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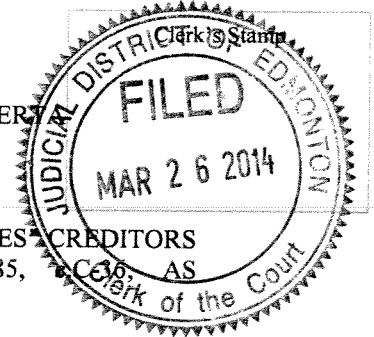
COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

IN THE MATTER OF THE COMPANIES CREDITORS
ARRANGEMENT ACT, R.S.C. 1985,
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-FIRST REPORT OF THE MONITOR

MARCH 26, 2014

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR

ALVAREZ & MARSAL CANADA INC.
Bow Valley Square I
Suite 570, 202 – 6th Avenue SW
Calgary, Alberta T2P 2R9
Tim Reid/Orest Konowalchuk
Telephone: (403) 538-4756 / (403) 538-4736
Email: treid@alvarezandmarsal.com
okonowalchuk@alvarezandmarsal.com

COUNSEL

DENTONS CANADA LLP
Barristers & Solicitors
Ray Rutman
2900 Manulife Place, 10180 – 101 Street
Edmonton, Alberta T5J 3V5
Phone: (780) 423-7246
Fax: (780) 423-7276
Email: Ray.Rutman@dentons.com
File: 529227.7/RCR

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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-first report of the Monitor (the "Twenty-First Report") is to provide the Court with an update in respect of the following:
 - a) operational and restructuring activities since the twentieth report of the Monitor (the "Twentieth Report");
 - b) the actual to forecast cash flow results for the period from February 1, 2014 to March 21, 2014 (the "Reporting Period");
 - c) the revised cash flow projections (the "Updated Forecast") from March 22, 2014 through May 2, 2014 (the "Forecast Period");
 - d) the Purdy Group's request for an extension to the current stay period until, and including April 16, 2014;
 - e) the Applicants request from this Honourable Court for the use of funds held in trust with the Monitor; and
 - f) the Monitor's recommendations.
4. Capitalized terms not defined in this Twenty-First Report are as defined in the Initial Order, the First Report to the Twentieth Report inclusive, the Claims Procedure Order, the Dispute Procedural Order, the Sale Order and the Ocean Front Property Sale Order.

5. The style of cause has either an (AB) or (BC) after each of the corporate Applicant company names. The Monitor understands this was done to indicate in which province the corporate applicants are located, and that those letters do not form a part of the legal name of the company. There are two different corporate entities with the name Armac Investments Ltd, one is a British Columbia ("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-First Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Purdy Group. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND

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

Marsal Canada Inc. is also the Proposal Trustee. The meeting of creditors to consider the proposal was held on June 22, 2012 and this meeting was adjourned to October 9, 2012. The creditors voted to adjourn this meeting and several additional reconvened meetings thereafter to a April 1, 2014 at the office of Dentons at 12:00 PM MST.

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

OPERATIONAL UPDATE

***Fishpath Resorts Corporation & Armac Investments Ltd. (BC) (“Armac BC”)
(collectively, the “Hawkeye Group Properties”)***

LBVR Agreement

11. As previously reported, on September 17, 2012 (the “Effective Date”), LBVR took over management responsibility for the Hawkeye Group Properties. The assets of the Hawkeye Group Properties consist of three properties in Port Alberni, B.C. and 16 properties in Bamfield, B.C. (as are fully described in Schedule A to the Management Agreement, included as an appendix to the Seventh Report).
12. Since the Twentieth Report, LBVR was advanced a further \$70,000 by the Applicants (the “Advance”), which together with previous advances aggregate to a total advance since the Effective Date of \$1,023,000 (the “Set Aside Funds”). The Advance was funded from the proceeds held in the Monitor’s trust account as previously reported in the Applicants’ cash flow forecasts in the Twentieth Report.

13. LBVR maintains a separate bank account for the Bamfield operations under its control and reports monthly to the Applicants and the Monitor. Accordingly, no receipts and disbursements respecting the Hawkeye Group Properties are included in the actual to forecast cash flows attached as Appendix A. The Applicants' periodically provide funding to LBVR to cover operating losses and capital and those advances are included in the Applicants' actual cash flow schedule, which is reported in Appendix B.
14. As previously reported, LBVR, in conjunction with the Applicants and the Monitor, prepared a draft operating budget for the 3 years ending December 31, 2016. This draft budget indicates that Bamfield/Hawkeye Marine Group's will not require additional funds for the next two months ending May 2014 from the Set-Aside Funds reserved for LBVR held by the Monitor.
15. In addition, property taxes and utility transfers of approximately \$121,000 remain outstanding for 2012 and 2013 for these properties. The Monitor has been advised by the Applicants that payment of the property taxes will be made in conjunction with any refinancing and implementation of a Plan to their creditors.
16. On December 16, 2013, Her Majesty the Queen in the right of the Province of British Columbia ("HMQBC") advised the Monitor that Fishpath Resorts Corporation ("Fishpath") (one of the Applicants in these CCAA proceedings) owed approximately \$27,000 in provincial sales tax ("PST"), penalties and interest owing under the *Provincial Sales Tax Act* for the period of April to September 2013 and was looking for the status on payment of the arrears. On March 24, 2014, the Monitor had a telephone conversation with a representative at the HMQBC regarding the outstanding taxes. The Monitor advised HMQBC that HMQBC is an unaffected creditor in any plan of arrangement and/or compromise with respect to all post-CCAA outstanding taxes owed to HMQBC under the *Provincial Sales Tax Act*. HMQBC provided the Monitor with a statement showing that Fishpath currently owes HMQBC approximately \$57,700 in PST, which consists of amounts reported and unpaid for the period April to

September 2013 and estimated assessments for the monthly periods of October 1, 2013 to January 2014. The Applicants, with the assistance of the Monitor, are currently working on filing any remaining outstanding remittances to the HMQBC and reconciling all post-filing tax amounts owing. The Monitor previously advised the Applicants and LBVR, whom collected the taxes, of the tax arrears.

Half Moon Lake Resort Ltd. ("Half Moon")

17. As previously reported, the Half Moon resort is closed for the season and operations and cash flows have decreased during this time. Over the past month, the Applicants had been successful in significantly increasing its overall cash flow by selling seasonal passes for the 2014 season. The increase in cash receipts during the Reporting Period were offset by various permanent and timing variances as discussed in more detail below. It is projected that Half Moon will continue to operate on a break-even cash basis for the coming months.
18. Over the past several months, the Monitor understands that the Applicants have been working closely with the County of Strathcona in a cooperative manner to finalize all permit requirements to ensure Half Moon is in complete compliance for all of its structures and uses for the upcoming 2014 operating season. The Applicants believe that they should receive all final executed permits from the County of Strathcona imminently. The Applicants further advised that the annual reports due to Alberta Environment relating to its water and waste water approvals have been received by Alberta Environment on March 17, 2014 and the Applicants are in full compliance.
19. A portion of the property taxes of approximately \$21,000 remain outstanding. The Monitor has been advised by the Applicants that payment of the property taxes will be made in conjunction with any refinancing and implementation of a Plan to their creditors.

RESTRUCTURING UPDATE

Status of Plan of Arrangement

20. On February 12, 2014, the Court granted an extension of the stay to April 1, 2014. The main purpose of this extension of the stay was to allow both Axxess Capital Partners Inc. (“Axxess”) and Canada Revenue Agency (“CRA”) further time to consider and provide comments on the Applicants’ business plan and plan of arrangement (the “Draft Plan”).
21. Since the Twentieth Report, the Monitor understands that Axxess, in consultation with CRA, provided its comments on the Draft Plan to the Applicants. The Applicants, with the assistance of the Monitor, are currently reviewing the recent comments and suggested amendments provided by Axxess to the Applicants on the Draft Plan and how the suggested amendments will impact the various stakeholders of the Draft Plan, including the Applicants and the remaining creditors and stakeholders of the Applicants. The Applicants are planning to finalize discussion with Axxess and CRA and have an updated Plan available to present to this Honourable Court for circulation to creditors on or before the next proposed stay extension request, if granted by this Honourable Court.
22. The Monitor understands that the Applicants require further time to finalize the Draft Plan and Axxess and CRA support an extension of the stay of proceedings to April 16, 2014.
23. The Monitor does not believe an additional 2.5 week extension will be materially prejudicial to any interested stakeholders.

