

COURT FILE NUMBER

1103-18646

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

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



AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGMENT OF ARMAC INVESTMENTS LTD.
(AB), LAKE EDEN PROJECTS INC. (AB), 1204583
ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB),
WESTRIDGE PARK LODGE DEVELOPMENT CORP
(AB), and WESTRIDGE PARK LODGE AND GOLF
RESORT LTD. (AB), HALF MOON LAKE RESORT
LTD. (AB), NO. 50 CORPORATE VENTURES LTD.
(BC), 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-SECOND REPORT OF THE MONITOR

April 15, 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

TABLE OF CONTENTS OF THE TWENTY-SECOND REPORT

INTRODUCTION	3
TERMS OF REFERENCE	4
BACKGROUND	4
PLAN OF ARRANGEMENT	6
MEETING OF CREDITORS	11
MONITOR'S ANALYSIS OF THE PLAN	14
UPDATED CASH FLOW FORECAST THROUGH JUNE 6, 2014	17
THE PURDY GROUP'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD	21
RECOMMENDATION	22

LISTING OF APPENDICES TO THE TWENTY-SECOND REPORT

APPENDIX A	The Proposed Meeting Procedure Order
APPENDIX B	The Plan
APPENDIX C	Meeting Materials
APPENDIX D	Liquidation Analysis
APPENDIX E	Updated Forecast

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-second report of the Monitor (the "Twenty-Second Report") is to provide Creditors and the Court with information in respect of the following:
 - a) the Plan of Arrangement and Compromise proposed to be filed and circulated to creditors in these proceedings by the Applicants (the "Plan");
 - b) the proposed Meeting Procedure Order outlining the process to be followed at the meeting of creditors to vote on the Plan (Appendix A);
 - c) the Monitor's analysis of the Plan and Meeting Procedure Order;
 - d) the revised cash flow projections (the "Updated Forecast") from March 22, 2014 through June 6, 2014 (the "Forecast Period");
 - e) the Purdy Group's request for an extension to the current stay period until and including June 5, 2014; and
 - f) the Monitor's recommendations.
4. Capitalized terms not defined in this Twenty-Second Report are as defined in the Initial Order, the First Report to the Twenty-First Report inclusive, the Claims Procedure Order, the Dispute Procedural Order, the Sale Order, the Ocean Front

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

BACKGROUND

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

- a) all Proven Unsecured Claims in the Proposal will share pro-rata in the distribution of the Unsecured Creditor Pool in the Plan; and
 - b) Axxess and CRA will receive Promissory Notes for their Claims in the Proposal;
10. Voting on the Proposal has not occurred. The meeting of creditors to consider the Proposal was initially 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 April 17, 2014 at the office of Dentons at 12:00 PM MST.
 11. 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.
 12. 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.
 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. The Monitor is advised that both CRA and Axxess are now in agreement with the Plan being circulated to be voted on by Creditors.
 14. 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 Purdy and in the previous twenty-one

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 .

PLAN OF ARRANGEMENT

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 and will be administered in separate insolvency proceedings as necessary.

17. The Plan Applicants are proposing an arrangement and compromise to its Creditors in accordance with the Plan. The purpose of the Plan is to effect a compromise of all Affected Claims in to order expedite the recovery of amounts owed to Creditors by the Plan Applicants and reduce the uncertainties, risks, further costs and delays that will otherwise occur to stakeholders in a liquidation. A copy of the Plan is attached to this Twenty-Second Report as Appendix B.

Arrangement and Compromise under the Plan

18. The structure of the Plan is as follows:
- a) the Plan is presented to the Creditors by the Plan Applicants on a joint and consolidated basis for the purpose of voting on the Plan and receiving distributions under the Plan. Inter-corporate obligations between each of the Applicants and between the Applicants and Purdy will not be considered nor will they be proven for voting or distribution purposes;
 - b) the Plan does not affect Unaffected Creditors. All Unaffected Creditors will be paid in full pursuant to their existing arrangements with the Plan Applicants or otherwise as may be agreed with them;
 - c) the Plan Applicants expect to have available to them cash of at least \$1.5 million from the closing of the Half Moon Financing. These funds will be utilized to pay outstanding professional fees and property taxes, fund the Unsecured Creditor Cash Pool of \$300,000 to satisfy the Claims of Unsecured Creditors (excluding Axxess and CRA) and provide initial working capital.
 - d) Axxess and CRA will receive on the Effective Date, a Promissory Note in the total amount of their Proven Claims. The Promissory Notes will be secured by way of a Mortgage Charge over all of the Property of the Plan Applicants as agreed to between them.

- e) if the Applicants are successful in arranging the Half Moon Financing and if the Required Majority of Affected Creditors vote to accept the Plan, on the Effective Date, in full satisfaction and discharge for each Proven Unsecured Creditor Claim, each Unsecured Creditor with a Proven Unsecured Claims will receive its Pro Rata Unsecured Claim Amount;
- f) 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 of the Plan.
- g) if the Applicants are not able to arrange the Half Moon Financing, then the Plan shall not be implemented and subject to further order of the Court the property of Half Moon, BC Opco and BC Salesco will be liquidated by Monitor. Proceeds from the liquidation will be paid to CCAA and Proposal creditors in accordance with their priority prior to any Plan being filed; and
- h) as soon as reasonably practicable after the Plan Implementation, all Proven Claims of Affected Creditors (including Disputed Claims if they become Proven Claims), will be paid their proportionate share in accordance with the Plan.

Claims of Creditors

19. The Plan provides for the compromise of all Affected Claims of the Creditors in accordance with the provisions of the Plan. Proven Claims of Affected Creditors will be paid in accordance with the Plan. Proven Claims are Claims 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.

20. Disputed Claims are Claims of an Affected Creditor that is subject to a Dispute Notice, which, if allowed in accordance with the Claims Procedure Order, would be an Affected Claim, but which at Plan Implementation Date may not have been finally determined to be a Proven Claim.

Unaffected Claims

21. Unaffected Claims include:
- a) Claims of any persons arising on account of any new obligation 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; and
 - d) Any party benefiting from the Administration Charge.

Classes

22. The Plan contemplates two classes of Creditors for voting on this Plan:
- a) the CRA Claims and Axxess Claims class that consist solely of CRA and Axxess for their Secured Claims;
 - b) the Unsecured Creditor class that consists of the Unsecured Creditors including CRA and Axxess for that portion of the CRA Claims and Axxess Claims that is an Unsecured Claim.

Conditions Precedent to Implementation of the Plan

23. The implementation of the Plan is subject to, among other things, the following conditions precedent:

- a) the Approval and Vesting Order and other Orders required under the Plan shall have been 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 shall have closed;
- d) the payments to Unaffected Creditors required by Article 5.3 shall have been made or arrangements for payment of the Unaffected Creditors' 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;
- f) the Proposed Stay Extension Order and the Proposed Meeting Procedure Order shall have been granted by the Court and served by the Monitor on all of the Creditors and no appeal proceedings shall have been commenced by any Creditors in respect of any such Orders, prior to the expiry of the appeal periods for such Orders;
- g) the Plan shall have been sanctioned by the Court pursuant to the Plan Sanction Order. Any relevant appeal period shall have expired without any appeal proceedings having been taken or any appeal so

take shall have been finally determined in a manner satisfactory to the Plan Applicants by the appropriate appellant tribunal.

