting voted unanimously in favour of the Proposal. An application for Court approval of the Proposal is scheduled for June 5, 2014. The Proposal Trustee will be seeking an adjournment of that application. A detailed discussion of the Proposal is contained in the Proposal Trustee’s Fifth and Tenth Reports filed in the proposal proceedings.
11. The Proposal Creditors are substantially the same as the Plan Creditors. Axxess and CRA are the Applicants’ and Purdy’s major secured and unsecured creditors.

Their combined Claims account for approximately 90% of the dollar amount of the Claims against the Applicants and Purdy.

12. Since inception of the CCAA proceedings in December 2011, the Applicants have been determining and litigating claims, restructuring operations and disposing of none core properties in an effort to provide a feasible plan to its Creditors.
13. Since July 2013, the Applicants have been working closely with Axxess and CRA to incorporate various comments, ideas and conditions into the Plan that they believe would be acceptable by the significant stakeholders and the Applicants.
14. Further background to the Purdy Group and its operations and property and details of the restructuring and Plan are contained in the filed material including the various affidavits of Purdy and the previous twenty-two 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.

THE PLAN

Overview

15. The Applicants include a number of corporate entities. Some of the entities had no realizable assets or their assets were sold or foreclosed throughout the CCAA proceedings and did not contribute to (nor were they core) to the ongoing success of the Half Moon and Hawkeye operations, the main business of the Plan Applicants. Consequently, an arrangement and compromise is only being made by certain of the Applicants. The Applicants included in the plan include:
 - a) Armac Investments Ltd. (AB);
 - b) Lake Eden Projects Inc.;
 - c) Half Moon Lake Resort Ltd.;

- d) Fishpath Resorts Corporation;
 - e) Armac Investments Ltd. (BC);
 - f) Ostrom Estates Ltd.;
 - g) Hawkeye Marine Group Ltd.; and
 - h) Cherry Blossom Park Development Corp
- (collectively, referred to as the “Plan Applicants”)

16. The remainder of the Applicants are excluded from the Plan.
17. On April 17, the Meeting Order was granted authorizing the Plan Applicants to circulate the initial plan attached as Appendix B to the Monitors Twenty- Second Report (“Initial Plan”) to its creditors and to convene a meeting of creditors on May 15, 2014 (“Meeting of Creditors”) to vote on the Initial Plan.
18. At the Meeting of Creditors, the Plan Applicants, pursuant to paragraph 10.11 of the Initial Plan, tabled amendments to the Initial Plan. The Monitor consented to those amendments being tabled. Further amendments were proposed by the Creditors and those amendments are handwritten. A black line copy of the Initial Plan highlighting the amendments is attached as Appendix A. The Plan voted on by the Creditors is attached as Appendix B.

Amendments to the Initial Plan

19. In the Monitor’s view the amendments made to the Initial Plan were minor and technical in nature and are not materially prejudicial to the interest of any of the Creditors under the Plan. The amendments were meant to clarify and necessary to give effect to the substance of the Plan and the Plan Sanction Order to be obtained.

20. A full discussion of the Initial Plan is contained in the Twenty-Second Report of the Monitor.

Conditions Precedent to Court Sanction

21. Paragraph 5.3 (b) of the Plan states:
- b) *“The Half Moon Financing will be committed on or before the date the Plan Sanction Order is granted and will be releasable to the Monitor and utilized to pay;”*(the “Condition Precedent”)
22. The Monitor is aware that the Plan Applicants continue to have discussions with Axxcess, who is meant to be organizing the Half Moon Financing. The Plan Applicant’s have advised the Monitor that Axxcess requires further time to arrange the Half Moon Financing.

MONITOR’S ANALYSIS OF THE PLAN

Overview

23. Considerable effort has been made by the Applicants in preparing the Plan in such a manner to address, to the extent possible, the various stakeholder groups’ concerns. The Applicants, with the assistance of the Monitor and input from the Applicants main stakeholders (Axxcess and CRA), have prepared the Plan in a manner they believe achieves a result, which is a fair and reasonable compromise among the various stakeholders.
24. The Monitor’s Twenty-Second report contains a detailed analysis of the Initial Plan. As previously discussed in this report, the amendments to the Initial Plan are minor and technical in nature and are not prejudicial to the interests of any creditor. The amendments made do not lead the Monitor to make any changes to its previous analysis and recommendations.

25. The Monitor believes that the Plan addresses the various stakeholders' positions relating to the distribution and recovery to each creditor class by taking into account the following:
- a) the Unaffected Creditors are to be paid out in full;
 - b) Axxess and CRA will obtain a Promissory Note in Holdco and security for their Secured Claims and Unsecured Claims against the Applicants and Purdy personally and will not share in the cash distributions available to the remaining Unsecured Creditors for their Unsecured Claims;
 - c) the Unsecured Creditors will receive a cash payment of 28.5% of their Unsecured Claims versus a potential recovery range under a liquidation scenario of between 0 – 16%; and
 - d) Purdy, the sole equity holder, will not have control of Holdco or its property or receive any payments under the Plan. If and when the Promissory Notes (together with interest thereon) issued to Axxess and CRA are paid in full, the shares and control of Holdco will be returned to Purdy.

Conclusion

26. Pursuant to s.23(1)(i) of the CCAA, the Monitor is of the opinion that the Plan is fair and reasonable and provides the best available return to the various stakeholders of the Applicants and the Affected Creditors, in total, will receive a greater recovery than under the alternative (formal liquidation proceedings) after considering the costs associated with such proceedings.
27. Although the Monitor is of the opinion that the Plan is fair and reasonable, at the time of writing this report the condition precedent in the Plan to have committed Halfmoon Financing on or before the date the Plan Sanction Order is granted has not yet been completed. Accordingly unless that financing commitment is in

place before the Plan sanction application scheduled on June 5, 2014, it is premature to sanction the Plan.

MEETING OF CREDITORS

The Meeting Procedure Order

28. On April 17, 2014, the Meeting Procedure Order was granted and directed, *inter alia*:

- a) the Creditors' Meeting shall be held on Thursday, May 15, 2014 at 10:00 a.m. (Edmonton time) at the offices of Dentons Canada LLP, Suite 2900, 10180-101 Street, T5J 3V5, Edmonton, Alberta (or such other date or time as may be extended by this Honourable Court);
- b) the Monitor shall act as the Chair of the Creditors' Meeting, and shall decide all matters relating to the conduct of the Creditors' Meeting;
- c) the Monitor (or its counsel) shall send a notice and other meeting materials, on or before April 30, 2014, to all Affected Creditors with a Proven Claim who are eligible to vote at the Creditors' Meeting (the "Notice to Creditor"), including:
 - i. the Proposed Meeting Procedure Order
 - ii. the Notice to Creditors;
 - iii. the Plan;
 - iv. a blank form of Proxy and completion instructions; and
 - v. such further and other materials as the Monitor considers advisable, including the Twenty-Second Report (collectively, the "Meeting Materials", as attached as Appendix C to the Twenty-Second report).

- d) The Monitor shall publish a notice of the Creditors' Meeting on or before May 3, 2014 in the Edmonton Journal and Victoria Times Colonist;
- e) The Monitor shall publish the Notice to Creditor and Meeting Materials on its website; and
- f) In the event the Plan is approved by the Required Majority of the Creditors, the Applicants may bring motions to this Court seeking an order sanctioning the Plan (the "Plan Sanction Order").