Outstanding Restructuring Matters

Litigation with The County of Strathcona

24. As previously reported in the Twentieth Report, Justice Burrows rendered a decision on July 17, 2013 which ordered that Half Moon was entitled to enter into

new leases with a term of 35 years commencing on the day the new lease was granted. Justice Burrows also decided that options to renew were not to be allowed as part of the lease terms.

25. A judgement in relation to this application was granted by the Court on July 17, 2013 and an order filed with the Court on January 20, 2014 and served on the County on January 22, 2014 (the “Judgement Order”). The Monitor understands that the appeal period expired on February 11, 2014 and is not aware of any appeal(s) being filed.

New Financing to Implement the Plan

26. The Monitor is advised that the Applicants continue to work with two prospective parties, one of which is Axxess, to obtain the necessary financing required under the terms of the Draft Plan. No financing has been arranged to date.

Interim Financing

27. As discussed in the Fifteenth Report, the Applicants arranged for Axxess to provide Armac Investments Ltd. (BC) (“Armac BC”), Ostrom Estates Ltd. (“Ostroms”) and Fishpath with an interim financing creditor facility (the “Axxess Loan Agreement”) of \$2.15 million to be used by the Applicants for its restructuring purposes. The term of the Axxess Loan Agreement was 18-months from the date of the first advance (September 12, 2012) and the Axxess Loan Agreement expired on March 12, 2014. The Monitor understands that a formal agreement has not been reached between Axxess (the “Interim Finance Lender”) and the Applicants to extend the Axxess Loan Agreement.
28. In addition, an interest reserve payment was made by the Applicants to the Interim Finance Lender of \$115,000 in the prior reporting period to cover the remaining six (6) months of interest under the Axxess Loan Agreement. However, the total interest reserve payment that was due and payable to the Interim Finance Lender was \$133,381, which left approximately \$18,381 unpaid

(the “Remaining Interest Reserve Payment”). The Remaining Interest Reserve Payment payable to the Interim Finance Lender is to cover a March 2014 interest payment.

29. The Monitor is advised by the Applicants that it has had informal discussions with the Interim Finance Lender regarding the status of the Axxess Loan Agreement and Remaining Interest Reserve Payment. To date, the Monitor is not aware that the Interim Finance Lender has taken any steps and/or remedies available to them under the Axxess Loan Agreement as a result of the outstanding Remaining Interest Reserve Payment and the expiration of the Axxess Loan.

Outstanding Professional Fees

30. The Applicants previously forecasted \$125,000 to be paid towards the CCAA professional’s outstanding fees and costs that have been incurred since September 30, 2013; however, these amounts were not paid in the Reporting Period. The Applicants anticipate paying the \$125,000 to the CCAA professionals in the Forecast Period. The Applicants do not have sufficient funds to cover all the current and future outstanding Professional Fees expected to be incurred in Forecast Period and as a result, the CCAA professionals are relying on the Administrative Charge.
31. As at March 25, 2014, the accounts of the Monitor, its counsel and the Applicant’s counsel currently show outstanding fees of approximately \$260,000.

BC Property in Foreclosure

32. On June 1, 2011, an application was made by the Bank of Montreal (“BMO”) against Armac BC and certain other defendants and an Order Nisi was granted by the Supreme Court of British Columbia (the “June 1st Order Nisi”) that allowed BMO to commence foreclosure proceedings against the property at 5968 River Road (the “River Road Property”). A copy of the June 1st Order Nisi is attached as Appendix D. The River Road Property is owned by Armac BC (one of the

Applicants in these CCAA proceedings). The redemption period was for six months (ending December 1, 2011) and required that River Road Property be redeemed for its mortgage balance outstanding of \$61,700.11. However, BMO was unable to proceed with seeking conduct of sale due to the CCAA stay of proceedings pursuant to the Initial Order dated December 1, 2011.

33. During the CCAA proceedings, the Monitor and the Applicants have received various emails and correspondence from counsel of BMO requesting the status of the CCAA proceedings and the status of the River Road Property, in particular, the Applicants intention to pay all outstanding and unpaid property taxes since 2012. On February 12, 2014, counsel for the Monitor advised counsel for BMO that the Monitor would not object to BMO continuing proceedings to protect its interest with respect to the River Road Property, subject to the Monitor agreeing that the proposed listing price is reasonable.
34. On March 24, 2014, the Monitor received unfiled application materials from counsel to BMO (returnable April 3, 2014) to lift the stay of proceedings for the purpose of allowing BMO to proceed with a conduct of sale of the River Road Property. The current outstanding and unpaid mortgage balance to BMO is approximately \$67,000. The Monitor received a secured proof of claim filed within these CCAA proceedings from BMO in accordance with the Claims Procedure Order. The Monitor confirms that BMO has a proven secured claim against Armac BC with respect to the River Road Property.
35. The Monitor is not aware of BMO's position with respect to the Applicants' request for a further extension to the stay of proceedings.

ACTUAL TO FORECAST RESULTS – FEBRUARY 1, 2014 TO MARCH 21, 2014

Actual to Forecast Summary Results

36. The actual to forecast cash flow presented at Appendix A to this Report for the Reporting Period contains the actual cash receipts and disbursements relating to

the Purdy Group as compared to the cash flow forecasts previously provided to this Court in the Twentieth Report (the “Twentieth Report Forecast”). Below is a chart that summarizes the actual to forecast cash flow as presented in Appendix A to this report.

37. As previously reported to this Honourable Court, the Applicants continue to have difficulty in providing actual receipt and disbursement information on a weekly basis to the Monitor. The Monitor continues to receive certain accounting information in conjunction with the stay extension applications.
38. The actual results disclosed in the table below are a summary of transactions in the Applicants’ bank account that have been verified by receipts and back-up provided by the Applicants. The Monitor used the descriptions provided in the Applicants’ bank statements (and in consultation with the Applicants management) to determine where the cash transactions should be allocated in the cash flow budget to actual statement. On March 25, 2014, the Monitor received confirmation from the Applicants that this allocation is appropriate. A summary of these bank cash transactions is also attached in Appendix A to this report.
39. 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 Appendix A and the chart below.

| Purdy Group | February 1/14 | | |
|---|-----------------------|----------------------|----------------------|
| | February 1/14 | February 1/14 | February 1/14 |
| Actual to Budget Cash Flow Results | to March 21/14 | to March | to March |
| | Budget | 21/14 Actual | 21/14 |
| | | | Variance |
| Receipts | \$ 12,500 | \$ 95,761 | \$ 83,261 |
| Funds from Monitor's trust account | 197,000 | 87,000 | (110,000) |
| Total receipts | \$ 209,500 | \$ 182,761 | \$ (26,739) |
| Disbursements | 87,000 | 131,358 | (44,358) |
| Creditor claim payments | - | 46,000 | (46,000) |
| Restructuring professional fees | 125,000 | - | 125,000 |
| Total disbursements | \$ 212,000 | \$ 177,358 | \$ 34,642 |
| Net change in Applicant cash | \$ (2,500) | \$ 5,403 | \$ 7,903 |
| Applicant cash balance, opening | 2,991 | 2,991 | - |
| Applicant cash balance, ending | 491 | 8,394 | 7,903 |
| FUNDS HELD IN TRUST BY MONITOR | | | |
| Trust Opening Cash | \$ 235,309 | \$ 235,309 | \$ - |
| Collection of funds - other | - | - | - |
| Release of funds to Applicants (LBVR) | (70,000) | (70,000) | - |
| Release of funds to Applicants (for operations) | (127,000) | (17,000) | 110,000 |
| | (197,000) | (87,000) | (110,000) |
| Trust Ending cash | \$ 38,309 | \$ 148,309 | \$ 110,000 |
| TOTAL AVAILABLE CASH | | | |
| Applicant ending cash balance | \$ 491 | \$ 8,394 | \$ 7,903 |
| Trust cash balance | 38,309 | 148,309 | 110,000 |
| Less: cash not available per Court Order | (20,000) | (136,059) | (116,059) |
| Less: cash held for LBVR | (12,250) | (12,250) | - |
| | 6,059 | - | (6,059) |
| Available Cash | \$ 6,550 | \$ 8,394 | \$ 1,844 |

40. Receipts, including the release of funds by the Monitor to the Applicant, for the Reporting Period totaled, \$182,761, representing a negative variance of \$26,739

from the forecast receipts set out in the Twentieth Report Forecast. This variance is primarily due to:

- a) a positive permanent variance of \$83,261 relating mainly to higher than expected receipts from seasonal bookings and other receipts. Specifically, on February 8, 2014, the Applicants attended and rented a booth at the annual Recreational Vehicle Dealers Association (“RBDA”) RV show (the “RV Show”) held in Edmonton, Alberta that showcased a variety of different RV’s and motor homes for the outdoor traveling enthusiast. The purpose of the Applicants attending the RV Show was to promote Half Moon and aggressively sell seasonal passes for the upcoming 2014 operating season. The Monitor was advised by the Applicants that they were successful in signing up approximately 40 new seasonal passes from interested individuals wanting a place to park their RV for the 2014 season. Each seasonal pass ranges in price from \$3,600 to \$4,400 and is valid for five months from May 15 to October 15, 2014. The receipts collected mainly relate to the non-refundable deposits from these seasonal passes (~\$2,000 per seasonal pass) and receipts from individuals paying the full amount of the seasonal pass upfront. The Applicants expect to collect the remaining balances from the seasonal pass sales (approximately \$80,000) before May 15, 2014. These amounts are outside of the Forecast Period and are not included in the Updated Forecast; and
- b) a negative timing variance of \$110,000 relating mainly to the non-advance of funds from the Monitor trust account to the Applicants during the Reporting Period to pay certain Professional Fees. These payments are now forecast to be made in the Forecast Period and have been reflected in the Updated Forecast;

41. Disbursements for the Reporting Period totaled \$131,358 representing a negative variance of \$44,358. This variance was due to:
- a) certain negative timing and permanent variances of approximately \$48,000 relating to higher than expected operating costs paid in Half Moon in preparation for opening the resort in mid-May 2014. Some of these costs included, higher than expected utility costs, supplies, contractor costs and professional and filing costs relating to finalizing its water and waste water approvals with the County of Strathcona;
 - b) positive permanent variance of \$4,100 relating to management fees that were not paid in the Reporting Period;
42. Creditor claim payments of approximately \$46,000 were paid by the Applicants relating to the settlement of certain proof of claims filed by creditors during the CCAA claims process, without the Monitor's knowledge. The Monitor was advised by the Applicants that it had paid out monies to two creditors who had filed proven claims against Half Moon and that these payments were paid in error. The Monitor advised the Applicants and its counsel that it should take the necessary steps in collecting these funds back from the creditors, as these particular creditor claims were to be addressed in the company's proposed plan of arrangement and/or compromise. The Monitor has requested this information from the Applicants.
43. Restructuring fees of \$125,000 were forecast to be paid in the Reporting Period to pay outstanding and unpaid Professional Fees, as discussed above. These payments were due to timing matters in the Reporting Period and are now scheduled to be paid in the Forecast Period.
44. As at March 21, 2014, the Monitor's trust account had a cash balance of \$148,309, which includes \$136,059 that has been set-aside as funds held in trust by the Monitor and \$12,250 relating to funds held for LBVR. As discussed further below, due to the timing of receipts, the Applicants requested that the

Monitor provide a small advance of funds from the Monitor's trust account (~\$9,200) in the Reporting Period to allow them to make certain Half Moon operational cost payments. These funds were used from the monies set-aside for the CCAA Professional Fees. The advance of these funds was on the condition that these amounts would be paid back by the Applicants from its operational cash flow of Half Moon to the Monitor's trust account in the Forecast Period. There are currently no remaining funds available for general restructuring purposes in the Monitor's trust account.

- 45. The Applicants ending cash balance as at March 21, 2014 was \$8,394 compared to the forecast cash balance amount of \$491, for the reasons discussed above.
- 46. 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.
- 47. The Monitor had an opportunity to review some of the supporting documentation of the above transactions in the Reporting Period, but continues to review this information.

UPDATED CASH FLOW FORECAST THROUGH MAY 2, 2014

- 48. The Purdy Group, with the assistance of the Monitor, has prepared an Updated Forecast for the Forecast Period based on the most current information available, which the Updated Forecast is attached in Appendix C to the Twenty-First Report.
- 49. 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 First Report, or relied upon by it in preparing this Twenty First Report.

50. 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 | | March 22/14 to | |
|--|----|-----------------------|--|
| Projected Cash Flow Summary | | May 2/14 | |
| Receipts | \$ | 25,000 | |
| Funds from Monitor's trust account | | 145,000 | |
| Total receipts | \$ | 170,000 | |
| Disbursements | | 40,700 | |
| Release of funds to LBVR | | - | |
| Restructuring professional fees | | 135,000 | |
| Total disbursements | \$ | 175,700 | |
| Net change in Applicant cash | \$ | (5,700) | |
| Applicant cash balance, opening | | 8,394 | |
| Applicant cash balance, ending | | 2,694 | |
| FUNDS HELD IN TRUST BY MONITOR | | | |
| Trust opening Cash | \$ | 148,309 | |
| Collection of funds - other | | 9,200 | |
| Release of funds to Applicants | | (145,000) | |
| | | (135,800) | |
| Trust ending cash | \$ | 12,509 | |
| TOTAL AVAILABLE CASH | | | |
| Applicant cash balance, ending | \$ | 2,694 | |
| Trust ending cash balance | | 12,509 | |
| Less: cash not available per Court Order | | - | |
| Less: cash held for LBVR | | (12,500) | |
| Cash held for general restructuring | | 9 | |
| Available Cash | \$ | 2,703 | |

51. As summarized above, the Purdy Group is projecting:

- a) total cash receipts from Half Moon Lake Resort at approximately \$25,000. All Hawkeye Group Property receipts are retained by LBVR

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

- b) funds received from the Monitor's trust account to be used to fund payment of restructuring Professional Fees of \$135,000 relating to the outstanding CCAA Professional Fees incurred and outstanding since September 30, 2013.
 - c) cash disbursements of approximately \$40,700 to be used to fund Half Moon operating expenses of approximately \$22,500, repayment of funds to the Monitor's trust account of \$9,200 and management fees of \$9,000; and
 - d) the Applicants forecast using the remaining \$20,000 currently held in trust by the Monitor (subject to approval from this Honourable Court) to pay down amounts owed for property taxes in Half Moon and to further pay down outstanding CCAA Professional Fees, as discussed further below;
52. The above results in a net decrease in cash of the Applicants' cash balance of approximately \$5,700 during the Forecast Period. The net decrease in cash from the Applicants' bank account will decrease the Applicants' ending cash position to approximately \$2,694. The combination of the ending available cash balance in the Monitor's trust account of approximately \$9, results in an overall estimated ending available cash balance of approximately \$2,703.
53. 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 two months 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 \$25,000;
 - c) operating costs and partial payment of outstanding property taxes relating to Half Moon of approximately \$22,500;
 - d) repayment of funds to the Monitor's trust account of approximately \$9,200. As discussed above, the Applicants required certain costs to be paid for its Half Moon operations and due to timing of collections of its Half Moon receipts, the Applicants requested the Monitor to provide funds from its trust account, with the understanding that the Applicants would be required to pay it back to the Monitor's trust account forthwith. The repayment of these funds is scheduled to be collected by the Monitor from the Applicants in Week 123.
 - e) management fees of approximately \$9,000; and
 - f) restructuring costs for the Monitor, its counsel and the Applicants' counsel of approximately \$135,000.
54. 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.

APPLICANTS REQUEST FOR USE OF TRUST FUNDS

55. Pursuant to paragraph 14 of the Ocean Front Property Order, the balance of the net proceeds realized from the sale of the Ocean Front Property, shall be held by the Monitor and not distributed absent further Order of this Honourable Court.

The current balance of the net proceeds held by the Monitor is \$20,000 (the “Remaining Ocean Front Property Monies”).

56. The Monitor understands that the Applicants are seeking an application to release the Remaining Ocean Front Property Monies to pay for estimated accrued and forecasted restructuring costs since September 30, 2013 to the next proposed stay extension date and payments towards Half Moon’s outstanding property taxes.
57. The Monitor supports the Applicants’ request for the release of \$20,000 from the funds held in trust by the Monitor.

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

58. The stay period expires at midnight on April 1, 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 April 16, 2014 (the “Proposed Stay Extension”).
59. CRA and Axxess have advised that they require further time to consider whether to support the filing of a Plan by the Applicants.
60. In the Monitor’s view, the Purdy Group requires the Proposed Stay Extension to allow the Applicants to finalize the Amended Draft Plan based on the comments received from Axxess and CRA on the Draft Plan, with the objective of circulating a final Plan to the Applicants’ creditors.
61. The Monitor is of the respectful view that no creditor should be materially prejudiced by an extension of the stay.