- h) 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
- i) all applicable governmental, regulatory or other similar consents and approvals from the regulatory authorities having jurisdiction over the companies shall have been received and made;
- j) The Monitor has filed a certificate with the Court certifying that all conditions precedent have been fulfilled

Plan Implementation

24. Upon the completion of all condition precedents set out in the Plan, the Plan shall be implemented by the Plan Applicants.

MEETING OF CREDITORS

The Meeting Procedure Order

25. The Applicants are now seeking an order to call a creditors meeting (the “Meeting Procedure Order”), which will give the Applicants the authority to circulate the Plan and related Meeting Materials to its Creditors for the purpose of voting on the Plan.
26. The Meeting Procedure Order proposes, *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 this 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").

Attendance and Voting

27. The only persons entitled to attend the Creditors' Meeting are the Chair, representatives of the Monitor, the Affected Creditors holding a Proven Claim (each as defined in the Plan) (including holders of proxies) and the legal counsel of any person entitled to attend. Any other person may be admitted to the Creditors' meeting on invitation of the Chair.
28. A quorum for the Creditors' Meeting shall be one person entitled to vote represented in person or by proxy.
29. Creditors with Unaffected Claims shall not be entitled to vote at the Creditors' Meeting.
30. The only persons entitled to vote at the Creditors' Meeting, in Person or by Proxy, on a resolution to approve the Plan, are Affected Creditors with Proven Claims, which included Creditors with Disputed Claims.
31. The weight provided to a Proven Claim is equal to the value of such Creditors' Proven Claim. The weight provided to a Creditors' Disputed Claim for voting purposes will either be the amount set out in any applicable Notice of Revision or Disallowance or the full amount of such Disputed Claim, as more particularly described in and set out in the Proposed Meeting Procedure Order.
32. Any proxy in respect of the Creditors' Meeting (or any adjournment thereof) shall be provided to the Monitor on or before 5:00 p.m. MDT May 14, 2014 provided that any proxy may also be deposited with the Chair of the Creditors' Meeting prior to the commencement of the Creditors' Meeting.
33. The results of the vote conducted at the proposed Creditors' Meeting are proposed to be binding on all of the Creditors whether or not the Creditor is present in person or by proxy or voting at the Creditors' Meeting.

MONITOR'S ANALYSIS OF THE PLAN

Overview

34. 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 (Axxess 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.
35. The Applicants' management has indicated that there are no other viable options available to restructure other than that proposed in the Plan and the only other alternative would be a formal liquidation. In management's estimate, a liquidation scenario would not provide the best recovery to the Affected Creditors, as discuss further below.
36. A condition of the Plan is that the Affected Creditors must approve the Plan by the Required Majority of each class of Affected Creditors. For greater certainty, no class of Creditors shall be bound by the terms of the Plan unless each class of Affected Creditors has agreed to the Plan by the Required Majority. If each class of Affected Creditors does not approve the Plan, the likely scenario would be liquidation proceedings.
37. The Applicants support the Plan and related reorganization as they believe that the Plan provides the Affected Creditors with a greater opportunity to realize on their respective investments and to continue with a new stronger entity (Holdco), in particular, CRA and Axxess, and the Unsecured Creditors will achieve greater recoveries by accepting the Plan versus in a liquidation scenario.
38. The Plan contemplates that the Creditors of the Applicants and Purdy's personal Proposal will be handled on a consolidated basis. The Applicants, with the support of the Monitor, believe that there will be no material prejudice

experienced by any of the Creditors of the Applicants or Purdy's personal proposal from the consolidated Plan.

39. The Applicants believe that the Plan and the related distribution process would provide for not only a better return than in a liquidation scenario, but would also provide the Affected Creditors with the following advantages:

- a) In a liquidation scenario, the distributions to creditors would (in the case of bankruptcy) be subject to a statutory levy pursuant to the BIA which is deducted from the distributions and payable to the Superintendent of Bankruptcy. No levy is payable in respect of distributions under the CCAA proceedings;
- b) a liquidation scenario would result in increased professional fees and costs as a result of the potential requirement for another claims process and associated administrative costs;
- c) the Applicants' general and administrative costs expected to be incurred to complete the Plan and CCAA proceedings would likely be increased in a liquidation proceeding;
- d) a bankruptcy or receivership would cause further delay in the timing of distributions to the Affected Creditors; and
- e) a bankruptcy or liquidation scenario would fail to realize any value from certain corporate attributes.

Creditor Analysis

40. The Monitor has prepared a liquidation analysis of the recoveries to the various creditor groups under the Plan as detailed in Appendix D to this report. The notes to the liquidation analysis are also included in Appendix D and should be read in conjunction with the liquidation analysis as it describes the assumptions and

analysis used by the Monitor. The liquidation analysis is also summarized in the table below:

Purdy Group of Companies Plan of Arrangement and Purdy Proposal Consolidated Liquidation Analysis vs. Proposed Plan Distributions			
	Liquidation Analysis		Plan Distribution
	Low	High	
Total Proceeds Available	7,644,375	10,192,500	1,500,000
Less: Payments for CCAA priority costs and estimated liquidation costs/operating costs:	(3,482,219)	(3,759,625)	(1,200,000)
Less: Payments to deemed trust and secured creditor claims:	(4,856,760)	(5,437,301)	-
Funds Available for Distribute to Unsecured Creditors	-	995,574	300,000
Total corporate and Purdy Proposal Unsecured Claims	(6,808,407)	(6,227,866)	(1,053,663)
Unsecured Cash Recovery	0%	16%	28.5%
Unsecured Creditor Cash Recovery			
CRA Corporate claims	-	26,718 2.7%	-
CRA Claim against Purdy	-	204,824 20.6%	-
Axcess guarantee claim in Purdy proceedings	-	595,596 59.8%	-
Other Purdy Proposal creditors	-	1,680 0.2%	3,000
Other CCAA creditors	-	166,757 16.7%	297,000
	-	995,574 100%	300,000

41. 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 will be paid out in full;
- b) Axcess and CRA will obtain a Promissory Note in Holdco 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.
42. The Applicants did not have a formal tax review completed on the Plan to determine if there would be any significant tax implications as a result of the Plan being sanctioned by the Court, subject to Court approval.

Conclusion

43. The Monitor agrees with the Applicants that there are no other viable options available to restructure the financial affairs of the Applicants other than that proposed in the Plan and that the only other option is formal liquidation.
44. Axxess and CRA will receive full consideration for their Claims in the form of Promissory Notes in Holdco. Axxess and CRA have agreed not to participate in distributions from the Unsecured Creditors Pool being made available to the Unsecured Creditor class. Accordingly, the Unsecured Creditors will receive a greater recovery under the Plan than they would if the property of the Applicants were to be liquidated.
45. 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.

UPDATED CASH FLOW FORECAST THROUGH JUNE 6, 2014

46. The Applicants have not provided the Monitor with its updated results on its cash flow actual to forecast for the period of March 22, 2014 to April 11, 2014. The Applicants have advised the Monitor that its actual results are not materially

different than that of the forecast provided in the Twenty-First Report. For purposes of this Forecast Period, the Applicants, with the assistance of the Monitor, have updated the forecast provided in the Twenty-First Report and included an additional 5-weeks to the forecast to June 6, 2014.