Mailing of Meeting Materials and Publication of Meeting

29. On April 30, 2014, the Monitor sent the Meeting Materials to the Affected Creditors and the Monitor published the notice of the Creditor's Meeting in the Edmonton Journal and Victoria Times Columnist.

Results of Vote

30. The Meetings of Creditors was held as ordered on May 15, 2014. The minutes of the meeting are attached as Appendix C. Both the Unsecured class and the CRA and Axxess class voted to approve the Plan as follows:
- a) The unsecured class voted 99.9% in value in favor, and 136 in favor and 1 against in number; and
 - b) The CRA and Axxess class voted unanimously in favour.

ACTUAL TO FORECAST RESULTS – MARCH 22, 2014 TO MAY 30, 2014

Actual to Forecast Summary Results

31. The actual to forecast cash flow presented in the below chart for the Reporting Period contains the actual cash receipts and disbursements relating to the Applicants as compared to the cash flow forecasts previously provided to this Court in the Twenty Second Report (the “Twenty Second Report Forecast”).
32. While the Monitor has online access to the bank accounts of Half Moon, the Monitor has requested the Applicants to submit to the Monitor a full accounting and backup of the Applicants financial transactions over the Reporting Period. This back up information has not been provided yet. The actual results disclosed in the table below are a summary of transactions from the Applicants bank account and have not been verified to any supporting documentation by the Monitor.
33. The Monitor cautions the reader of this Report that the financial information below may be incomplete (as referenced in prior Monitor reports) as there may be certain cash transactions during the Reporting Period that may have been collected and/or paid for by the Applicants, which are not reflected in the chart below.

| Purdy Group | March 22/14 to May 29/14 Budget | March 22/14 to May 29/14 Actual | March 22/14 to May 29/14 Variance |
|---|--|--|--|
| Actual to Budget Cash Flow Results | | | |
| Receipts | \$ 35,000 | \$ 339,740 | \$ 304,740 |
| Funds from Monitor's trust account | 145,000 | 138,595 | \$ (6,405) |
| Total receipts | <u>\$ 180,000</u> | <u>\$ 478,334</u> | <u>\$ 298,334</u> |
| Disbursements | 48,200 | 293,150 | (244,950) |
| Restructuring professional fees | 135,000 | 124,289 | 10,711 |
| Total disbursements | <u>\$ 183,200</u> | <u>\$ 417,439</u> | <u>\$ (234,239)</u> |
| Net change in Applicant cash | \$ (3,200) | \$ 60,895 | \$ 64,095 |
| Applicant cash balance, opening | 8,394 | 8,394 | - |
| Applicant cash balance, ending | <u>5,194</u> | <u>69,289</u> | <u>64,095</u> |
| FUNDS HELD IN TRUST BY MONITOR | | | |
| Trust Opening Cash | \$ 148,309 | \$ 148,309 | \$ - |
| Collection of funds - other | 9,200 | - | (9,200) |
| Release of funds to Applicants (LBVR) | - | (12,394) | (12,394) |
| Release of funds to Applicants (for operations) | (145,000) | (126,200) | 18,800 |
| | <u>(135,800)</u> | <u>(138,595)</u> | <u>(2,795)</u> |
| Trust Ending cash | <u>\$ 12,509</u> | <u>\$ 9,714</u> | <u>\$ (2,795)</u> |
| TOTAL AVAILABLE CASH | | | |
| Applicant ending cash balance | \$ 5,194 | \$ 69,289 | \$ 64,095 |
| Trust cash balance | 12,509 | 9,714 | (2,795) |
| Less: cash not available per Court Order | - | (9,714) | (9,714) |
| Less: cash held for LBVR | <u>(12,500)</u> | <u>-</u> | <u>12,500</u> |
| | 9 | 0 | (9) |
| Available Cash | <u>\$ 5,203</u> | <u>\$ 69,290</u> | <u>\$ 64,087</u> |

34. Receipts, including the release of funds by the Monitor to the Applicants, for the Reporting Period totaled, \$478,334, representing a positive variance of \$298,334 from the forecast receipts set out in the Twenty-Second Report Forecast. The majority of this variance relates primarily to the collection of higher than forecast Half Moon receipts. The Monitor was advised by the Applicants that \$50,000 of the positive receipts variance relates to a payment made by a local construction

company for seasonal site rentals for their workers. The Monitor awaits further backup information from the Applicants on \$50,000 receipt collection from the local construction company and all backup for the remaining receipts collected by the Applicants.

35. Disbursements for the Reporting Period totaled \$417,439 representing a negative variance of \$234,239. This variance was due to higher than expected disbursements paid by the Applicants during the Reporting Period. The Monitor has not been provided and currently awaits all physical back up of receipts relating to these disbursements paid by the Applicants in the Reporting Period.
36. Restructuring fees of approximately \$125,000 were paid in the Reporting Period to pay outstanding and unpaid Professional Fees, as discussed further below.
37. The remaining set-aside funds that were held for LBVR in the Monitor's trust account of approximately \$12,300 were released to LBVR in the Reporting Period to pay for two months of outstanding insurance premiums on the Bamfield assets. There are no further funds available to support the operations in Bamfield, which are supposed to be self funding. The Monitor has requested and continues to await a proper accounting of the receipts and disbursements for the Bamfield operations.
38. As at May 30, 2014, the Monitor's trust account had a cash balance of \$9,714, which is entirely held in trust by the Monitor to pay remaining outstanding professional fees. There are currently no remaining funds available for general restructuring purposes and or funds set-aside as funds held for LBVR.
39. The Applicants ending cash balance as at May 30, 2014 was \$69,290 compared to the forecast cash balance amount of \$5,203, for the reasons discussed above.
40. The Monitor has requested that the Applicants provide more timely, accurate and relevant accounting information to allow the Monitor to properly fulfill its duties of reviewing the receipts and disbursements of the Applicants.

41. The Monitor is of the respectful view that this Honourable Court direct the Applicants to provide the Monitor with all accounting back up information relating to the receipts collected and disbursements paid for both Half Moon and Bamfield during the Reporting Period at least two weeks prior to any further stay extension orders sought by the Applicants.

UPDATED CASH FLOW FORECAST THROUGH JULY 4, 2014

42. For purposes of this Forecast Period, the Applicants, with the assistance of the Monitor, have prepared an updated forecast for the 4-weeks from May 31 to July 4, 2014.
43. The Updated Forecast for the Forecast Period based on the most current information available, which the Updated Forecast is attached as Appendix D.
44. The Updated Forecast is based on management's assumptions regarding future events. Actual results will vary from the information presented even if management's assumptions to the Updated Forecast occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the results shown in the Updated Forecast will be achieved. The Monitor also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Twenty-Third Report, or relied upon by it in preparing this Twenty-Third Report.
45. The table below summarizes the Updated Forecast, as prepared by the Applicants with the assistance of the Monitor and is further discussed in the paragraphs below:

| Purdy Group | | May 31/14 to July 4/14 | |
|--|--|-------------------------------|----------|
| Projected Cash Flow Summary | | | |
| Receipts | | \$ | 100,000 |
| Funds from Monitor's trust account | | | - |
| Total receipts | | \$ | 100,000 |
| Disbursements | | | 160,000 |
| Restructuring professional fees | | | - |
| Total disbursements | | \$ | 160,000 |
| Net change in Applicant cash | | \$ | (60,000) |
| Applicant cash balance, opening | | | 69,290 |
| Applicant cash balance, ending | | | 9,290 |
| FUNDS HELD IN TRUST BY MONITOR | | | |
| Trust opening Cash | | \$ | 9,714 |
| Receipt of funds from Applicants | | | - |
| Release of funds to Applicants | | | - |
| Trust ending cash | | \$ | 9,714 |
| TOTAL AVAILABLE CASH | | | |
| Applicant cash balance, ending | | \$ | 9,290 |
| Trust ending cash balance | | | 9,714 |
| Less: cash held by Monitor for professional fees | | | (9,714) |
| Cash held for general restructuring | | | - |
| Available Cash | | \$ | 9,290 |