RECOMMENDATION

62. The Monitor respectfully recommends that this Honourable Court:

- a) approve the Proposed Stay Extension; and
- b) approve the Applicants request to release \$20,000 from the Monitor's trust funds to pay certain forecast Professional Fees and Half Moon property taxes.

All of which is respectfully submitted this 26th day of March, 2014.

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



Tim Reid, CA, CIRP
Senior Vice-President



Orest Konowalchuk, CA, CIRP
Director

APPENDIX A

Purdy Group of Companies
 Actual to Forecast Results
 For the period of February 1 to March 21, 2014 (the "Reporting Period")
 (In CDN dollars)

| | Forecast Week 116 to Week 122 February 1 to March 21, 2014 | Actual Week 116 to Week 122 February 1 to March 21, 2014 | Variance Week 116 to Week 122 February 1 to March 21, 2014 |
|---|---|---|---|
| <u>Receipts</u> | | | |
| Half Moon Lake Resort receipts | 12,500 | 95,761 | 83,261 |
| Other receipts | - | - | - |
| <i>Total operating receipts</i> | 12,500 | 95,761 | 83,261 |
| <u>Funds from Monitor's Trust Account</u> | 197,000 | 87,000 | (110,000) |
| Total receipts | 209,500 | 182,761 | (26,739) |
| <u>Disbursements</u> | | | |
| Half Moon Lake expenses | 8,000 | 56,498 | (48,498) |
| Management Fees | 9,000 | 4,860 | 4,140 |
| Creditor claim payments | - | 46,000 | (46,000) |
| <i>Total disbursements</i> | 17,000 | 107,358 | (90,358) |
| <u>LBVR management agreement disbursements</u> | | | |
| Release of funds to LBVR | 70,000 | 70,000 | - |
| <i>Total operating & LBVR disbursements</i> | 87,000 | 177,358 | (90,358) |
| <u>Restructuring professional fees</u> | | | |
| - Monitor | 40,000 | - | 40,000 |
| - Proposal Trustee | 17,500 | - | 17,500 |
| - Company Counsel | 22,500 | - | 22,500 |
| - Monitor Counsel | 45,000 | - | 45,000 |
| <i>Total restructuring professional fees</i> | 125,000 | - | 125,000 |
| Total disbursements | 212,000 | 177,358 | 34,642 |
| Net change in Applicant cash | (2,500) | 5,403 | 7,903 |
| APPLICANT CASH BALANCE | | | |
| Opening cash | 2,991 | 2,991 | - |
| Net change in operating cash | (2,500) | 5,403 | 7,903 |
| Ending Cash | 491 | 8,394 | 7,903 |

(continued...)

APPENDIX A

| FUNDS HELD BY MONITOR | | | |
|---|-----------|----------|---------|
| Opening Cash | 235,309 | 235,309 | - |
| Collection of funds - other | - | - | - |
| Release of funds to Applicants (LBVR) | (70,000) | (70,000) | - |
| Release of funds to Applicants (for operations) | (127,000) | (17,000) | 110,000 |
| | (197,000) | (87,000) | 110,000 |
| Ending cash | 38,309 | 148,309 | 110,000 |

| TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING | | | |
|--|--------------|--------------|--------------|
| Applicant ending cash balance | 491 | 8,394 | 7,903 |
| Total Funds held by Monitor | 38,309 | 148,309 | 110,000 |
| Less: Funds held for LBVR Agreement | (12,250) | (12,250) | - |
| Cash held in trust per Court Order | (20,000) | (136,059) | (116,059) |
| | 6,059 | - | (6,059) |
| Cash available for general restructuring | 6,550 | 8,394 | 1,844 |


 Jack Purdy, President
 Purdy Group

Date Mar 25/2014

Armac (AB) and Prairie Bank Account
Cash Transactions
February 1 to March 21, 2014

| Date | Transaction details | Payments | Deposits | |
|--------------|--|--------------------|--------------------|----------------------|
| 3-Feb-14 DS | COLLECTIVEPOS FEE/FRA | \$22.04 | | \$2,412.60 |
| 3-Feb-14 DS | COLLECTIVEPOS FEE/FRA | \$60.83 | | \$2,351.77 |
| 5-Feb-14 CD | | | \$3,796.68 | \$6,148.45 |
| 5-Feb-14 DM | WIRE PYMT 0014 001480221 | \$500.00 | | \$5,648.45 |
| 5-Feb-14 DC | HANDLING CHG 001480221 | \$15.00 | | \$5,633.45 |
| 5-Feb-14 DC | TELE.COM COST 001480221 | \$10.00 | | \$5,623.45 |
| 5-Feb-14 DM | BRANCH BILL PAYMENT TELUS COMM | \$662.31 | | \$4,961.14 |
| 5-Feb-14 DC | BILL PAYMENT FEE | \$1.50 | | \$4,959.64 |
| 5-Feb-14 DM | PMO 018314466 | \$323.95 | | \$4,635.69 |
| 5-Feb-14 DC | FEE PMO 018314466 | \$7.50 | | \$4,628.19 |
| 5-Feb-14 CB | | \$1,500.00 | | \$3,128.19 |
| 5-Feb-14 DM | PMO 018314475 | \$508.00 | | \$2,622.19 |
| 5-Feb-14 DC | FEE PMO 018314475 | \$7.50 | | \$2,614.69 |
| 5-Feb-14 DM | BRANCH BILL PAYMENT EPCOR UTILITY | \$900.00 | | \$1,714.69 |
| 5-Feb-14 DC | BILL PAYMENT FEE | \$1.50 | | \$1,713.19 |
| 7-Feb-14 PR | HUGHES PETROLEU | \$95.23 | | \$1,617.96 |
| | | \$4,613.36 | \$3,796.68 | (\$816.68) |
| 10-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$2,000.00 | \$3,617.96 |
| 10-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$4,079.25 | \$7,697.21 |
| 10-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$5,482.45 | \$13,179.66 |
| 10-Feb-14 DS | ELAVON-CANADA MSP/DIV | | | |
| 10-Feb-14 PR | A-1 AIRLINE SER | \$138.29 | | \$13,041.37 |
| 10-Feb-14 RT | RETURNED ITEM ADVICE NUMBER 501886 | \$58.00 | | \$12,983.37 |
| 10-Feb-14 RT | BR. 0566 RTN PAYMENT STOPPED PHOTO REF 4980 ADV 1805 | \$568.92 | | \$12,414.45 |
| 11-Feb-14 PR | RICHMOND TAXI # | \$400.00 | | \$12,014.45 |
| 12-Feb-14 PR | STEPHO'S PLACE | \$34.90 | | \$11,979.55 |
| 13-Feb-14 CM | INCOMING WIRE PAYMENT CA, ALVAREZ MARSAL CANA | \$36.38 | | \$11,943.17 |
| 13-Feb-14 DC | HANDLING CHG 023152000 | | \$8,500.00 | \$20,443.17 |
| 13-Feb-14 PR | HARBOUR AIR LTD | \$14.00 | | \$20,429.17 |
| 14-Feb-14 PR | WESTJET-VANCOUV | \$218.00 | | \$20,211.17 |
| 14-Feb-14 PR | EDMONTON INTERN | \$292.03 | | \$19,919.14 |
| 14-Feb-14 PR | REAL CDN. LIQUO | \$33.00 | | \$19,886.14 |
| | | \$367.21 | | \$19,518.93 |
| | | \$2,160.73 | \$20,061.70 | \$17,900.97 |
| 18-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$30,289.30 | \$49,808.23 |
| 18-Feb-14 OM | HUSK0757INTERAC 1029 | \$401.50 | | \$49,406.73 |
| 18-Feb-14 SC | OTHER ABM USE | \$1.50 | | \$49,405.23 |
| 18-Feb-14 PR | HUSKY BROOKVIEW | \$96.68 | | \$49,308.55 |
| 18-Feb-14 PR | REAL CDN SUPERS | \$179.58 | | \$49,128.97 |
| 18-Feb-14 EC | REAL CDN SUPERSTOR | | \$179.58 | \$49,308.55 |
| 18-Feb-14 PR | REAL CDN SUPERS | \$179.58 | | \$49,128.97 |
| 18-Feb-14 CD | | | \$1,938.42 | \$51,067.39 |
| 18-Feb-14 DM | DRAFT 023279207 | \$22,000.00 | | \$29,067.39 |
| 18-Feb-14 DC | FEE DRAFT 023279207 | \$7.50 | | \$29,059.89 |
| 18-Feb-14 DM | DRAFT 023279182 | \$3,800.00 | | \$25,259.89 |
| 18-Feb-14 DC | FEE DRAFT 023279182 | \$7.50 | | \$25,252.39 |
| 18-Feb-14 DM | DRAFT 023279191 | \$2,500.00 | | \$22,752.39 |
| 18-Feb-14 DC | FEE DRAFT 023279191 | \$7.50 | | \$22,744.89 |
| 18-Feb-14 CB | | \$2,700.00 | | \$20,044.89 |
| 18-Feb-14 DC | AC HIST BR 0014 | \$5.00 | | \$20,039.89 |
| 20-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$9,551.25 | \$29,591.14 |
| 21-Feb-14 DM | DRAFT 023279505 | \$24,000.00 | | \$5,591.14 |
| 21-Feb-14 DC | FEE DRAFT 023279505 | \$7.50 | | \$5,583.64 |
| 21-Feb-14 DM | DRAFT 023279496 | \$3,200.00 | | \$2,383.64 |
| 21-Feb-14 DC | FEE DRAFT 023279496 | \$7.50 | | \$2,376.14 |
| 21-Feb-14 CB | | \$2,100.00 | | \$276.14 |
| | | \$61,201.34 | \$41,958.55 | (\$19,242.79) |
| 24-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$5,292.50 | \$5,568.64 |
| 24-Feb-14 CK | NO 288 | \$4,000.00 | | \$1,568.64 |
| 27-Feb-14 DS | ELAVON MRCH SVC MSP/DIV | | \$5,732.98 | \$7,301.62 |
| 27-Feb-14 DS | EVERLINK PAYMEN MSP/DIV | | \$1,000.00 | \$8,301.62 |
| 27-Feb-14 PR | VALLEY LIQUOR H | \$26.99 | | \$8,274.63 |
| 28-Feb-14 DM | DRAFT 023279977 | \$5,358.03 | | \$2,908.60 |
| 28-Feb-14 DC | FEE DRAFT 023279977 | \$7.50 | | \$2,901.10 |
| 28-Feb-14 EC | DRAFT 023279977 | | \$5,386.03 | \$8,267.13 |
| 28-Feb-14 EC | FEE DRAFT 023279977 | | \$7.50 | \$8,274.63 |