47. The Updated Forecast for the Forecast Period based on the most current information available, which the Updated Forecast is attached as Appendix E to the Twenty-Second Report.
48. 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-Second Report, or relied upon by it in preparing this Twenty-Second Report.
49. 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 Projected Cash Flow Summary		March 22/14 to June 6/14
Receipts	\$	40,000
Funds from Monitor's trust account		145,000
Total receipts	\$	185,000
Disbursements		55,700
Release of funds to LBVR		-
Restructuring professional fees		135,000
Total disbursements	\$	190,700
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

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

- a) total cash receipts from Half Moon Lake Resort at approximately \$40,000. 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 and a partial payment towards Half Moon property taxes of \$10,000; and
 - c) cash disbursements of approximately \$55,700 to be used to fund Half Moon operating expenses of approximately \$32,500, repayment of funds to the Monitor's trust account of \$9,200 and management fees of \$14,000; and
51. 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.
52. 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 \$40,000;
- c) operating costs and partial payment of outstanding property taxes relating to Half Moon of approximately \$32,500;
- d) repayment of funds to the Monitor's trust account of approximately \$9,200. 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 was scheduled to be collected by the Monitor from the Applicants in Week 123.
- e) management fees of approximately \$14,000; and
- f) restructuring costs for the Monitor, its counsel and the Applicants' counsel of approximately \$135,000.

53. 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.

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

54. The stay period expires at midnight on April 17, 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 June 5, 2014 (the "Proposed Stay Extension").

55. In the Monitor's view, an extension to the Proposed Stay Period is necessary for the Applicants to circulate the Plan and hold the Creditors' Meeting.

56. The Monitor is of the view that the Applicants are acting in good faith and with due diligence. The Monitor is also of the respectful view that no creditor should be materially prejudiced by an extension of Stay Period.

RECOMMENDATION

57. The Monitor respectfully recommends that this Honourable Court:
- a) approve the Proposed Meeting Procedure Order, which effectively provides that the Applicants be allowed to circulate the Plan and related Meeting Materials to their Creditors for the purposes of allowing the Creditors to vote on the Plan; and
 - b) approve the Proposed Stay Extension.

All of which is respectfully submitted this 15th day of April, 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

Clerk's Stamp:

COURT FILE NUMBER

1103 18646

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

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

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF ARMAC INVESTMENTS
LTD. (AB), LAKE EDEN PROJECTS INC. (AB),
1204583 ALBERTA INC. (AB), 131717 ALBERTA
INC. (AB), WESTRIDGE PARK LODGE
DEVELOPMENT CORP. (AB) AND WESTRIDGE PARK
LODGE AND GOLF RESORT LTD. (AB), HALF MOON
LAKE RESORT LTD. (AB), NO 50 CORPORATE
VENTURES LTD. (BC), FISHPATHS RESORTS
CORPORATION (BC), ARMAC INVESTMENT LTD.
(BC), OSTROM ESTATES LTD. (BC), HAWKEYE
MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN
HOLDINGS LTD. (BC), GIANT MOUNTAIN
PROPERTIES LTD. (BC), AND CHERRY BLOSSOM
PARK DEVELOPMENT CORP. (BC)
(COLLECTIVELY, THE "PURDY GROUP")

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

TAYLOR LAW OFFICE
Suite 401, 10722, 103 Avenue
Edmonton, Alberta T5J 5G7
Attention: Conan J. Taylor
Phone: (780) 428-7770 Fax: (780) 428-7775

DATE ON WHICH ORDER WAS PRONOUNCED: Thursday, April 17, 2014

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF MASTER/JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice D. R. G.
Thomas

7761762_7|NATDOCS

UPON Application of counsel on behalf of the Applicants, ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 131717 ALBERTA INC. (AB), WESTRIDGE PARK LODGE DEVELOPMENT CORP. (AB) AND WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC) and CHERRY BLOSSOM PARK DEVELOPMENT CORP. (BC) (collectively the "Applicants"); AND UPON having read the Affidavit of John Kenneth Purdy dated April 15, 2014, filed; AND UPON having read the Twenty-Second Report of the Monitor Alvarez & Marsal Canada Inc. (the "Monitor"); AND UPON noting that the Applicants desire to present to certain creditors a Proposed Plan of Arrangement which Plan is consolidated with the proposal proceedings of John Kenneth Purdy otherwise known as Jack Purdy being Court File / Estate Number 24-1568045 (the "Plan), a copy of which is attached as Appendix "B" to the Twenty-Second Report of the Monitor, filed (the "Report"); AND UPON having read and considered the Report and the pleadings and proceedings had and taken herein including, without limitation, the Claims Procedure Order granted by this Honourable Court February 15, 2012 by the Honourable Justice D.R.G. Thomas; AND UPON hearing counsel for the Applicants, as well as counsel for the Monitor and other interested parties, creditors and stakeholders;

IT IS HEREBY ORDERED THAT:

1. Notice of the application for this Order and any material in support is deemed good and sufficient upon all interested persons, the time for service is abridged to the time actually given and all further and other service of the application for this Order and any material in support is dispensed with.
2. Paragraph 13 of the Initial Order dated December 1, 2011, granted in this matter, as further amended by the subsequent Orders of this Honourable Court dated December 20, 2011, February 15, 2012 May 2, 2012, June 29, 2012, September 28, 2012, December 18, 2012, February 19, 2013, May 17, 2013, July 26, 2013, October 25, 2013, December 4, 2013, February 12, 2014 and April 1, 2014 is further amended to extend the "Stay Period" until and including June 5, 2014.
3. The Plan shall be submitted to each Affected Creditor with a Proven Claim of the Applicants (each as defined by the Plan) (each such person being a "Creditor") for consideration and voting pursuant to Sections 4, 5, 5.1 and 6 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c-36 as amended the "CCAA").
4. The Applicants may, at any time, and from time to time, amend, restate, modify and/or supplement the Plan provided that any such amendment, restatement, modification or

supplement is contained in a written document filed with this Honourable Court and communicated to the Creditors and the Monitor in the manner required by this Honourable Court (if so required).

5. Any amendments, restatement, modification or supplement to the Plan may be made by the Applicants with the consent of the Monitor following any Sanction Order provided that they concern a matter which, in the opinion of the Monitor is of an administrative or technical nature required to better give effect to the implementation of the Plan and any Sanction Order or would not be materially adverse to the financial interests of the Creditors.
6. Any amended, restated, modified or supplementary Plan or Plans of arrangement and reorganization or distribution filed with this Honourable Court and if required, approved by this Honourable Court shall, for all purposes be and be deemed to be a part of and incorporated in the Plan.
7. The Notice to Creditors and form of Proxy, each substantially in the form of such documents attached to and forming part of Appendix "C" to the Report and the Rules of the Creditors' Meeting attached to and forming part of Appendix "C" to the Report, are each hereby approved. The Applicants and the Monitor are hereby authorized and directed to make such changes thereto as are reasonably necessary or desirable to conform the content thereof to the terms of the Plan or this Order.
8. The Monitor shall provide each Affected Creditor with a Proven Claim (each as defined in the Plan) notice of a meeting at the offices of Dentons Canada LLP, 2900, 10180 – 101 Street, Edmonton, Alberta T5J 3V5 on May 15, 2014 at 10:00 a.m. (or such other date or time as may be extended by this Honourable Court), for the purpose of voting on the Plan (the "Creditors' Meeting").
9. The notice of the Monitor shall include a copy of:
 - (a) this Order;
 - (b) the notice to Creditors referenced in paragraph 7 of this Order;
 - (c) the form of proxy referenced in paragraph 7 of this Order;
 - (d) the Plan; and
 - (e) such further and other material as the Monitor considers advisable.