46. As summarized above, the Purdy Group is projecting:
- a) total cash receipts from Half Moon Lake Resort at approximately \$100,000. All Hawkeye Group Property receipts are retained by

LBVR for use in operating and upgrading the Hawkeye Group Properties as previously discussed; and

- b) cash disbursements of approximately \$160,000 to be used to fund Half Moon operating expenses of \$150,000 and management fees of \$10,000;

47. The above results in a net decrease in cash of the Applicants' cash balance of approximately \$60,000 during the Forecast Period. The net decrease in cash from the Applicants' bank account will decrease the Applicants' ending cash position to approximately \$9,290. Significant assumptions made by the Applicants' management with respect to the Updated Forecast are:

- a) LBVR will not require funding to cover operating costs (which includes its management fees) during the next month as LBVR has forecast that it will be self-sustaining during the Forecast Period. LBVR provides a monthly accounting to the Applicants and the Monitor and accordingly, no operating receipts or disbursements for the Hawkeye Group Properties are included separately in the Updated Forecast;
- b) monthly lease fee collections and rental RV receipts (seasonal rentals) from Half Moon Lake is approximately \$100,000;
- c) Half Moon operating costs totalling approximately \$150,000 relating primarily to the purchase of gravel, tax accountant fees, various repair and maintenance costs in the resort, costs in ensuring that Half Moon's water system is properly working and in compliance with certain governmental agencies and the payment of outstanding property taxes with the County of Strathcona; and
- d) payment of management fees to Purdy of approximately \$10,000;

48. Based on the Purdy Group's significant 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.

PROFESSIONAL FEES

49. Professional fees are continuing to accrue and are not being paid as the Applicants have no liquidity to do so.
50. At the date of this report it is estimated that unpaid Monitor fees, Monitor's counsel fees and the Applicants' counsels fees aggregate \$325,000.
51. The professionals noted in paragraph 51 continue to rely on the Administration Charge for payment of their fees.

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

52. The stay period expires at midnight on June 5, 2014 (the "Stay Period"). The Purdy Group, with the support of its two main creditors Axxess and CRA, is seeking an extension of the Stay Period until and including July 4, 2014 (the "Proposed Stay Extension").
53. In the Monitor's view, an extension to the Proposed Stay Extension is necessary for the Applicants to arrange the Half Moon Financing and fulfill the Condition Precedent in the Plan prior to seeking Court Sanction of the Plan.
54. The Monitor is of the respectful view that no creditor should be materially prejudiced by the Propose Stay Extension.

RECOMMENDATION

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

All of which is respectfully submitted this 2nd day of June, 2014.

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

A handwritten signature in dark ink, appearing to read 'Tim Reid', with a stylized flourish at the end.

Tim Reid, CA, CIRP
Senior Vice-President

A handwritten signature in dark ink, appearing to read 'Orest Konowalchuk', with a large, sweeping loop at the end.

Orest Konowalchuk, CA, CIRP
Director

APPENDIX A

Action No. 0903 03603

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

(1) "**Affected Creditors**" means CRA, Axxess and the Unsecured Creditors.

(2) "**Administration Charge**" means the charge granted in favour of, among others, the Monitor, its legal counsel and the Applicants' legal counsel, in the property and assets of the Company pursuant to the Initial Order.

(3) "**Appeal Period**" means the number of days following the date of an Order where a Person may appeal an Order.

(4) "**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.

(5) "**Axxess**" means Axxess Capital Partners as trustee and agent for those Creditors described in the Proven Claims of Axxess filed in the CCAA Proceedings and in the Proposal Proceedings.

(6) "**Axxess Claims**" means the Claims of Axxess which for the purposes of this Plan are Secured Claims of Axxess aggregating \$1,686,901 and Unsecured Claims of Axxess aggregating \$3,769,099, being a total of \$5,456,000, plus interest and costs accruing to the Plan

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

- (7) **"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c-B-3, as amended.
- (8) **"Business Day"** means any day except Saturday, Sunday or any day on which banks are generally not open for business in Edmonton, Alberta, Canada.
- (9) **"Canadian Dollars"** means lawful currency in Canada.
- (10) **"CCAA"** means the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended).
- (11) **"CCAA Proceedings"** means the proceedings of the Company under the CCAA in the Alberta Court, action no. 0903 03603.
- (12) **"Charge"** means a valid and enforceable security interest, lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed trust or lien for any taxes or levies), on any assets, property or proceeds of sale of the Company.
- (13) **"Claim"** means any right of any Person (other than a claim of a Person through an Administration Charge) against the Plan Applicants in connection with any indebtedness, liability or obligation of any kind or nature of the Company, including, without limitation, claims that are secured, unsecured, perfected, unperfected, liquidated, unliquidated, fixed, contingent, matured, unmatured, legal, equitable, present, future, known, unknown, disputed, undisputed or whether by guarantec, by surety, by subrogation or otherwise incurred and whether or not such a right is executory in nature, including without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise, with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts, or events which exist prior or at the time of the Initial Order, or in the case of Terminated Contracts, on the Contract Termination Date.
- (14) **"Claims Bar Date"** means 5:00 PM Mountain Standard time on April 2, 2012.
- (15) **"Claims Procedure"** means the procedure established in the Claims Procedure Order.
- (16) **"Claims Procedure Order"** means the Order of the Alberta Court establishing the procedures for proving Claims granted on February 15, 2012.
- (17) **"Company"** shall mean and include all the Plan Applicants.
- (18) **"Contract Termination Date"** means in the case of the contract, contract of employment, lease or real property lease terminated or repudiated by the Company, after the date of the Initial Order, the date of such termination or repudiation.
- (19) **"Court"** shall have the meaning ascribed thereto in the preamble.
- (20) **"CRA"** means the Canada Revenue Agency.
- (21) **"CRA Claims"** means the Claim of CRA, which for the purposes of this Plan is a Priority Claim for \$111,146, a Secured Claim for \$3,531,690, and an Unsecured Claim for \$1,448,421, which aggregates a total Claim of \$5,091,257.

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(22) **"Creditor"** means any Person having a Claim and may, if the context requires, means a Trustee, Receiver, Receiver and Manager or other Person acting on behalf of such Persons, but a Creditor shall not include an Unaffected Creditor.

(23) **"Creditors' Meeting"** means the Meeting of Creditors called for May 15, 2014, pursuant to the Meeting Procedure Order for the purpose of considering and voting upon this Plan, and includes any adjournment of such meeting.

(24) **"Disputed Claim"** means the Claim of an Affected Creditor that is subject to a Dispute Notice.