Armac (AB) and Prairie Bank Account
Cash Transactions
February 1 to March 21, 2014

| Date | Transaction details | Payments | Deposits | |
|-----------|--|--------------------|--------------------|-------------------|
| 28-Feb-14 | DM DRAFT 023279977 | \$5,366.06 | | \$2,908.57 |
| 28-Feb-14 | DC FEE DRAFT 023279977 | \$7.50 | | \$2,901.07 |
| 28-Feb-14 | CB | \$1,800.00 | | \$1,101.07 |
| 28-Feb-14 | SC VALUE ASSIST PLAN FEE | \$105.00 | | \$996.07 |
| | | \$16,679.08 | \$17,399.01 | \$719.93 |
| 3-Mar-14 | MB BR. 3655 | | \$895.00 | \$1,891.07 |
| 3-Mar-14 | DS ELAVON MRCH SVC MSP/DIV | | \$5,572.35 | \$7,463.42 |
| 3-Mar-14 | DS EVERLINK PAYMEN MSP/DIV | | \$1,000.00 | \$8,463.42 |
| 3-Mar-14 | DS ELAVON MRCH SVC CMS/GES | \$28.95 | | \$8,434.47 |
| 3-Mar-14 | DS ELAVON MRCH SVC CMS/GES | \$1,935.78 | | \$6,498.69 |
| 3-Mar-14 | CD | | \$4,297.25 | \$10,795.94 |
| 3-Mar-14 | DM BRANCH BILL PAYMENT EPCOR UTILITY | \$2,800.00 | | \$7,995.94 |
| 3-Mar-14 | DC BILL PAYMENT FEE | \$1.50 | | \$7,994.44 |
| 3-Mar-14 | DM BRANCH BILL PAYMENT TELUS COMM | \$628.29 | | \$7,366.15 |
| 3-Mar-14 | DC BILL PAYMENT FEE | \$1.50 | | \$7,364.65 |
| 3-Mar-14 | CB | \$1,200.00 | | \$6,164.65 |
| 3-Mar-14 | PR COSTCO WHOLESALE | \$464.24 | | \$5,700.41 |
| 3-Mar-14 | PR COSTCO CANADA L | \$386.26 | | \$5,314.15 |
| 4-Mar-14 | DS COLLECTIVEPOS FEE/FRA | \$22.05 | | \$5,292.10 |
| 4-Mar-14 | DS COLLECTIVEPOS FEE/FRA | \$60.83 | | \$5,231.27 |
| 4-Mar-14 | PR CANADIAN TIRE G | \$86.24 | | \$5,145.03 |
| 4-Mar-14 | PR CHATEAU LOUIS L | \$160.50 | | \$4,984.53 |
| 6-Mar-14 | RT RETURNED ITEM ADVICE NUMBER 502976 | \$400.00 | | \$4,584.53 |
| 7-Mar-14 | DS ELAVON MRCH SVC MSP/DIV | | \$1,459.50 | \$6,044.03 |
| 7-Mar-14 | DM DRAFT 023280521 | \$5,000.00 | | \$1,044.03 |
| 7-Mar-14 | DC FEE DRAFT 023280521 | \$7.50 | | \$1,036.53 |
| 7-Mar-14 | DM BRANCH BILL PAYMENT TELUS MOB | \$369.39 | | \$667.14 |
| 7-Mar-14 | DC BILL PAYMENT FEE | \$1.50 | | \$665.64 |
| 7-Mar-14 | CB | \$600.00 | | \$65.64 |
| | | \$14,154.53 | \$13,224.10 | (\$930.43) |
| 10-Mar-14 | DS ELAVON-CANADA MSP/DIV | \$138.29 | | (\$72.65) |
| 10-Mar-14 | CM INCOMING WIRE PAYMENT CA, ALVAREZ MARSAL CANA | | \$8,500.00 | \$8,427.35 |
| 10-Mar-14 | DC HANDLING CHG 031701000 | \$14.00 | | \$8,413.35 |
| 11-Mar-14 | DM BRANCH BILL PAYMENT DIRECT ENER REG | \$1,443.69 | | \$6,969.66 |
| 11-Mar-14 | DC BILL PAYMENT FEE | \$1.50 | | \$6,968.16 |
| 11-Mar-14 | DM BRANCH BILL PAYMENT BELL MOB CELL | \$400.00 | | \$6,568.16 |
| 11-Mar-14 | DC BILL PAYMENT FEE | \$1.50 | | \$6,566.66 |
| 11-Mar-14 | DM PMO 018318833 | \$1,500.00 | | \$5,066.66 |
| 11-Mar-14 | DC FEE PMO 018318833 | \$7.50 | | \$5,059.16 |
| 11-Mar-14 | EC PMO 018318833 | | \$1,500.00 | \$6,559.16 |
| 11-Mar-14 | EC FEE PMO 018318833 | | \$7.50 | \$6,566.66 |
| 11-Mar-14 | DM DRAFT 023280713 | \$5,864.25 | | \$702.41 |
| 11-Mar-14 | DC FEE DRAFT 023280713 | \$7.50 | | \$694.91 |
| 11-Mar-14 | CB | \$600.00 | | \$94.91 |
| 12-Mar-14 | DS ELAVON MRCH SVC MSP/DIV | | \$4,482.46 | \$4,577.37 |
| 12-Mar-14 | DS ELAVON MRCH SVC MSP/DIV | | \$6,465.50 | \$11,042.87 |
| 13-Mar-14 | MB BR.2544 | \$600.00 | | \$10,442.87 |
| 13-Mar-14 | CK NO.291 | \$516.44 | | \$9,926.43 |
| 14-Mar-14 | PR OSMAN AUCTION I | \$100.00 | | \$9,826.43 |
| | | \$11,194.67 | \$20,955.46 | \$9,760.79 |
| 17-Mar-14 | PR REAL CANADIAN L | \$330.44 | | \$9,495.99 |
| 17-Mar-14 | OM 2F1P INTERAC 0010 | \$402.00 | | \$9,093.99 |
| 17-Mar-14 | SC OTHER ABM USE | \$1.50 | | \$9,092.49 |
| 17-Mar-14 | PR REAL CDN SUPERS | \$130.88 | | \$8,961.61 |
| 17-Mar-14 | PR REAL CDN SUPERS | \$224.78 | | \$8,736.83 |
| 18-Mar-14 | IB 10199 101ST ST | \$500.00 | | \$8,236.83 |
| 18-Mar-14 | IB 10199 101ST ST | \$500.00 | | \$7,736.83 |
| 18-Mar-14 | PR TRIPLE S | \$83.29 | | \$7,653.54 |
| 19-Mar-14 | DS ELAVON MRCH SVC MSP/DIV | | \$419.05 | \$8,072.59 |
| 19-Mar-14 | DS EVERLINK PAYMEN MSP/DIV | | \$500.00 | \$8,572.59 |
| 19-Mar-14 | PR HOOTERS | \$68.52 | | \$8,504.07 |
| 19-Mar-14 | PR REAL CDN. SUPER | \$170.61 | | \$8,333.46 |
| 19-Mar-14 | PR REAL CDN. LIQUO | \$199.39 | | \$8,134.07 |
| 19-Mar-14 | PR HUDSONS (SHAWNE | \$55.85 | | \$8,078.22 |
| 20-Mar-14 | PR VALUE VILLAGE # | \$80.80 | | \$7,997.42 |
| 20-Mar-14 | PR VALUE VILLAGE # | \$55.13 | | \$7,942.29 |