(the documents referenced in subparagraphs (a) – (e) inclusive being referred to herein as the “Meeting Materials”).

10. The Meeting Materials shall be sent by the Monitor (or its counsel) on or before April 30, 2014 by email, facsimile or regular pre-paid mail to the last known email address, facsimile number or address of the Affected Creditor with Proven Claim (or alternatively the legal counsel of such person) as set out by any Proof of Claim, Notice of Dispute (or other document provided to the Monitor or its legal counsel by such person or such person’s legal counsel in connection with a previously filed Proof of Claim by or on behalf of that person) which Proof of Claim, Notice of Dispute or other document was filed or otherwise previously filed with or provided to the Monitor or its legal counsel.
11. The Monitor shall post on its website electronic copies of the Meeting Materials until the later of its discharge or December 31, 2014.
12. On or before May 3, 2014, the Monitor shall cause a notice to creditors in such form as the Monitor considers advisable to be published in the Edmonton Journal and the Victoria Times.
13. Provision of the Meeting Materials to Creditors in accordance with the terms of this Order shall constitute good and sufficient service, notice and delivery of this Creditors’ Meeting Order and the Meeting Materials on all persons who may be entitled to receive notice or be entitled to vote or be present at the Creditors’ Meeting or any adjournment thereof and no further or other service need be given or made and no other document or material need be served upon such persons.
14. Any proxy in respect of the Creditors’ Meeting (or any adjournment thereof) shall be provided to the Monitor on or before 5:00 p.m. MST May 14, 2014 provided that any proxy may also be deposited with the Chair of the Creditors’ Meeting prior to the commencement of the Creditors’ Meeting.
15. The Monitor, may in its discretion, waive in writing the time limits imposed on the Creditors for the receipt or deposit of proxies if it considers it advisable to do so.
16. The Creditors’ Meeting shall be called, held and conducted and the Plan shall be voted upon and if approved by the Creditors, ratified and given full force and effect in accordance with the provisions of this Order, the Plan, the CCAA and any further Order of this Honourable Court, notwithstanding the provision of any agreement or other instrument to the contrary.

17. An officer of the Monitor, designated by the Monitor shall preside as the Chair (the "Chair") of the Creditors' Meeting and subject to this Order and any further Order of this Honourable Court, shall decide all matters relating to the conduct at the Creditor's Meeting.
18. The Chair shall be entitled to adjourn and further adjourn the Creditors' Meeting or any adjourned Creditors' Meeting provided that any such adjournment or adjournment shall be for a period of not more than 30 days in total and in the event of any such adjournment there shall be no requirement to deliver a notice of adjournment to any person other than announcing the adjournment at the Creditors' Meeting or posting notice at the originally designated time and location of the Creditors' Meeting or adjourned Creditors' Meeting.
19. The only persons entitled to attend the Creditors' Meeting, are the Chair, representatives of the Monitor, Affected Creditors holding a Proven Claim (each as defined in the Plan) (including holders of proxies) and the legal counsel of any person entitled to attend. Any other person may be admitted to the Creditors' Meeting on invitation of the Chair.
20. Creditors shall be entitled to vote in accordance with the Plan and the results of the vote conducted at the Creditors' Meeting shall be binding on all Creditors whether or not the Creditor is present in person or by proxy or voting at the Creditors' Meeting.
21. The Monitor shall provide a report to this Honourable Court no later than May 30, 2014 with respect to:
 - (a) the results of the voting at the Creditors' Meeting on the resolutions to approve the Plan; and
 - (b) whether the required majority of each of the classes of Creditors as set out in the Plan has approved the Plan.
22. An electronic copy of the Monitor's report regarding the Creditors' Meeting including any amendments and variations thereto shall no later than May 30, 2014 be posted on the website of the Monitor.
23. If the Plan is approved by the required majority of Creditors (as set out in the Plan), the Applicants may bring a motion to this Honourable Court returnable on June 5, 2014 at 2:00 p.m. at the Law Courts, Edmonton, Alberta seeking an Order sanctioning the Plan pursuant to the CCAA (the "CCAA Sanction Application"). A draft Plan Sanction Order

shall be posted on the website of the Monitor at least five days prior to the hearing of the CCAA Sanction Application.

24. Service of this Order by the Monitor to the parties on the service list and by posting a copy of this Order on the website of the Monitor in accordance with the requirements of this Order shall constitute good and sufficient service of this Order, notice of the CCAA Sanction Application on all persons entitled to receive notice of such application and no other form of notice or service need be made and no other materials need be served in respect of the CCAA Sanction Application except that the Applicants shall also serve the service list with any additional materials to be used in support of the CCAA Sanction Application.
25. Any person who wishes to oppose the CCAA Sanction Application shall serve on the service list a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the CCAA Sanction Application at least ten (10) days before the date set for the CCAA Sanction Application or such shorter time as this Honourable Court by order may allow.
26. If the CCAA Sanction Application is adjourned, only those persons who have filed and served their notice of opposition as aforesaid shall be served with notice of the adjourned date.
27. This Honourable Court hereby requests the aid and recognition of any court or any judicial regulatory or administration body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constitute pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of any nation or state to act in aide of and to be complementary to this Honourable Court in carrying out the terms of this Order.
28. Service of this Order on any person other than a person on the service list is hereby dispensed with, provided that a copy thereof will be available of the Monitor's website.

J.C.Q.B.A.

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")

PLAN OF ARRANGEMENT

ARTICLE 1 INTERPRETATION	4
1.1 Definitions	4
1.2 Interpretation.....	8
1.3 Date for any Action	8
1.4 Time	8
1.5 Statutory References	9
1.6 Successors and Assigns	9
ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN	9
2.1 Persons Affected	9
2.2 Persons not Affected.....	9
2.3 Joint Plan for the Plan Applicants and Purdy	9
ARTICLE 3 CLASSIFICATIONS OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS	10
3.1 Classes of Claims	10
3.2 Affected Claims	10
3.3 Creditor's Meeting	10
3.4 Approval by Creditors	10
3.5 Order to Establish Procedure for Valuing Claims	10
3.6 Claims for Voting Purposes	10
ARTICLE 4 PLAN FOR CRA AND AXCESS AND UNSECURED CREDITORS	11
4.1 Plan Funding.....	11
4.2 Plan for CRA and Axxess Class.....	11
4.3 Plan for Unsecured Creditor Class	12
ARTICLE 5 RESTRUCTURING TRANSACTIONS.....	12
5.1 Transfer of Real Property and Personal Property.....	12
5.2 Termination of Half Moon Campsite Rental Agreement	13
5.3 New Financing.....	14
5.4 Sale of Property.....	14
5.5 Payment to Priority and Unaffected Creditors	15
ARTICLE 6 CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION.....	15
6.1 Conditions Precedent.....	15
6.2 Plan Implementation	16
ARTICLE 7 RELEASES.....	16

7.1 Released Parties	16
ARTICLE 8 PROCEDURES FOR RESOLVING DISTRIBUTION IN RESPECT OF DISPUTED	16
8.1 No Distributions Pending Allowance	16
8.2 Disputed Claims Reserve	17
8.3 Distributions After Disputed Claims Resolved	17
ARTICLE 9 PROVISIONS GOVERNING DISTRIBUTIONS	17
9.1 Interest on Creditor Claims	17
9.2 Distributions by the Monitor	17
9.3 Withholding and Reporting Requirements	17
ARTICLE 10 GENERAL	18
10.1 Binding Effect	18
10.2 Paramountcy	18
10.3 Severability of Plan Provisions	18
10.4 Non-Consummation	18
10.5 Responsibilities of the Monitor	19
10.6 Different Capacities	19
10.7 Further Assurances	19
10.8 Governing Law	19
10.9 Notices	19
10.11 Modification of the Plan	20
10.12 Deeming Provisions	21
ARTICLE 11 EXECUTION	21
11.1 Execution on Company	21

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 Unaffected Creditors 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 costs, including legal costs, on a solicitor and client basis, incurred by Axxess in relation to the Axxess Claims.