(25) **"Dispute Notice"** means a Dispute Notice as such term is defined in the Claims Procedure Order.

(26) **"Effective Date"** means the effective date of the Plan and shall be five (5) Business Days following the satisfaction of the conditions outlined in Article 6.1, unless otherwise agreed upon in writing by the Monitor.

(27) **"Equipment Lessor"** means any Creditor holding a security or title interest in relation to any equipment in the possession of the Plan Applicants as the date of the Initial Order which equipment was sold or lease assigned and assumed by the Purchaser.

(28) **"Excluded Applicants"** means those Applicants excluded from the Plan, as defined in the preamble.

(29) **"Law"** means any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law.

(30) **"Meeting Procedure Order"** means the Order of the Alberta Court establishing the procedures for calling and governing the Creditors Meeting granted on April 17, 2014.

(31) **"Monitor"** shall have the meaning ascribed thereto in the preamble.

(32) **"Order"** means any order of the Alberta Court in the CCAA Proceedings.

(33) **"Party"** means a party to this Plan and any reference to a Party includes its successors and permitted assign and **"Parties"** means every Party.

(34) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

(35) **"Plan"** means this plan of arrangement as modified, supplemented or amended submitted to Creditors of the Plan Applicants made pursuant to the CCAA.

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(36) **"Plan Applicants"** means those Applicants included in the Plan, as defined in the preamble.

(37) **"Plan Implementation Date"** means the date when all conditions set out in Article 6.1 of the Plan shall be implemented and fulfilled by the Plan Applicants.

(38) **"Plan Sanction Order"** means an Order of the Court which, among other things, shall approve and sanction this Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to this Plan, or an order of an appellate court of competent jurisdiction reversing any refusal of such approval by the Court.

(39) **"Priority Claims"** means any Claim in respect of statutory payments, including Unremitted Source Deductions, Goods and Services taxes, Property Taxes and Provincial Sales Taxes, which rank in priority to the claims of Secured Creditors.

(40) **"Pro Rata Unsecured Claim Amount"** means the pro rata share of the Unsecured Claim in respect of the balance of each Proven Unsecured Claim to the funds available for distribution as outlined in Article 4.1.

(41) **"Proposal"** means the Proposal of Purdy submitted to the Creditors in the Proposal Proceedings.

(42) **"Proposal Proceedings"** means the Proposal of Purdy under the BIA in the Alberta Court Action NO. BK03 11587.

(43) **"Proven Claim"** means a Claim of an Affected Creditor proven in accordance with the Claims Procedure Order which is not the subject of an unresolved Dispute Notice or which was the subject of a Dispute Notice which has been resolved in accordance with the terms of the Claims Procedure Order and this Plan.

(44) **"Proven Secured Claim"** means the amount of a Secured Claim as finally determined in accordance with the provisions of the CCAA, the Claims Procedure Order and this Plan.

(45) **"Proven Unsecured Claim"** means the amount of an Unsecured Claim as finally determined in accordance with the provisions of the CCAA, the Claims Procedure Order and this Plan.

(46) **"Purdy"** means John (Jack) Kenneth Purdy, an individual of the County of Strathcona, in the Province of Alberta named in the Proposal Proceedings.

(47) **"Required Majority"** means in respect of each Class of Creditor, an affirmative vote of two-thirds in value of all Claims of such Class of Creditors voted in accordance with the voting procedures established under the Claims Procedure Order (whether in person or by proxy) and a majority in number of all voting Creditors of such Class of Creditors.

(48) **"Secured Claim"** means the Claim of a Secured Creditor.

(49) **"Secured Creditor"** means any Creditor asserting a Charge.

(50) **"Stay Extension"** means an order granted by the Court extending the stay of proceedings to a date as directed in the Plan Sanction Order or such later Order.

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(51) **"Terminated Contract"** means a contract, contract of employment, equipment lease or real property lease that is or has been repudiated by the Company, and/or the Monitor after the date of the Initial Order and prior to the Effective Date, including without restriction, the Claims for severance or other compensatory indemnity in lieu of notice which may exist for employees of the Applicants.

(52) **"Terminated Contract Claim"** means the Claim of a Creditor arising in connection with a Terminated Contract.

(53) **"Unaffected Creditor"** means a Person who has an Unaffected Creditor Claim.

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(54) **"Unaffected Creditor Claim"** means the:

(a) Claim of any Person arising on account of any new obligations incurred for goods, services, or materials supplied to, the Company after the date of the Initial Order;

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

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

(d) Any party benefiting from the Administration Charge.

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

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

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1.2 Interpretation

For Purposes of the Plan:

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

1.3 Date for any Action

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

1.4 Time

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

1.5 Statutory References

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

1.6 Successors and Assigns

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

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

2.1 Persons Affected

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

2.2 Persons not Affected

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

2.3 Joint Plan for the Plan Applicants and Purdy

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

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

3.1 Classes of Claims

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

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

3.2 Affected Claims

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

3.3 Creditors Meeting

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

3.4 Approval by Creditors

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

3.5 Order to Establish Procedure for Valuing Claims

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

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

3.6 Claims for Voting Purposes

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

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

ARTICLE 4 PLAN FOR CRA AND AXCESS AND UNSECURED CREDITORS

4.1 Plan Funding

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

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4.2 Plan for CRA and Axxess Class

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

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

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

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

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

4.3 Plan for Unsecured Creditor Class

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

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

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

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

ARTICLE 5 RESTRUCTURING TRANSACTIONS

5.1 Transfer of Real Property and Personal Property

On or before the Plan Implementation Date:

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

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

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

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

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

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

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

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

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

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

5.2 Termination of Half Moon Campsite Rental Agreements

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

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

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

5.3 New Financing

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

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

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

- i) Professional Fees and claims under the Administration charge estimated at \$400,000;
- ii) Unaffected Creditor Claims for 2013 property taxes and arrears of B.C. provincial sales taxes estimated at \$200,000;
- iii) \$300,000 to fund the Unsecured Creditor Cash Pool; and
- iv) The balance of \$600,000 for working capital and an interest reserve.

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

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

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

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5.4 Sale of Property

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

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

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

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

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

5.5 Payment to Priority and Unaffected Creditors

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

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ARTICLE 6

CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION

6.1 Conditions Precedent

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

a) The Approval and Vesting Order and other Orders required under the Plan shall have been granted and served by the Plan Applicants on all of the Creditors and Purdy and no appeal proceedings shall have been commenced by any Creditor or Purdy in respect of any such Order prior to the expiry of the Appeal Period for such Order;

b) The Property Transaction approved by the Court in the Approval and Vesting Order shall have closed;

c) The Half Moon Financing contemplated by Article 5.3 shall have closed and the funds released to the Monitor for distribution as set out in Article 5.3 (b);

d) Payments required by Article 5.3 shall have been made or arrangements for payment of the Unaffected Creditor Claims and Priority Claims made satisfactory to the Unaffected Creditors and the Plan Applicants;

e) The Plan Applicants shall have taken all necessary corporate actions and proceedings to approve this Plan to enable the Plan Applicants to execute, deliver and perform their obligations under this Plan and any agreements, indentures, documents and other instruments to be executed or delivered pursuant to, or required to give effect to, the terms of this Plan;