Armac (AB) and Prairie Bank Account
Cash Transactions
February 1 to March 21, 2014

| Date | Transaction details | Payments | Deposits |
|--------------|---------------------|-------------------|---------------------|
| 20-Mar-14 PR | HUDSONS (SHAWNE | \$62.45 | \$7,879.84 |
| 21-Mar-14 PR | SHAWNESSY ESSO | \$41.79 | \$7,838.05 |
| | | \$2,907.43 | \$919.05 |
| | | | (\$1,988.38) |

Allocation of Payments (cash transactions)

Expenses:

| | |
|--------------------------------------|---------------------|
| Half Moon Expenses (draft notes) | \$52,019.80 |
| Creditor claim settlements | \$46,000.00 |
| Remaining miscellaneous transactions | \$4,478.56 |
| Total Half Moon Expenses | \$102,498.36 |
| Management Fees | \$4,859.67 |
| | \$107,358.03 |

| | |
|-----------------|------------|
| Armac balance | \$7,838.05 |
| Prairie balance | \$557.57 |
| | \$8,395.62 |

Receipts:

| |
|-------------------|
| Prairie Transfers |
|-------------------|

APPENDIX B

LBVR (Hawkeye Group Properties)
Actual Cash Flow
the period of September 8, 2012 to February 28, 2014
(in CDN dollars)

| | Sept 8 - Sept 30/12 | Oct 1 - Oct 31/12 | Nov 1 - Nov 30/12 | Dec 1 - Dec 31/12 | Jan 1 - Jan 31/13 |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Operating receipts</u> | | | | | |
| Funds received from the Purdy Group | \$ 50,000 | \$ 100,000 | \$ 100,000 | \$ - | \$ 100,000 |
| Fishpath sales and rental receipts | - | 8,766 | 4,041 | 3,949 | (1,886) |
| Fuel sales | - | - | - | - | - |
| Other miscellaneous receipts | - | 546 | 1,040 | 3,062 | 4,256 |
| Total operating receipts | \$ 50,000 | \$ 109,313 | \$ 105,081 | \$ 7,011 | \$ 102,370 |
| <u>Operating Disbursements</u> | | | | | |
| Management fees | \$ - | \$ 33,300 | \$ 16,650 | \$ 16,650 | \$ 16,650 |
| Restaurant food and beverage inventory | - | 4,906 | 11,604 | 4,260 | 2,937 |
| Operations labour | - | 4,319 | 4,051 | 7,889 | 8,630 |
| Utility costs | - | 4,738 | 1,976 | 7,215 | 12,021 |
| Fuel inventory | - | - | - | - | 6,904 |
| Travel expenses | - | 2,835 | 4,644 | 1,858 | 1,510 |
| Insurance expense | - | - | - | - | - |
| Office, pub and cleaning supplies | - | 2,350 | 321 | 2,544 | 8,144 |
| Other misc | - | 298 | 458 | (106) | 86 |
| Bank service charges and other permit costs | - | 184 | 10 | 95 | 191 |
| Total operating disbursements | \$ - | \$ 52,931 | \$ 39,715 | \$ 40,406 | \$ 57,073 |
| <u>Capital costs</u> | | | | | |
| Furniture and equipment purchases | \$ - | \$ 3,974 | \$ - | \$ 25,446 | \$ 13,521 |
| Repairs and maintenance | - | 11,472 | 2,960 | 13,233 | 27,788 |
| Total capital costs | \$ - | \$ 15,446 | \$ 2,960 | \$ 38,680 | \$ 41,309 |
| Total operating and capital costs | \$ - | \$ 68,377 | \$ 42,675 | \$ 79,085 | \$ 98,381 |
| <u>Net change in cash</u> | | | | | |
| Opening cash | \$ 50,000 | \$ 40,936 | \$ 62,406 | \$ (72,075) | \$ 3,989 |
| Ending Cash | \$ - | 50,000 | 90,936 | 153,342 | 81,268 |
| | \$ 50,000 | \$ 90,936 | \$ 153,342 | \$ 81,268 | \$ 85,257 |

LBVR (Hawkeye Group Properties)
Actual Cash Flow
the period of September 8, 2012 to February 28, 2014
(in CDN dollars)

| | Feb 1 - Feb 28/13 | Mar 1 - Mar 31/13 | Apr 1 - Apr 30/13 | May 1 - May 31/13 |
|---|-------------------|-------------------|-------------------|-------------------|
| <u>Operating receipts</u> | | | | |
| Funds received from the Purdy Group | \$ 140,000 | \$ 60,000 | \$ 100,000 | \$ - |
| Fishpath sales and rental receipts | (801) | 7,230 | 4,233 | 13,154 |
| Fuel sales | - | - | 5,932 | 14,072 |
| Other miscellaneous receipts | 2,343 | 1,341 | 2,738 | 2,450 |
| Total operating receipts | \$ 141,542 | \$ 68,571 | \$ 112,903 | \$ 29,676 |
| <u>Operating Disbursements</u> | | | | |
| Management fees | \$ 16,650 | \$ 17,483 | \$ 16,650 | \$ 16,650 |
| Restaurant food and beverage inventory | 1,576 | 12,611 | 32,895 | 5,735 |
| Operations labour | 6,857 | 9,068 | 12,206 | 8,750 |
| Utility costs | 7,576 | 11,151 | 22,786 | 3,993 |
| Fuel inventory | 27,896 | - | - | - |
| Travel expenses | 426 | 5,741 | 3,523 | 1,472 |
| Insurance expense | - | - | - | - |
| Office, pub and cleaning supplies | 3,180 | 2,332 | 7,045 | 854 |
| Other misc | - | 4 | 63 | 234 |
| Bank service charges and other permit costs | 314 | 381 | 128 | 528 |
| Total operating disbursements | \$ 64,474 | \$ 58,769 | \$ 95,297 | \$ 38,216 |
| <u>Capital costs</u> | | | | |
| Furniture and equipment purchases | \$ 63,737 | \$ 2,330 | \$ 5,400 | \$ - |
| Repairs and maintenance | 17,677 | 9,221 | 33,783 | 10,363 |
| Total capital costs | \$ 81,413 | \$ 11,551 | \$ 39,183 | \$ 10,363 |
| Total operating and capital costs | \$ 145,887 | \$ 70,320 | \$ 134,480 | \$ 48,580 |
| <u>Net change in cash</u> | | | | |
| Opening cash | \$ (4,345) | \$ (1,749) | \$ (21,576) | \$ (18,903) |
| Ending Cash | 85,257 | 80,912 | 79,162 | 57,586 |
| | \$ 80,912 | \$ 79,162 | \$ 57,586 | \$ 38,683 |