- (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 another 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 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 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 of Queen's Bench of Alberta extending the stay of proceedings to a date that coincides with the Plan Sanction 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) Claims of any persons 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.

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

(55) **“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 totaling approximately \$300,000 (the "**Unsecured Creditor Cash Pool**") and Property with which to fund this Plan after taking into account the Administration Charge and the amount payable for Unaffected Claims and Priority Claims.

4.2 Plan for CRA and Axxess Class

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

- a) \$10.0 million 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 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 transfer to BC Opco all 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 transfer to BC Saleco all the BC non-Bamfield real and personal property, as set out in Schedule 3 hereto;

d) The BC real and personal property of the Applicants will be transferred to BC Opco and BC Saleco free and clear of all Claims and Charges except 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, property 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**"). The 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 Approval and Vesting Order in the CCAA Proceedings obtained concurrently with 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 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) \$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 arranged on or before the Plan Sanction Order and utilized to pay:

i) Professional Fees estimated at \$350,000 to \$400,000;

ii) Property taxes estimated at \$200,000;

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

iv) The balance of \$600,000 to \$650,000 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 and Priority Claims, as follows:

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

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

iii) Fund an interest reserve and loan fees for the BC Opco new financing for 24 months, and working capital, estimated at \$800,000.

5.4 Sale of Property

a) In the event the Plan Applicants are unable to arrange the Half Moon Financing, 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 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 Creditors 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 Creditors 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; and

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 Claim or alternatively arrangements have been made to pay such Priority Claim or Unaffected Claim that is satisfactory to the holder of such Priority Claim or Unaffected 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 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;
- d) Payments required by Article 5.3 shall have been made or arrangements for payment of the Unaffected Creditors' 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 April, 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: _____

Ostrom Estates Ltd.
Per: _____

Jubilee Mountain Holdings Ltd.
Per: _____

Cherry Blossom Park Development Corp. (BC)
Per: _____

Armac Investments Ltd. (BC)
Per: _____

Hawkeye Marine Group Ltd.
Per: _____

Giant Mountain Properties Ltd.
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 Vamos 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 & Hydronics (Feb. 1/11) - \$1,976 22) Strathcona County (March 15/11) - tax notification 23) Alberta Health Services (May 3/11) - environmental health hazard notice	1) Midwest Surveys Inc. - (Jan. 7/09) - builder's lien - \$65,520 2) CLP - June 18, 2009
Onoway	Title#: 112 358 456 Plan 7720103; Block S; Lot 26; (5, 2, 54, 35, SW)	7.71 acres	Armac Investments Ltd. (AB)			

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	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)	Roll: 05 770 02882.300 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) 446208 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) 446208 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 19/75) - 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 Bamfield 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 Bamfield 300- All Bamfield	Parcel: 000-787-744; Lot 2, Land and Building Plan 23308, Section 20; Twn (5.36 acres) 1; Barclay District Roll: 05 770 02899.015		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 (Burlo 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, Sahilam 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1) Ladysmith & District Credit Union (June 20, 2000) 2) Armac Investments Ltd (June 30, 2000) 	<ol style="list-style-type: none"> 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

COURT FILE NUMBER 1103-18646
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON

Clerk's Stamp

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 INSTRUCTIONS TO CREDITORS

_____, 2014

TO: CREDITORS OF ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC.
(AB), HALF MOON LAKE RESORT LTD. (AB), FISHPATHS RESORTS CORPORATION
(BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE
MARINE GROUP LTD. (BC), AND CHERRY BLOSSOM PARK DEVELOPMENT CORP.
(BC) (collectively, the "Plan Applicants")

Re: Meeting of the Creditors of the Plan Applicants to consider and vote on a resolution to
approve the Plan Applicants Plan of Arrangement pursuant to the *Companies' Creditors
Arrangement Act* (Canada) (the "Plan")

We enclose in this package the following documents for your review and consideration:

1. the Notice to Creditors;
2. the Meeting Procedure Order;
3. the Plan proposed by the Plan Applicants;
4. the Monitor's Twenty Second Report regarding the Plan; and
5. a blank Instrument of Proxy and completion instructions.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan

The purpose of these materials is to provide you with the documents required to facilitate the determination and settlement of your Affected Claims, and to enable you to consider the Plan and vote to accept or reject the Plan at the Meeting of Creditors to 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, Edmonton, Alberta, T5J 3V5 (or such other date or time as may be extended by this Honourable court) (the "**Creditors' Meeting**").

PROXY

If a Creditor wishes to vote at the Creditors' Meeting and is not an individual or is an individual who will not be attending the Creditors' Meeting in person, please complete the enclosed instrument of Proxy and provide it to the Monitor or by sending it to the Monitor by facsimile transmission or by email, at the fax number and email address noted below, so that it is received by the Monitor no later than 5:00p.m. (MST) on May 14, 2014. You are required to provide the instrument of Proxy to the Monitor by this deadline or to the Chair prior to the commencement of the Creditors' Meeting if you wish to appoint a proxy to cast your vote at the Creditors' Meeting. However, your failure to vote at the Creditors' Meeting will not affect any right you have to receive any distribution that may be made to Affected Creditors under the Plan.

FURTHER INFORMATION

If you have any questions regarding the process or any of the enclosed forms, please contact Alvarez & Marsal Canada Inc. at the following address:

Alvarez & Marsal Canada Inc.
Bow Valley Square I
Suite 570, 202-6th Avenue SW
Calgary, Alberta T2P 2R9
Attention: Jill Strueby
Phone: (403) 538-7522
Fax: (403) 538-7551
Email: jstrueby@alvarezandmarsal.com

You can view copies of the documents relating to this process on the following website: www.amcanadadocs.com/purdy

COURT FILE NUMBER 1103-18646
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON

Clerk's Stamp

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 INSTRUMENT OF PROXY

April 15, 2014

MEETING OF CERTAIN CREDITORS OF ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), HALF MOON LAKE RESORT LTD. (AB), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), AND CHERRY BLOSSOM PARK DEVELOPMENT CORP. (BC) (collectively, the "Plan Applicants") to be held pursuant to an Order of the Alberta Court of Queen's Bench (the "**Court**") in connection with a Plan of Arrangement proposed by Plan Applicants under the *Companies' Creditors Arrangement Act* (Canada) (the "**Plan**") on May 15, 2014 at 10:00 a.m. (MST) in the offices of:

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

And at any adjournment thereof.

Before completing this instrument of Proxy, please read carefully the instructions accompanying this instrument of Proxy for information respecting the proper completion and return of this instrument of Proxy.