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

6.2 Plan Implementation

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

ARTICLE 7 RELEASES

7.1 Released Parties

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

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

8.1 No Distributions Pending Allowance

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

8.2 Disputed Claims Reserve

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

8.3 Distributions After Disputed Claims Resolved

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

ARTICLE 9 PROVISIONS GOVERNING DISTRIBUTIONS

9.1 Interest on Creditor Claims

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

9.2 Distributions by the Monitor

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

9.3 Withholding and Reporting Requirements

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

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

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

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

ARTICLE 10 GENERAL

10.1 Binding Effect

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

10.2 Paramountcy

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

10.3 Severability of Plan Provisions

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

10.4 Non-Consummation

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

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

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

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

10.5 Responsibilities of the Monitor

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

10.6 Different Capacities

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

10.7 Further Assurances

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

10.8 Governing Law

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

10.9 Notices

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

(a) If to the Monitor:

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

Dentons Canada LLP 2900 Manulife Place, 10180 - 101 Street Edmonton, AB T5J 3V5
Canada

Attention: Ray Rutman

Fax: 780-423-7276

(b) If to the Company:

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

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

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

10.10 Waiver of Defaults

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

10.11 Modification of the Plan

- (a) Subject to the consent of the Monitor, the Company reserves the right to file any modification of, amendment or supplement to the Plan by way of a supplementary plan or plans of compromise or arrangement or both filed with the Court at any time or from time to time prior to the Creditors' Meeting, in which case any such supplementary plan or plans of compromise or arrangement or both shall, for all purposes, be and be deemed to be a part of and incorporated into the Plan.
- (b) The Company shall give written notice to all Creditors with details of any modifications or amendments not less than six clear days prior to the vote being taken to approve the Plan.
- (c) Subject to the consent of the Monitor, the Company may propose an alteration or modification to the Plan at the Creditors' Meeting.
- (d) After such Creditors' Meeting (and both prior to and subsequent to the Plan Sanction Order) and subject to the consent of the Monitor, the Company may at any time and from time to time vary, amend, modify or supplement the Plan if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature that would not be materially prejudicial to the interest of any of the Creditors under the Plan or the Plan Sanction Order and is necessary in order to give effect to the substance of the Plan or the Plan Sanction Order.

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

10.12 Deeming Provisions

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

10.13 Judicial Assistance

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

ARTICLE 11 EXECUTION

11.1 Effect on Company

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

DATED as of the _____ day of May, 2014.

Deleted: April

Armac Investments Ltd. (AB)
Per: _____

Lake Eden Projects Inc.
Per: _____

1204583 Alberta Inc.
Per: _____

1317517 Alberta Inc.
Per: _____

Westridge Park Lodge Development Corp.
Per: _____

Westridge Park Lodge and Golf Resort Ltd.
Per: _____

Half Moon Lake Resort Ltd.
Per: _____

No. 50 corporate Ventures Ltd.
Per: _____

Fishpath Resorts Corporation
Per:

Armac Investments Ltd. (BC)
Per:

Ostrom Estates Ltd.
Per:

Hawkeye Marine Group Ltd.
Per:

Jubilee Mountain Holdings Ltd.

Per:

Giant Mountain Properties Ltd.

Per:

Cherry Blossom Park Development Corp. (BC)
Per:

APPENDIX B

Action No. 0903 03603

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Any party benefiting from the Administration Charge.

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

(56) “**Unsecured Claim**” means the Claim of an Unsecured Creditor.

1.2 Interpretation

For Purposes of the Plan:

(1) Any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(2) Any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented;

(3) Unless otherwise specified, all reference in the Plan to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;

(4) The words “herein” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan;

(5) Captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan;

(6) Where the context requires, a word or words importing the singular shall include the plural and vice versa;

(7) The words “includes” and “including” are not limiting;

(8) The phrase “may not” is prohibitive and not permissive;

(9) The word “or” is not exclusive.

(10) Where a word or term in the preamble to this Plan is capitalized and such word or term is defined or ascribed a meaning in the Plan, the Capitalized word or term in the preamble shall have the meaning so defined or ascribed in the Plan.

1.3 Date for any Action

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

1.4 Time

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

1.5 Statutory References

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

1.6 Successors and Assigns

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

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

2.1 Persons Affected

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

2.2 Persons not Affected

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

2.3 Joint Plan for the Plan Applicants and Purdy

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

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

3.1 Classes of Claims

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

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

3.2 Affected Claims

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

3.3 Creditors Meeting

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

3.4 Approval by Creditors

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

3.5 Order to Establish Procedure for Valuing Claims

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

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

3.6 Claims for Voting Purposes

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

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

ARTICLE 4 PLAN FOR CRA AND AXCESS AND UNSECURED CREDITORS

4.1 Plan Funding

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

4.2 Plan for CRA and Axxess Class

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

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

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

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

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

4.3 Plan for Unsecured Creditor Class

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

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

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

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

ARTICLE 5 RESTRUCTURING TRANSACTIONS

5.1 Transfer of Real Property and Personal Property

On or before the Plan Implementation Date:

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

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

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

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

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

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

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

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

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

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

5.2 Termination of Half Moon Campsite Rental Agreements

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

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

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

5.3 New Financing

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

(i) a minimum of \$1.5 million secured by a first charge on the Half Moon assets (the “Half Moon Financing”); and,

(ii) \$3.0 million secured by a first charge on the BC Opco assets and the BC Saleco assets, as may be required (the “BC Opco Financing”).

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

i) Professional Fees and claims under the Administration charge estimated at \$400,000;

ii) Unaffected Creditor Claims for 2013 property taxes and arrears of B.C. provincial sales taxes estimated at \$200,000;

iii) \$300,000 to fund the Unsecured Creditor Cash Pool; and

iv) The balance of \$600,000 for working capital and an interest reserve.

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

i) Existing Interim (DIP) Financing including accrued interest at \$2,125,000;

ii) The Secured Claim of Bank of Montreal estimated at \$75,000;

iii) The Priority Claim of CRA of \$110,000;

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

5.4 Sale of Property

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

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

ii) The property of BC Opco and BC Saleco shall be liquidated by the Monitor and the proceeds utilized to pay firstly, the Monitor’s fees and disbursements (inclusive of any costs of liquidation), secondly, the Unaffected Creditor Claims in accordance with their

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

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

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

5.5 Payment to Priority and Unaffected Creditors

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

ARTICLE 6 CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION

6.1 Conditions Precedent

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

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

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

6.2 Plan Implementation

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

ARTICLE 7 RELEASES

7.1 Released Parties

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

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

8.1 No Distributions Pending Allowance

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

8.2 Disputed Claims Reserve

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

8.3 Distributions After Disputed Claims Resolved

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

ARTICLE 9 PROVISIONS GOVERNING DISTRIBUTIONS

9.1 Interest on Creditor Claims

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

9.2 Distributions by the Monitor

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

9.3 Withholding and Reporting Requirements

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

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

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

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

ARTICLE 10 GENERAL

10.1 Binding Effect

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

10.2 Paramountcy

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

10.3 Severability of Plan Provisions

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

10.4 Non-Consummation

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

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

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

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

10.5 Responsibilities of the Monitor

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

10.6 Different Capacities

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

10.7 Further Assurances

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

10.8 Governing Law

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

10.9 Notices

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

(a) If to the Monitor:

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

Dentons Canada LLP 2900 Manulife Place, 10180 - 101 Street Edmonton, AB T5J 3V5
Canada

Attention: Ray Rutman

Fax: 780-423-7276

(b) If to the Company:

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

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

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

10.10 Waiver of Defaults

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

10.11 Modification of the Plan

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

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

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

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

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

10.12 Deeming Provisions

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

10.13 Judicial Assistance

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

ARTICLE 11 EXECUTION

11.1 Effect on Company

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

DATED as of the 15th day of May, 2014.