LBVR (Hawkeye Group Properties)
Actual Cash Flow
the period of September 8, 2012 to February 28, 2014
(in CDN dollars)

| | <u>June 1 - June 30/13</u> | <u>July 1 - July 31/13</u> | <u>Aug 1 - Aug 31/13</u> | <u>Sept 1 - Sept 31/13</u> |
|---|----------------------------|----------------------------|--------------------------|----------------------------|
| <u>Operating receipts</u> | | | | |
| Funds received from the Purdy Group | \$ 78,000 | \$ - | \$ 82,000 | \$ - |
| Fishpath sales and rental receipts | 22,642 | 38,394 | 48,399 | 23,348 |
| Fuel sales | 23,434 | 47,775 | 55,322 | 22,045 |
| Other miscellaneous receipts | 4,430 | 5,342 | 4,431 | 2,417 |
| <i>Total operating receipts</i> | <i>\$ 128,506</i> | <i>\$ 91,511</i> | <i>\$ 190,153</i> | <i>\$ 47,810</i> |
| <u>Operating Disbursements</u> | | | | |
| Management fees | \$ 16,650 | \$ 16,650 | \$ 16,650 | \$ 16,650 |
| Restaurant food and beverage inventory | 19,262 | 8,025 | 8,819 | 2,353 |
| Operations labour | 26,824 | 43,747 | 28,934 | 12,384 |
| Utility costs | 7,386 | 3,785 | 2,225 | 9,261 |
| Fuel inventory | 2,549 | 1,450 | 66,150 | 35,187 |
| Travel expenses | 2,893 | 2,146 | 2,775 | 591 |
| Insurance expense | | | 7,610 | 5,750 |
| Office, pub and cleaning supplies | 4,999 | 5,109 | 7,488 | 4,758 |
| Other misc | 376 | 203 | - | - |
| Bank service charges and other permit costs | 366 | 926 | 1,801 | 1,866 |
| <i>Total operating disbursements</i> | <i>\$ 81,306</i> | <i>\$ 82,041</i> | <i>\$ 142,453</i> | <i>\$ 88,800</i> |
| <u>Capital costs</u> | | | | |
| Furniture and equipment purchases | \$ 34,239 | \$ - | \$ - | \$ - |
| Repairs and maintenance | 10,292 | 1,860 | 3,357 | 9,876 |
| <i>Total capital costs</i> | <i>\$ 44,532</i> | <i>\$ 1,860</i> | <i>\$ 3,357</i> | <i>\$ 9,876</i> |
| <i>Total operating and capital costs</i> | <i>\$ 125,837</i> | <i>\$ 83,901</i> | <i>\$ 145,810</i> | <i>\$ 98,676</i> |
| <u>Net change in cash</u> | | | | |
| Opening cash | \$ 2,669 | \$ 7,611 | \$ 44,343 | \$ (50,865) |
| Ending Cash | 38,683 | 41,352 | 48,962 | 93,305 |
| | \$ 41,352 | \$ 48,962 | \$ 93,305 | \$ 42,439 |

LBVR (Hawkeye Group Properties)
Actual Cash Flow
the period of September 8, 2012 to February 28, 2014
(in CDN dollars)

| | <u>Oct. 1 - Oct. 31/13</u> | <u>Nov. 1 - Nov. 30/13</u> | <u>Dec. 1 - Dec. 31/13</u> | <u>Jan. 1 - Jan. 31/14</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>Operating receipts</u> | | | | |
| Funds received from the Purdy Group | \$ 27,000 | \$ 35,000 | | \$ 81,000 |
| Fishpath sales and rental receipts | 3,394 | 6,296 | 5,193 | 7,001 |
| Fuel sales | 5,745 | 4,571 | 3,339 | 2,865 |
| Other miscellaneous receipts | 1,649 | 1,465 | 4,261 | 185 |
| <i>Total operating receipts</i> | <u>\$ 37,787</u> | <u>\$ 47,332</u> | <u>\$ 12,793</u> | <u>\$ 91,051</u> |
| <u>Operating Disbursements</u> | | | | |
| Management fees | \$ 16,650 | \$ 16,650 | \$ 16,650 | \$ 16,650 |
| Restaurant food and beverage inventory | 2,239 | 2,724 | 11,858 | 1,192 |
| Operations labour | 7,686 | 4,855 | 10,056 | 10,523 |
| Utility costs | 345 | 1,736 | 1,512 | 6,444 |
| Fuel inventory | (5,884) | 839 | 2,341 | 17,148 |
| Travel expenses | 2,512 | 2,601 | 3,061 | 383 |
| Insurance expense | 5,750 | 13,193 | 6,163 | 6,163 |
| Office, pub and cleaning supplies | 2,838 | 2,236 | 5,312 | 1,681 |
| Other misc | 3 | | 3 | 1 |
| Bank service charges and other permit costs | 807 | 149 | 429 | 434 |
| <i>Total operating disbursements</i> | <u>\$ 32,945</u> | <u>\$ 44,984</u> | <u>\$ 57,386</u> | <u>\$ 60,618</u> |
| <u>Capital costs</u> | | | | |
| Furniture and equipment purchases | \$ - | \$ 708 | \$ - | \$ - |
| Repairs and maintenance | 4,078 | 469 | 59 | |
| <i>Total capital costs</i> | <u>\$ 4,078</u> | <u>\$ 1,177</u> | <u>\$ 59</u> | <u>\$ -</u> |
| <i>Total operating and capital costs</i> | <u>\$ 37,023</u> | <u>\$ 46,161</u> | <u>\$ 57,445</u> | <u>\$ 60,618</u> |
| <u>Net change in cash</u> | | | | |
| Opening cash | \$ 764 | \$ 1,170 | \$ (44,652) | \$ 30,433 |
| Ending Cash | <u>42,439</u> | <u>43,204</u> | <u>44,374</u> | <u>(279)</u> |
| | <u>\$ 43,204</u> | <u>\$ 44,374</u> | <u>\$ (279)</u> | <u>\$ 30,154</u> |

LBVR (Hawkeye Group Properties)
Actual Cash Flow
the period of September 8, 2012 to February 28, 2014
(in CDN dollars)

| | Feb.1 - Feb. 28/14 | 18 month Total |
|---|---------------------------|---------------------------|
| <u>Operating receipts</u> | | |
| Funds received from the Purdy Group | \$ 35,000 | \$ 988,000 |
| Fishpath sales and rental receipts | 13,537 | 206,891 |
| Fuel sales | 3,095 | 188,195 |
| Other miscellaneous receipts | 1,800 | 43,756 |
| Total operating receipts | \$ 53,432 | \$ 1,426,842 |
| <u>Operating Disbursements</u> | | |
| Management fees | \$ 16,650 | \$ 300,533 |
| Restaurant food and beverage inventory | 1,501 | 134,497 |
| Operations labour | 12,560 | 219,338 |
| Utility costs | 7,780 | 111,931 |
| Fuel inventory | 2,510 | 157,089 |
| Travel expenses | 1,405 | 40,376 |
| Insurance expense | 6,871 | 51,501 |
| Office, pub and cleaning supplies | 321 | 61,512 |
| Other misc | 86 | 1,709 |
| Bank service charges and other permit costs | 406 | 9,015 |
| Total operating disbursements | \$ 50,088 | \$ 1,087,501 |
| <u>Capital costs</u> | | |
| Furniture and equipment purchases | \$ - | 149,355 |
| Repairs and maintenance | 685 | 157,174 |
| Total capital costs | \$ 685 | \$ 306,529 |
| Total operating and capital costs | \$ 50,773 | \$ 1,394,029 |
| <u>Net change in cash</u> | | |
| Opening cash | \$ 2,659 | \$ 32,813 |
| Ending Cash | 30,154 | - |
| | \$ 32,813 | \$ 32,813 |

APPENDIX C

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of March 22, 2014 to May 2, 2014 (the "Forecast Period")
(in CDN dollars)