THIS INSTRUMENT PROXY MUST BE COMPLETED AND SIGNED BY THE CREDITOR AND PROVIDED TO THE MONITOR, ALVAREZ & MARSAL CANADA INC., BY 5:00 P.M. (MST) ON MAY 14, 2014 PRIOR TO THE MEETING OR WITH THE CHAIR PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF IF ANY PERSON ON SUCH CREDITOR'S BEHALF IS TO ATTEND THE MEETING AND VOTE ON THE PLAN OR IF SUCH CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS SUCH INSTRUMENT OF PROXY.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given and nominates, constitutes and appoints _____ or, if no person is named, Tim Reid of Alvarez & Marsal Canada Inc. in its capacity as Monitor, or such other representative of the Monitor as the Monitor may designate, as nominee of the Undersigned Creditor, with full power of substitution, to attend on behalf of and act for the undersigned Creditor at the Meeting of Creditors of The Purdy Group to be held in connection with the Plan and at any and all adjournments thereof, and to vote the amount of the undersigned Creditor's Affected Claims for voting purposes as determined pursuant to the Creditors' Meeting Order, the Claims Process, the Plan, the CCAA and any further order of the Court as follows:

A. (mark one only):

- ☐ VOTE FOR approval of the Plan; or
- ☐ VOTE AGAINST approval of the Plan

-and-

B. vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any amendments or variations to the Plan and to any other matters that may come before the Creditors' Meeting of the Plan Applicants or any adjournment thereof.

DATED this_ day of _____, 2014.

Print Name of Creditor

Signature of Creditor. If the Creditor is a corporation, signature of an authorized signing officer of the Corporation.

Title of the authorized signing officer of the corporation, if applicable.

Email address and phone number of the Creditor

Mailing address of the Creditor

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Creditor who has a right to vote at the Creditors' Meeting has the right to appoint a person (who need not be an Creditor) to attend, act and vote for and on behalf of such Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. **If no name has been inserted in the space provided, the Creditor will be deemed to have appointed Tim Reid of the Monitor (or such other representative of the Monitor as the Monitor may designate) as the Creditor's proxy holder.**
2. **If an officer of Alvarez & Marsal Canada Inc. is appointed or is deemed to be appointed as proxy holder and the Creditor fails to indicate on this ordinary creditors' proxy a vote for or against approval of the Plan, this instrument of proxy will be voted FOR approval of the Plan.**
3. If this instrument of proxy is not dated in the space provided, it will be deemed to be dated on the date it is received by the Monitor.
4. This instrument of proxy must be signed by the Creditor or by the Creditor's attorney duly authorized in writing or, if the Creditor is a corporation, by a duly authorized officer or attorney of the corporation with an indication of the title of such officer or attorney.
5. Valid proxies bearing or deemed to bear a later date will revoke this ordinary creditors' proxy. If more than one valid proxy for the same Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.
6. This instrument of proxy should be sent to the Monitor by delivery, facsimile or email at the address set out below so that it is received by the Monitor no later than 5:00 p.m. (MST) on May 14, 2013.

Alvarez & Marsal Canada Inc.
Court Appointed Monitor of Plan Applicants
Bow Valley Square I
Suite 570, 202 6th Avenue SW
Calgary, AB T2P 2R9
Attention: Jill Strueby
Phone: (403) 538-7522
Fax: (403) 538-7551
Email: jstrueby@alvarezandmarsal.com

COURT FILE NUMBER 1103-18646
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON

Clerk's Stamp

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 NOTICE TO CREDITORS

NOTICE IS HEREBY GIVEN that ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), HALF MOON LAKE RESORT LTD. (AB), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), AND CHERRY BLOSSOM PARK DEVELOPMENT CORP. (BC) (collectively, the "Plan Applicants") has filed with the Alberta Court of Queen's Bench (the "Court") a Plan of Arrangement dated April 15, 2014 (as amended from time to time, the "**Plan**") pursuant to the *Companies' Creditors Arrangement Act* (Canada), as amended (the "**CCAA**").

The Plan contemplates the compromise of rights and claims of certain creditors of the Plan Applicants (as defined in the Plan, "**Affected Creditors**"). Affected Claims (as that term is defined in the Plan) of Affected Creditors constitute two (2) classes as established in the Plan, the "**Affected Creditors Classes**".

NOTICE IS ALSO HEREBY GIVEN that a meeting of the Creditors (as that term is defined in the Plan) (the "Creditors' Meeting") will be held at Dentons Canada LLP, Suite 2900, 10180-101 Street, Edmonton, Alberta, T5J 3V5 at 10:00 a.m. (MST) on May 15, 2014 for the purpose of considering and, if thought advisable by the Creditors, voting in favour of, with or without variation, a resolution to approve the Plan and to transact such other business as may properly come before such Creditors' Meeting or any adjournment thereof. The Creditors' Meeting is being held

pursuant to the Order of the Court made on April 17, 2014 by the Honourable Mr. Justice D.R.G. Thomas (the “**Creditors’ Meeting Order**”).

The quorum for the Creditors’ Meeting has been set by the Creditors’ Meeting Order as the presence, in person or by proxy, at the Creditors’ Meeting of one (1) Creditor.

To become effective, in respect of the Affected Creditors’ Class, the Plan must be approved by a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims (as defined in the Plan) of the Creditors who actually vote on the resolution approving the Plan (in person or by proxy) at the Creditors’ Meeting. The Plan must also be sanctioned by a final order of the Court under the CCAA.

NOTICE IS ALSO HEREBY GIVEN that such order will be sought on June 5, 2014 at 2:00 p.m. (MST). At that time, the Plan Applicants will also seek the other relief specified in the Plan. Subject to the satisfaction of the conditions to implement of the Plan, all Affected Claims of Affected Creditors will then receive the treatment set out in the Plan unless otherwise ordered by the Court.

The value of each Affected Claim for voting purposes has or will be determined pursuant to the Creditors’ Meeting Order, the Claims Procedure, the Plan, the CCAA, and any further order of the Court.

Any Creditor who is entitled to vote at the Creditors’ Meeting but is unable to attend the Creditors’ Meeting is requested to date, sign and return the enclosed form of proxy in the return envelope provided. In order to be used at the Creditors’ Meeting, a proxy must be deposited with the Monitor, at the address below, at any time prior to 5:00 p.m. on May 14, 2014 before the Creditors’ Meeting, or with the Chair of the Creditors’ Meeting prior to the commencement of the Creditors’ Meeting or any adjournment thereof.

The Monitor’s address for the purpose of filing forms of proxy and for obtaining any additional information or materials related to the Creditor’s Meeting is:

Alvarez & Marsal Canada Inc.
Court Appointed Monitor of The Plan Applicants
Bow Valley Square I
Suite 570, 202 6th Avenue SW
Calgary, AB T2P 2R9
Attention: Jill Strueby
Phone: (403) 538-7522
Fax: (403) 538 7551
Email: jstrueby@alvarezandmarsal.com

This notice is given by the Monitor pursuant to the Creditors’ Meeting Order.
You can view copies of the documents relating to this process on the following website
www.amcanadadocs.com/purdy.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

DATED this _____ day of _____, 2014.