Armac Investments Ltd. (AB)

Per: 

Lake Eden Projects Inc.

Per: 

1204583 Alberta Inc.

Per: 

1317517 Alberta Inc.

Per: 

Westridge Park Lodge Development Corp.

Per: 

Westridge Park Lodge and Golf Resort Ltd.

Per: 

Half Moon Lake Resort Ltd.

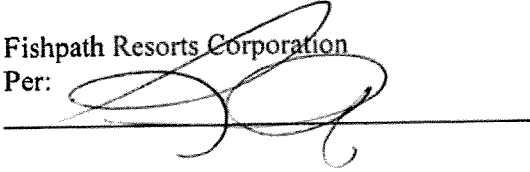
Per: 

No. 50 corporate Ventures Ltd.

Per: 

Fishpath Resorts Corporation

Per:



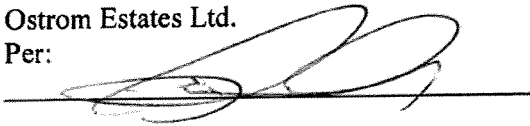
Armac Investments Ltd. (BC)

Per:



Ostrom Estates Ltd.

Per:



Hawkeye Marine Group Ltd.

Per:



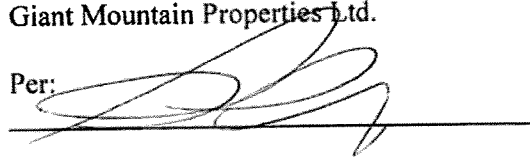
Jubilee Mountain Holdings Ltd.

Per:



Giant Mountain Properties Ltd.

Per:



Cherry Blossom Park Development Corp. (BC)

Per:



SCHEDULE I

| | Legal Description | Notes | Registered Owner | Mortgagor, Amount and Date | Other encumbrances |
|---|---|------------|----------------------------|---|---|
| Half Moon Lake Resort 21524 Twp. 520 | Title #: 932 396 628 SE-6-52-21-4 | 139 acres | Half Moon Lake Resort Ltd | 1) Armac Investments Ltd. (AB) - \$500,000 (Jan. 3/02) 2) Armac Investments Ltd (AB) - \$1,600,000 (Aug. 4/05) | 1) Atco Gas and Pipelines Ltd (Jan 13/81) - utility right of way 2) Judges Order (Jan. 16/02); 3) Armac Investments Ltd. (AB) (Nov 25/02) - Builder's lien - \$161,570 3) CLP - (May 26/03) 4) Various Caveats - leases (May 29/03 to Nov. 7/06) 5) Double D Enterprises Ltd (Jan. 7/04) - caveat 6) Brayford Trucking Ltd. (June 2/04) - builder's lien - \$21,986 7) Strathcona County (Nov. 22/05) - Writ 8) Daniel Theriault (Nov. 21/05) - Writ 9) Various Caveats (Nov. 23/05 - Nov 7/06) - Caveat 10) Armac Investments Ltd. (May 31/07 - Mar 17/08) - leases 11) Clearquest Media Corp (Aug 27/07) - lease 12) S&D International Group Inc. (June 5/09) - CLP 13) Hora Varnos Ventures Inc. (Oct 13/09) - caveat 14) Worker's Compensation Board (Jan. 20/10) - certified statement 15) John & June Kuss (June 8/10) - caveat 16) CRA (Oct. 22/10) - writ \$99,062 17) CRA (Oct 22/10) - writ \$61,805 18) CRA (Oct 22/10) - writ \$6,533 19) Alberta Health Services (Nov 9/10) - environmental health hazard notice 20) CRA (Dec. 2/10) - writ \$196,312 21) AAA Boilers & Hydraulics (Feb. 1/11) - \$1,976 22) Strathcona County (March 15/11) - tax notification 23) Alberta Health Services (May 3/11) - environmental health hazard notice |
| Onoway | Title#: 112 358 456 Plan 7720103; Block S; Lot 26; (5.2, 54.35, SW) | 7.71 acres | Armac Investments Ltd (AB) | | 1) Midwest Surveys Inc. - (Jan. 7/09) - builder's lien - \$65,520 2) CLP - June 18, 2009 |

SCHEDULE II

| Property | Legal Description | Notes | Registered Owner | Mortgagor, Amount and Date | Other encumbrances |
|---|---|---------------------------------------|-----------------------------|---|--|
| 226 Frigate Road (Bamfield Trails Motel) | Parcel: 000-282-553; Lot 2; Section 20; Twn 1; Plan 34316; Barclay District Roll: 05 770 02890.005 | 1.4 acres (Trails Motel) + Land | Fishpath Resort Corporation | 1) 1225534 Alberta Ltd. (April 3/01) | 1) BC Hydro & Power Authority (Jan.17/73) - right of way 2) 1225534 Alberta Ltd. - Assignment of Rent (April 3/01) 3) K.Galavan - CPL - (Sept.19/06) 4) Crown in the Right of BC - Hotel Room Tax Lien (Nov.14/08) 5) Crown in the Right of Canada (Mar.4/09) 6) B.Loewen - CPL (Apr.23/10) |
| 216 Frigate Rd. (LP 3) (Hawkeye House) | Parcel: 004-090-381; Lot 1; Section 20; Twn 1; Plan 16439; Barclay District Roll: 05 770 02890.000 | 17,400 sq ft. | Armac Investment Ltd. (BC) | 1) Sea Breeze Construction Ltd. (Sept.30/94) 2) Crown in the Right of Canada (Aug.22/02) | 1) K.Galavan - CPL - (Sept.19/06) |
| 251 Frigate Road (LP 5) (Staff House) | Parcel: 003-291-294; Parcel A of Lot 1; Section 20; Twn 1; Plan 22579; Barclay District Roll: 05 770 02886.050 | Parcel Salmon Outfitters (0.64 acres) | Armac Investment Ltd. (BC) | 1) Montreal Trust company (Nov.12/71) (BC telephone company) 2) No.50 Corporate Ventures Ltd. (April 40/06) 3) Crown in the Right of Canada (Aug.22/02) | 1) BC Telephone Company (Jan. 30/70) - right of way 2) BC Hydro & Power Authority (Jan.17/73) - right of way 3) Assignment of Rents (April 30/96) 4) K.Galavan - CPL - (Sept.19/06) |
| 452 Seaboard Rd. (The Bay House) | Parcel: 017-801-231; Lot 1; Section 20; Twn 1; Plan VIP54368; Barclay District; Roll: 05 770 02882.310 | 2.28 acres | Armac Investment Ltd. (BC) | 1) Wade Gaylard (May 4/94) 2) No.50 Corporate Ventures Ltd. (Sep.23/94) 3) Crown in the Right of Canada (Aug.22/02) | 1) HMQBC - (May 28/92) - covenant 2) K.Galavan - CPL - (Sept.19/06) |