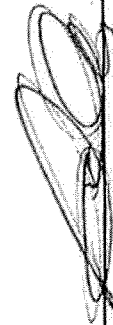
| | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | TOTAL Forecast Week 124 to 128 |
|---|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------|---|
| | Week 123 28-Mar-14 | Week 124 4-Apr-14 | Week 125 11-Apr-14 | Week 126 18-Apr-14 | Week 127 25-Apr-14 | Week 128 2-May-14 | | |
| Receipts | | | | | | | | |
| Half Moon Lake Resort receipts | 5,000 | 5,000 | 5,000 | | 10,000 | - | | 25,000 |
| Other receipts | - | - | - | | | | | - |
| Total operating receipts | 5,000 | 5,000 | 5,000 | - | 10,000 | - | | 25,000 |
| Funds from Monitor's Trust Account | 125,000 | 20,000 | - | - | - | - | | 145,000 |
| Total receipts | 130,000 | 25,000 | 5,000 | - | 10,000 | - | | 170,000 |
| Disbursements | | | | | | | | |
| Half Moon Lake expenses | - | 15,000 | 2,500 | 2,500 | | 2,500 | | 22,500 |
| Repayment of funds to Monitor's trust account | 9,200 | | | | | | | 9,200 |
| Management Fees | - | 4,000 | - | | | 5,000 | | 9,000 |
| Total disbursements | 9,200 | 19,000 | 2,500 | 2,500 | - | 7,500 | | 40,700 |
| LBVR management agreement disbursements | | | | | | | | |
| Release of funds to LBVR | - | - | - | - | - | - | | - |
| Total operating & LBVR disbursements | 9,200 | 19,000 | 2,500 | 2,500 | - | 7,500 | | 40,700 |
| Restructuring professional fees | | | | | | | | |
| - Monitor | 40,000 | 5,000 | - | - | - | - | | 45,000 |
| - Proposal trustee | 17,500 | - | - | - | - | - | | 17,500 |
| - Company Counsel | 22,500 | 2,500 | - | - | - | - | | 25,000 |
| - Monitor Counsel | 45,000 | 2,500 | - | - | - | - | | 47,500 |
| Total restructuring professional fees | 125,000 | 10,000 | - | - | - | - | | 135,000 |
| Total disbursements | 134,200 | 29,000 | 2,500 | 2,500 | - | 7,500 | | 175,700 |
| Net change in Applicant cash | (4,200) | (4,000) | 2,500 | (2,500) | 10,000 | (7,500) | | (5,700) |

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of March 22, 2014 to May 2, 2014 (the "Forecast Period")
(in CDN dollars)

| | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | TOTAL Forecast Week 124 to 128 |
|------------------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------|---|
| | Week 123 28-Mar-14 | Week 124 4-Apr-14 | Week 125 11-Apr-14 | Week 126 18-Apr-14 | Week 127 25-Apr-14 | Week 128 2-May-14 | | |
| APPLICANT CASH BALANCE | | | | | | | | |
| Opening cash | 8,394 | 4,194 | 194 | 2,694 | 194 | 10,194 | | 8,394 |
| Net change in operating cash | (4,200) | (4,000) | 2,500 | (2,500) | 10,000 | (7,500) | | (5,700) |
| Ending Cash | 4,194 | 194 | 2,694 | 194 | 10,194 | 2,694 | | 2,694 |

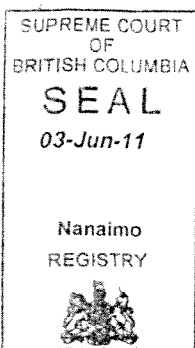
| | | | | | | | | |
|---|-----------|----------|--------|--------|--------|--------|--|-----------|
| FUNDS HELD BY MONITOR | | | | | | | | |
| Opening Cash | 148,309 | 32,509 | 12,509 | 12,509 | 12,509 | 12,509 | | 148,309 |
| Collection of funds - other | 9,200 | - | - | - | - | - | | 9,200 |
| Release of funds to Applicants (for LBVR) | - | - | - | - | - | - | | - |
| Release of funds to Applicants (for operations) | (125,000) | (20,000) | - | - | - | - | | (145,000) |
| | (115,800) | (20,000) | - | - | - | - | | (135,800) |
| Ending cash | 32,509 | 12,509 | 12,509 | 12,509 | 12,509 | 12,509 | | 12,509 |

| | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|--|----------|
| TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING | | | | | | | | |
| Applicant ending cash balance | 4,194 | 194 | 2,694 | 194 | 10,194 | 2,694 | | 2,694 |
| Total Funds held by Monitor | 32,509 | 12,509 | 12,509 | 12,509 | 12,509 | 12,509 | | 12,509 |
| Less: Funds held for LBVR Agreement | (12,500) | (12,500) | (12,500) | (12,500) | (12,500) | (12,500) | | (12,500) |
| Cash held in trust per Court Order | (20,000) | - | - | - | - | - | | - |
| Cash held for general restructuring | 9 | 9 | 9 | 9 | 9 | 9 | | 9 |
| Cash available for general restructuring | 4,203 | 203 | 2,703 | 203 | 10,203 | 2,703 | | 2,703 |


Jack Purdy
President & Chief Executive Officer


DATE

APPENDIX D



No. 62627
Nanaimo Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF MONTREAL

PETITIONER

AND:

ARMAC INVESTMENTS LTD.
THE CROWN IN RIGHT OF CANADA
KIM GALAVAN
THE CROWN IN RIGHT OF BRITISH COLUMBIA
BYRON LOEWEN

RESPONDENTS

ORDER MADE AFTER APPLICATION

ORDER NISI

BEFORE MASTER TAYLOR)
)
) WEDNESDAY THE 1ST
 DAY OF JUNE, 2011

THE HEARING of the Petition coming on for hearing this day at Vancouver, B.C.;
AND UPON HEARING Kimberley Robertson, Counsel for the Petitioner, and no-one else appearing
on behalf of the Respondents, although given due notice of this application in accordance with the
Supreme Court Civil Rules, and on reading the materials filed herein;

THIS COURT DECLARES AND ORDERS that:

1. This proceeding be transferred to the Vancouver Registry of the Supreme Court of British Columbia for all purposes;

2. The mortgage (the "Mortgage") between Shirley Sandra Ball as mortgagor and assumed by the Respondent, Armac Investments Ltd. as mortgagor and the Petitioner as mortgagee, which was registered in the Victoria Land Title Office on December 31, 1997 under number EL148231 is a charge on the following lands and premises:

CITY OF PORT ALBERNI
 PARCEL IDENTIFIER: 007-175-698
 LOT 23 BLOCK 18 DISTRICT LOT 9 ALBERNI DISTRICT PLAN 1585
 (the "Lands").

3. The Mortgage ranks in priority to the interests in the Lands of the Respondents and each of them and their respective heirs, executors, administrators, successors and assigns and all persons claiming by, through or under them.

4. There has been default under the Mortgage.

5. The last date for redemption shall be December 1, 2011 (the "Redemption Date").

6. The amount of money required to redeem the Lands is the sum of \$61,700.11 as at June 1, 2011, together with interest thereafter at the rate of the Petitioner's prime rate of interest in effect from time to time, calculated and compounded in accordance with the terms of the Mortgage (currently at the rate of \$5.03 per diem), to accrue until the Lands are redeemed or sold, whether or not redemption or sale occurs prior to or after the last date set for redemption herein, together with the Petitioner's costs of this proceeding (the "Amount Required to Redeem").

7. Upon the Respondents or any of them paying into the Nanaimo Registry of this court at 35 Front Street, Nanaimo, or to the solicitors for the Petitioner or if no such solicitor exists to the Petitioner, the Amount Required to Redeem before pronouncement of an order absolute or an order approving a sale of the Lands, then the Petitioner shall reconvey the Lands free and clear of all encumbrances in favour of it or by any person claiming by, through or under it, and shall

deliver up all documents in the Petitioner's custody relating to the Lands to the Respondent or Respondents who made payment.

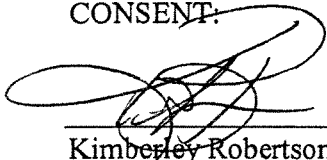
8. If the Lands are not redeemed, the Petitioner shall be at liberty to apply for an order absolute and upon pronouncement of order absolute then the Respondents and the heirs, executors, administrators, successors and assigns of the Respondents and all persons claiming by, through or under them shall thenceforth stand absolutely debarred and foreclosed of and from all right, title, interest, and equity of redemption in or to the Lands, and shall immediately deliver to the Petitioner vacant possession of the Lands.

9. The Respondent, Armac Investments Ltd. shall pay to the Petitioner the sum of \$61,700.11 plus the Petitioner's assessed costs of and in connection with this proceeding;

10. The Petitioner is at liberty to apply to this court for a further summary accounting of any amounts that are due to the Petitioner pursuant to the Mortgage, before or after the date of pronouncement of this order, and for an order varying the Amount Required to Redeem accordingly.

11. The assessed costs of and in connection with this proceeding are awarded to the Petitioner on Scale A, with liberty for the Petitioner to apply for costs of any subsequent application at a different Scale.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:


 Kimberley Robertson
 COUNSEL FOR THE PETITIONER

BY THE COURT

Digitally signed by
 Porter, Shirley

 REGISTRAR

NO. 62627
NANAIMO REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF MONTREAL

PETITIONER

AND:

ARMAC INVESTMENTS LTD. AND OTHERS

RESPONDENTS

ORDER NISI



Barristers & Solicitors
1600 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Phone: (604) 685-3456
Attention: Kimberley Robertson

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