Rules for Creditors' Meetings

1. Creditors' Meeting shall be held at the date, time and place specified in the Notice to Creditors.
2. The Creditors' Meeting shall be held in accordance with these Rules, any prior Order of the Court, and any provisions of the Plan of Arrangement and Compromise dated April 15, 2014 (the "Plan") respecting the conduct of the Creditor's Meetings. Where the above are silent, the Meeting shall be held in accordance with the most recent edition of *Roberts' Rules of Order*.
3. The Chair of the Creditors' Meeting shall be Tim Reid, CA of the Monitor, Alvarez & Marsal Canada Inc., or another representative of the Monitor as designated by the Monitor. The Chair shall decide all matters relating to the conduct of the Creditors' meetings.
4. The Scrutineers of the Creditors' Meetings shall be employees of the Monitor, as designated by the Chair.
5. The only person entitled to attend a Creditors' Meeting are the Chair and members of the Monitor, officers and directors of the Plan Applicants, those persons entitled to vote at the Creditors' Meeting (including the holders of proxy) and legal counsel of any person entitled to attend. Any other person may be admitted only on the invitation of the Chairman.
6. A quorum for a Creditors' Meeting shall be one person entitled to vote representing in person or by proxy.
7. The Plan to be put to the Creditors' Meeting shall be the Plan dated April 15, 2014, as amended at any time prior to the Creditors' Meeting.

Proxies

8. The Plan Applicants may solicit proxies to be used at the Creditors' Meetings. Solicitations of proxies shall be primarily by mail and may also be made by way of newspaper publication, in person or by telephone, fax, email or oral communication by directors, officers and employees of the Corporation.
9. The Monitor shall provide Creditors, along with the Plan, an instrument of Proxy.
10. The persons named as representatives in the instrument of Proxy accompanying the Notice to Creditor is a representative of the Monitor. A Creditor wishing to appoint a person (who need not be a Creditor) other than the persons designated in the instrument of Proxy to represent such Creditor at the relevant Meeting may do so either by inserting such Person's name in the blank space provided on the applicable instrument of Proxy or by completing another appropriate instrument of proxy.

11. To be valid, the completed Form of Proxy or other appropriate instrument of proxy must be sent or delivered to the offices of **Alvarez & Marsal Canada Inc., Bow Valley Square I, Suite 570, 202 6th Ave SW, Calgary, Alberta T2P 2R9, Attention: Jill Strueby** and must be received:

- (i) prior to 5:00 pm (MST) on May 14, 2014; or
- (ii) delivered prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to so deposit the proxy will result in the invalidation of the proxy.

12. A proxy must be executed by the Creditor, or if the Creditor is a corporation, the proxy must be signed in its corporate name by an authorized officer whose title should be indicated. A proxy signed by a person acting in some other representative capacity should indicate such person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Plan Applicants and the Monitor).
13. A Creditor who has given a proxy may revoke it, as to any matter on which a vote had not already been cast pursuant to its authority, by an instrument in writing executed by the Creditor, and deposited either at the above-mentioned office of Alvarez & Marsal Canada Inc. on or before the last business day preceding the date of the Creditors' Meeting to which such instrument of proxy relates, or any adjournment thereof, or with the Chair of the applicable Meeting on the day of the Meeting, or any adjournment thereof
14. The Persons named in the instrument of proxy will vote the debt in respect of which they are appointed for in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving an instrument of proxy specifies a choice with respect to any matter to be voted upon, the debt will be voted in accordance with the instructions of that Creditor. **In the absence of any such direction, such debt will be voted FOR the approval of the Plan and any amendment proposed under clause 22 below.**
15. **The Form of Proxy accompanying the Notice to Creditor confers discretionary authority upon the Persons named therein with respect to amendments or variations to the matters identified in the Notices of Meetings and in the Notice to Creditor and with respect to other matters that may properly come before the Meetings.** At the date of the sending of the Plan, the management of the Plan Applicants knows of no amendments, variations or matter to come before the Creditors' Meetings other than the matters referred to in the respective notices of the Creditors' Meetings (if any).

Agenda and Documents to be Tabled

16. The following Agenda for the Creditors' Meeting may only be amended upon the unanimous by dollar Motion of the Creditors.
17. The Chair shall:
 - (a) table the following documents:
 - (i) Notice to Creditors and Affidavit of Mailing;
 - (ii) The Twenty-Second Report of the Monitor
 - (ii) Proof of Advertisement; and
 - (iii) The Plan.
 - (b) state that Notice of the Creditors' Meeting and all other required material has been sent to the Creditors entitled to vote at the Meeting and shall ask whether any Person wishes to inspect the Proof of Service.
 - (c) appoint a Secretary for the Creditors' Meeting.
18. The Chair shall ask for someone to move and second a motion dispensing with the reading of the Notice of the Meeting. A voice vote shall be taken.
19. The Chair shall then ask the Scrutineers for their report on attendance. The Scrutineers shall report whether the persons present constitute a quorum. If no quorum is present, the meeting shall be adjourned by the Chair. If the Scrutineers report that a quorum is present, the Chair shall declare that the Meeting is properly constituted.
20. The Chair shall then ask for someone to move and second a motion that the Plan be adopted by the relevant class of creditors.
21. Upon this motion being moved and seconded, the Chair will open the floor for discussion.
22. Amendments to the Plan are to be made only in accordance with Article 10.11 of the Plan. Any amendment proposed not in accordance with Article 10.11 is not in order. When a valid amendment is proposed, the Chair shall determine the appropriate procedure to deal with the amendment.
23. On satisfying him or herself that there is no further discussion or amendments, the Chair shall put the motion to adopt the Plan to a vote.

24. Voting shall be done by ballot. Each Creditor having a claim in the class shall be entitled to one vote at the Creditors' Meeting of that class for each \$1.00 of such Creditors' Accepted Claim for Voting Purposes as determined in accordance with Article 3 of the Plan and listed on the Class Creditors' List.
25. At the completion of voting upon the approval of the Plan, the Chair shall announce the result of the vote. The results of the vote shall be stated in terms of:
 - (a) a percentage in number of those Creditors actually voting upon the Plan at the applicable Creditors' Meeting; and
 - (b) a percentage in value of the Accepted Claims for Voting Purposes of the creditors of such class actually voting upon the Plan.
26. The motion to approve the Plan succeeds if it obtains both a majority of those Creditors actually voting upon the Plan at the applicable Creditors' Meeting, and two-thirds of the value of the Accepted Claims for Voting Purposes of Creditors of such class actually voting upon the Plan.
27. If the motion for the approval of the Plan has succeeded, the Chair shall ask for a motion to terminate the Creditors' Meeting. If the motion for the approval of the Plan has failed the Chair shall ask for a motion to adjourn the Creditors' Meeting.