SCHEDULE II

| Property | Legal Description | Notes | Registered Owner | Mortgagor, Amount and Date | Other encumbrances |
|--|---|------------|---|--|--|
| 200 Binnacle Road (Upper Bayhouse) | Parcel: 000-977-179; Lot C; Section 20; Twn 1; Plan 38547; Barclay District; except part in Plan VIP54368 Roll: 05 770 02882.300 | 3.01 acres | Armac Investment Ltd. (BC) | 1) Crown in the Right of Canada (Aug.22/02) | 1) K.Galavan - CPL - (Sept.19/06) |
| 331 Bamfield/221 Nuthatch Rd (Kingfisher Lodge & Marina) | Parcel: 014-852-985; Lot A; Section 20; Twn 1; District Lot 782; Plan 49089; Barclay District Roll: 05 770 02898.000 | 1 acre | The BC Crown (Armac Investment Ltd. (BC) undivided 2/3 Interest) Dianna Shorter (undivided 1/3 Interest) | | 1) HMQBC - charge on undersurface rights - (Sept.27/89) 2) Kim Galavan - CPL (Sep.19/06) |
| 75 Bamfield Boardwalk (Bamfield Inn) | Parcel: 000-204-315; Lot 3, Section 19; Barclay District; Plan 36032 Roll:05 0770 02830.005 | 0.83 acres | Armac Investment Ltd. (BC) | 1) Federal Business Development Bank (March 11/91) 2) Crown in the Right of Canada (Aug.22/02) | 1) K.Galavan - CPL - (Sept.19/06) |
| 448 Seaboard Rd. (Ostroms Marine) | Parcel: 008 594 015 Block A of SW 1/4 section 20, Twn 1; Barclay District except part in Plan 19909 Roll: 05 770 02879.000 | 1.72 acres | Armac Investment Ltd. (BC) | 1) Montreal Trust Company (Nov.12/71) (BC telephone company) 2) 448208 BC Limited (Sept.27/96) 3) Crown in the Right of Canada (Aug.22/02) | 1) BC Telephone Company (March 6/69) - right of way 2) BC Hydro & Power Authority (Jan.17/73) - right of way 3) K.Galavan - CPL - (Sept.19/06) |
| 448 Seaboard Rd (Ostroms Marine) | Parcel: 003-706-311; Lot 1; Section 20; Twn 1; Plan 19909; Barclay District Roll: 05 770 02879.010 | 0.28 acres | Armac Investment Ltd. (BC) | 1) 448208 BC Limited (Sept.27/96) 2) Crown in the Right of Canada (Aug.22/02) | 1) BC Hydro & Power Authority (March 10/78) - right of way 2) K.Galavan - CPL - (Sept.19/06) |

SCHEDULE II

| Property | Legal Description | Notes | Registered Owner | Mortgagor, Amount and Date | Other encumbrances |
|--|--|---|----------------------------|--|---|
| 420 Pachena Road (The White House) | Parcel: 003-524-213; Lot 1; Section 20; Twn 1; Plan 20233; Barclay District Roll: 05 770 02902.010 | H.M.Group Office - 6 Acres 5.85 acres | Armac Investment Ltd. (BC) | 1) Crown in the Right of Canada (Aug.22/02) | 1) HMQBC - (June 1975) - covenant 2) Crown in the Right of Canada (Aug.20/03) - judgment 3) K.Galavan - CPL - (Sept.19/06) 4) Crown in Right of BC (March 9/10) - property transfer tax act charge 5) B.Loewen (April 23/10) - judgment |
| 598 Barnfield Rd. MHR.#B14340 (Warehouse & Sawmill) | Parcel: 003-317-641; Block C of NW 1/4 Section 17; Twn 17; Barclay District Roll: 05 770 02769.110 | 3.82 acres | Armac Investment Ltd. (BC) | 1) Crown in the Right of Canada (Aug.22/02) | 1) HMQBC - charge on undersurface rights - (Feb.2/86) 2) BC Development Corp - Covenant (Dec.2/86) 3) Kim Galavan - CPL (Sep.19/06) |
| 399 Binnacle Road (Airport) | Parcel: 008-691-363; NE 1/4 of NE 1/4 of Section 17; Twn 1; Barclay District Roll: 05 770 02770.000 | 40 acres | Armac Investment Ltd. (BC) | 1) Crown in the Right of Canada (Aug.22/02) | 1) Alberni Clayoquot Regional District (March 30/00) - covenant 2) Kim Galavan - CPL (Sep.19/06) |
| Grappler Road Barnfield 300- All Barnfield | Parcel: 000-787-744; Lot 2, Plan 23308, Section 20; Twn 1; Barclay District Roll: 05 770 02899.015 | Land and Building (5.36 acres) | Armac Investment Ltd. (BC) | 1) Crown in the Right of Canada (Aug.22/02) | 1) Crown in the Right of BC - undersurface rights 2) Regional District of Alberni-Clayoquot (May 21/96) - covenant 3) Crown of Canada (Aug.20/03) - Judgement 4) K.Galavan - CPL - (Sept.19/06) 5) Crown of BC - Property Transfer Tax charge (March 9/10) 6) Byron Loewen - Judgement (Apr.23/10) |

SCHEDULE II

| Property | Legal Description | Notes | Registered Owner | Mortgagor, Amount and Date | Other encumbrances |
|--------------------------------------|--|--------------------------------------|----------------------------|---|--|
| 469 Bamfield Inlet (Burto Island) | Parcel: 018-843-310; Lot 2; Section 19; Township 1; Barclay District; Plan VIP59185 Roll: 05 770 02776.002 | | John K Purdy | 1) Monreal Trust Company (Nov. 12/71) | 1) BC Telephone Company (October 11/68) - right of way 2) BC Hydro & Power Authority (Jan. 17/73) - right of way 3) Her Majesty the Queen in the Right of BC (June 22/94) - covenant 4) Her Majesty the Queen in the Right of BC and Regional District of Alberni-Clayquot (June 22/94) - covenant |
| 450 Rance Island (Ranco Island) | Parcel: 006-249-540; Lot 1; Section 20; Twn 1; Plan 3047; Barclay District Roll: 05 770 02881.000 | 6.8 acres land 640sq.ft. building | Armac Investment Ltd. (BC) | 1) Crown in the Right of Canada (Aug. 22/02) | 1) BC Hydro & Power Authority (Feb. 4/75) - right of way 2) K. Galavan - CPL - (Sept. 19/06) |

SCHEDULE III

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

SCHEDULE III

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

APPENDIX C

MINUTES OF MEETINGS OF THE CRA AND AXCESS CLASS ("SECURED CREDITORS") AND THE UNSECURED CREDITOR CLASS ("UNSECURED CREDITORS") TO CONSIDER A PLAN OF ARRANGEMENT PROPOSED BY PLAN APPLICANTS

Meeting held at the offices of Dentons Canada LLP on May 15, 2014

In attendance: Tim Reid for the Monitor
Jack Purdy for the Purdy Group (including Plan Applicants)
Conan Taylor, counsel for the Purdy Group
George Body, counsel for Canada Revenue Agency ("CRA")
Andrew Maciag, counsel for Axxess
Ray Rutman, counsel for the Monitor
Brian Summers, counsel for the Monitor.

Following a preliminary discussion the Chair convened the meeting at 10:20 a.m.