APPENDIX D

Purdy Group of Companies Plan of Arrangement and Purdy Proposal
Consolidated Liquidation Analysis vs. Proposed Plan Distributions
(see attached Notes which are integral to this Analysis - April 15, 2014)

		Liquidation Analysis		Plan Distribution
		Low	High	
Total Proceeds Available	Note 1	7,644,375	10,192,500	1,500,000
Less: CCAA Priority Claims:				
CCAA Priority Charges	Note 2	(2,750,000)	(2,750,000)	(600,000)
Future Liquidation Costs/operations costs	Note 3	(732,219)	(1,009,625)	(600,000)
Total Priority Claims		(3,482,219)	(3,759,625)	(1,200,000)
Available Funds for Deemed Trust and Secured Creditor Claims		4,162,156	54% 6,432,875	63%
Less payments to deemed trust and secured claims:				
Deem trust (CRA)	Note 4	(111,146)	(111,146)	
Access Security on Armac (AB)	Note 5	(1,141,677)	(1,722,217)	
CRA (Plan)	Note 6	(2,331,689)	(2,331,689)	
CRA (Proposal)	Note 6	(1,200,000)	(1,200,000)	
Remaining secured creditors	Note 7	(72,248)	(72,248)	
		(4,856,760)	(5,437,301)	-
Funds Available to Distribute to Unsecured Creditors		-	995,574	300,000
Total corporate and Purdy Unsecured Claims				
CRA Corporate claims	Note 8	(167,135)	(167,135)	2.5% -
CRA Claim against Purdy personally	Note 9	(1,281,285)	(1,281,285)	18.8% -
Access guarantee claim in Proposal proceedings	Note 10	(4,306,323)	(4,306,323)	63.3% -
Other Purdy Proposal creditors	Note 11	(10,507)	(10,507)	0.2% (10,507)
Other CCAA creditors	Note 12	(1,043,156)	(1,043,156)	15.3% (1,043,156)
		(6,808,407)	(6,808,407)	100% (1,053,663)
Unsecured Cash Recovery	Note 13	0%	15%	28.5%
Unsecured Creditor Cash Recovery				
CRA Corporate claims		-	24,440	2.5% -
CRA Claim against JP		-	187,359	18.8% -
Access guarantee claim in Proposal proceedings		-	629,701	63.3% -
Other JP Proposal creditors		-	1,536	0.2% (3,000)
Other CCAA creditors		-	152,538	15.3% (297,000)
		-	995,574	100% (300,000)

**Purdy Group of Companies Plan of Arrangement and Purdy Proposal
Consolidated Liquidation Analysis vs. Proposed Plan Distributions
Notes**

Appendix D

1. Total proceeds available are from all remaining properties owned by the Plan Applicants and Purdy personally. Early in the CCAA process, the Monitor obtained various independent market evaluations from several commercial real estate agents and compare these values to the 2012 and 2013 property tax assessment values. The liquidation values are the Monitor's best estimate as to the possible proceeds that may be realized if the properties were to be sold on a forced liquidation basis.
2. CCAA priority charges include estimated property tax arrears, Interim Financing (DIP) Loan and interest payments on the DIP Loan and the Administration Charge.
3. Future liquidation costs relate to estimated professional fees and costs associated with liquidating the remaining properties owned by the Plan Applicants and Purdy personally.
4. CRA has deemed trust claims in Half Moon which will be paid in priority to all other Half Moon claims.
5. Axxess has a registered general security agreement ("GSA") over Armac (AB). Armac (AB) has a receivable from Fish Path Resorts and Half Moon. In the liquidation scenario it is assumed Axxess recovers its proportionate share of the Half Moon and Fish Path receivables. Additionally, Axxess has security over 27 Half Moon lots and it is estimated realizations on those lots are between \$250,000 and \$500,000.
6. CRA has a proven Secured Claim against Armac (BC) and Ostrows. CRA also has judgments registered at the personal property and registry ("PPR") and against land owned by Purdy and has a secured claim for the amount of \$1.2 million personally.
7. Remaining secured creditors are mainly an outstanding mortgage to Bank of Montreal for approximately \$63,000 and other claims filed by Her Majesty the Queen in the Right of the Province of British Columbia, Worker's Compensation Board and Her Majesty the Queen in the Right of Canada by the Minister of National Revenue.
8. CRA CCAA Unsecured Claims against the Plan Applicants.
9. CRA personal Claims against Purdy personally.
10. Axxess' claim under a guarantee given by Purdy.
11. Unsecured claims filed and accepted in Purdy's proposal proceedings in addition to claims filed in the CCAA proceedings.
12. Unsecured Creditors Claims of the CCAA proceedings.
13. On a liquidation basis it is estimated that Unsecured Creditors, including Axxess and CRA unsecured claims, would receive a payout in the range of 0% to 16% of their Proven Claim. Whereas under the Plan, Unsecured Creditors (excluding Axxess and CRA Claims) would receive 28.5% of their Proven Claims and Axxess and CRA will receive Promissory Notes in the full amount of their Unsecured Claims that are payable over time and subject to realization from the sale of remaining assets.

APPENDIX E

(in CDN dollars)

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	TOTAL Forecast Week 124 to 133
	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	Week 129 9-May-14	Week 130 16-May-14	Week 131 23-May-14	Week 132 30-May-14	Week 133 6-Jun-14			
Receipts														
Half Moon Lake Resort receipts	5,000	5,000	5,000	-	10,000	-	5,000	-	5,000	-	5,000			40,000
Other receipts	-	-	-	-	-	-	-	-	-	-	-			-
Total operating receipts	5,000	5,000	5,000	-	10,000	-	5,000	-	5,000	-	5,000			40,000
Funds from Monitor's Trust Account														
	125,000	20,000	-	-	-	-	-	-	-	-	-			145,000
Total receipts	130,000	25,000	5,000	-	10,000	-	5,000	-	5,000	-	5,000			185,000
Disbursements														
Half Moon Lake expenses	-	15,000	2,500	2,500	-	2,500	-	5,000	2,500	-	2,500			32,500
Repayment of funds to Monitor's trust account	9,200	-	-	-	-	-	-	-	-	-	-			9,200
Management Fees	-	4,000	-	-	-	5,000	-	-	-	-	5,000			14,000
Total disbursements	9,200	19,000	2,500	2,500	-	7,500	-	5,000	2,500	-	7,500			55,700
LBVR management agreement disbursements														
Release of funds to LBVR	-	-	-	-	-	-	-	-	-	-	-			-
Total operating & LBVR disbursements	9,200	19,000	2,500	2,500	-	7,500	-	5,000	2,500	-	7,500			55,700
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	-	5,000	2,500	-	7,500			190,700
Net change in Applicant cash	(4,200)	(4,000)	2,500	(2,500)	10,000	(7,500)	5,000	(5,000)	2,500	-	(2,500)			(5,700)
APPLICANT CASH BALANCE														
Opening cash	8,394	4,194	194	2,694	194	10,194	2,694	7,694	2,694	5,194	5,194			8,394
Net change in operating cash	(4,200)	(4,000)	2,500	(2,500)	10,000	(7,500)	5,000	(5,000)	2,500	-	(2,500)			(5,700)
Ending Cash	4,194	194	2,694	194	10,194	2,694	7,694	2,694	5,194	5,194	2,694			2,694

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of March 22, 2014 to June 6, 2014 (the "Forecast Period")
(in CDN dollars)

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	TOTAL Forecast Week 124 to 133
	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	Week 129 9-May-14	Week 130 16-May-14	Week 131 23-May-14	Week 132 30-May-14	Week 133 6-Jun-14					
FUNDS HELD BY MONITOR																
Opening Cash	148,309	32,509	12,509	12,509	12,509	12,509	12,509	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	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	7,694	2,694	5,194	5,194	2,694					2,694
Total Funds held by Monitor	32,509	12,509	12,509	12,509	12,509	12,509	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)	(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	9	9	9	9					9
Cash available for general restructuring	4,203	203	2,703	203	10,203	2,703	7,703	2,703	5,203	5,203	2,703					2,703

Jack Purdy
President & Chief Executive Officer

DATE