The Chair commenced by advising that these were meetings of the Secured Creditors and the Unsecured Creditors to consider the plan of arrangement and compromise of the Plan Applicants ("Plan"). The Chair advised that there was a quorum for both the meeting of the Secured Creditors and the meeting of the Unsecured Creditors and consequently called the meetings to order.

The Chair noted that Mr. and Mrs. George Srouji attended immediately before the meetings were called to order and deposited with the Chair the proxy of Mr. Srouji on behalf of his corporation Water Solutions, an unsecured creditor, voting in favour of the Plan, and promptly left.

The Chair advised that the agenda for the meetings was as provided for by court order (of the Honourable Mr. Justice D.R.G. Thomas dated April 17, 2014) ("Meeting Procedure Order") and the Chair would be proceeding in accordance with that agenda and in accordance with the Meeting Procedure Order.

The Chair asked Brian Summers, one of the counsel for the Monitor, to act as secretary to take Minutes for the meetings.

The Chair noted that all of the documents that the Monitor was required to send to the Secured Creditors and Unsecured Creditors had been sent as required and these documents were tabled in the meetings.

The Chair asked for a motion dispensing with a reading of the notice of the meetings. Andrew Maciag, proxy holder for Axxess, made that motion and it was seconded by George Body, proxy holder for CRA. That motion was made, seconded and carried for both the Secured Creditors and the Unsecured Creditors.

The Chair noted that the Plan Applicants were presenting the Plan for consideration of both classes of creditors. Andrew Maciag moved as proxy holder for Axxess that the Plan be adopted. George Body seconded that motion. That motion was made and seconded for both the meeting of Secured Creditors and the Unsecured Creditors.

The Plan Applicants presented a modification to the Plan by way of a First Amended and Restated Plan of Compromise and Arrangement ("Amended Plan") for consideration of both classes of creditors, a copy of which is attached hereto. The Monitor consented to that being done.

Andrew Maciag, proxy holder for Axxess, moved that the Plan be amended as set out in the Amended Plan. That motion was seconded by George Body, proxy holder for CRA. That motion was made, seconded and carried for both the Secured Creditors and the Unsecured Creditors.

Andrew Maciag, proxy holder for Axxess, moved that the Amended Plan be passed and approved by the Secured Creditors. That motion was seconded by George Body, proxy holder for CRA. That motion was unanimously carried by the Secured Creditors.

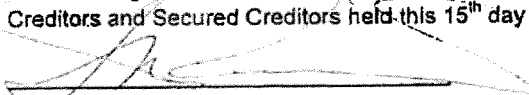
Andrew Maciag, proxy holder for Axxess, moved that the Amended Plan be passed and approved by the Unsecured Creditors. George Body seconded that motion. Axxess and CRA voted in favour of the motion and the Monitor voted two proxies held by it in favour of the motion. The Monitor noted that there was a proxy for Dale and Ruth Ramey voting against the Plan (or amendment). That proxy was unsigned. The Chair declared that the motion was carried in the meeting of the Unsecured Creditors.

The Chair declared that the Amended Plan was passed and approved by the Required Majority, in accordance with the CCAA and the Meeting Procedure Order, for both classes of creditors. The Chair noted that the vote of the Secured Creditors was unanimous and the vote of the Unsecured Creditors was 99.99% in favour.

A motion was made by Andrew Maciag, as proxy holder for Axxess to terminate the meetings of the Secured Creditors and the Unsecured Creditors. That motion was seconded by George Body, proxy holder for CRA and unanimously carried in both meetings.

The meetings terminated at approximately 11:15 a.m.

The undersigned acknowledged that the above Minutes reflect the conduct of the meetings of Unsecured Creditors and Secured Creditors held this 15th day of May, 2014.



Tim Reid

Jack Purdy

Conan Taylor



George Body

Andrew Maciag

Dentons Canada LLP, Suite 2900, 10180-101 Street, Edmonton, Alberta, T5J 3V5

[illegible]

APPENDIX D

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of May 31, 2014 to July 4, 2014 (the "Forecast Period")
(in CDN dollars)

| | Forecast | Forecast | Forecast | Forecast | Forecast | TOTAL Forecast Week 133 to 137 |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|---|
| | Week 133 6-Jun-14 | Week 134 13-Jun-14 | Week 135 20-Jun-14 | Week 136 27-Jun-14 | Week 137 4-Jul-14 | |
| <u>Receipts</u> | | | | | | |
| Half Moon Lake Resort receipts | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 |
| Other receipts | - | - | - | - | - | - |
| <i>Total operating receipts</i> | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 |
| <u>Funds from Monitor's Trust Account</u> | - | - | - | - | - | - |
| Total receipts | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 |
| <u>Disbursements</u> | | | | | | |
| Half Moon Lake expenses | 60,000 | 30,000 | 20,000 | 25,000 | 15,000 | 150,000 |
| Management Fees | 5,000 | - | - | - | 5,000 | 10,000 |
| <i>Total disbursements</i> | 65,000 | 30,000 | 20,000 | 25,000 | 20,000 | 160,000 |
| <u>Restructuring professional fees</u> | | | | | | |
| - Monitor | - | - | - | - | - | - |
| - Proposal trustee | - | - | - | - | - | - |
| - Company Counsel | - | - | - | - | - | - |
| - Monitor Counsel | - | - | - | - | - | - |
| <i>Total restructuring professional fees</i> | - | - | - | - | - | - |
| Total disbursements | 65,000 | 30,000 | 20,000 | 25,000 | 20,000 | 160,000 |
| Net change in Applicant cash | (45,000) | (10,000) | - | (5,000) | - | (60,000) |
| APPLICANT CASH BALANCE | | | | | | |
| Opening cash | 69,290 | 24,290 | 14,290 | 14,290 | 9,290 | 69,290 |
| Net change in operating cash | (45,000) | (10,000) | - | (5,000) | - | (60,000) |
| Ending Cash | 24,290 | 14,290 | 14,290 | 9,290 | 9,290 | 9,290 |

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of May 31, 2014 to July 4, 2014 (the "Forecast Period")
(in CDN dollars)

| | Forecast | Forecast | Forecast | Forecast | Forecast | TOTAL Forecast Week 133 to 137 |
|---|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|---|
| | Week 133 6-Jun-14 | Week 134 13-Jun-14 | Week 135 20-Jun-14 | Week 136 27-Jun-14 | Week 137 4-Jul-14 | |
| FUNDS HELD BY MONITOR | | | | | | |
| Opening Cash | 9,714 | 9,714 | 9,714 | 9,714 | 9,714 | 9,714 |
| Collection of funds - other | - | - | - | - | - | - |
| Release of funds to Applicants (for operations) | - | - | - | - | - | - |
| Ending cash | 9,714 | 9,714 | 9,714 | 9,714 | 9,714 | 9,714 |
| TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING | | | | | | |
| Applicant ending cash balance | 24,290 | 14,290 | 14,290 | 9,290 | 9,290 | 9,290 |
| Total Funds held by Monitor | 9,714 | 9,714 | 9,714 | 9,714 | 9,714 | 9,714 |
| Less: Cash held by Monitor for professional fees | (9,714) | (9,714) | (9,714) | (9,714) | (9,714) | (9,714) |
| Cash held for general restructuring | - | - | - | - | - | - |
| Cash available for general restructuring | 24,290 | 14,290 | 14,290 | 9,290 | 9,290 | 9,290 |

Jack Purdy
 President & Chief Executive Officer

DATE

Jan 2/2014