Action No: 0601-09869

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

VECKENSTEDT HOLDINGS INC., HERB VECKENSTEDT, FRED PIPER, JOAN PIPER, LIPOTH CONSULTING, AND PAUL LIPOTH

Plaintiffs

- and -

INTEGRA INVESTMENT SERVICE LTD. AND RUNDLE DEVELOPMENT CO-OPERATIVE

Defendants

SEVENTH REPORT OF THE RECEIVER OF

INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWERS INC., CARLING SPRINGS VILLAGE INC., AND CARLING DEVELOPMENT (B.C.) INC.

ERNST & YOUNG INC.

FEBRUARY 11, 2008

INTRODUCTION AND BACKGROUND

1. On August 18, 2006, the Plaintiffs in these proceedings applied for and obtained an Order (the "IR Order") pursuant to s. 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, as amended. Pursuant to the IR Order, Ernst & Young Inc. was appointed Interim Receiver of certain records of Integra Investment Service Ltd. ("Integra").

2. On September 8, 2006, the Plaintiffs obtained a Receivership Order pursuant to s. 13(2) of the Judicature Act (the "Receivership Order"). Pursuant to the Receivership Order Ernst & Young Inc. was appointed Receiver and Manager (the "Receiver") of the following corporations:

   a. Integra;

   b. Aurora River Towers Inc. ("ART");

   c. Carling Springs Village Inc. ("CSV"); and

   d. Carling Development (B.C.) Inc. ("CDBC")

   (collectively referred to as the "Integra Companies").

3. On May 22, 2007 the Receiver filed its fourth report with the Court (the "Fourth Report") which provided, inter alia, an initial analysis of the investors in the Carling Projects (as defined below) and the pending litigation between the Carling Group (as defined in the Fourth Report) and Integra.

4. On May 23, 2007 a Consent Order (the "Consent Order") was granted appointing Ernst & Young Inc. as Inspector (the "Carling Inspector") of the Carling Group under Part 18 of the Business Corporations Act.

5. On August 16, 2007 the Carling Inspector filed its first report with the Court (the "First Report of the Inspector") which provided this Honourable Court with a detailed background of the issues to be dealt with by the Carling Inspector as provided for in the Consent Order.

6. The purpose of this seventh report of the Receiver (the "Seventh Report") is to provide this Honourable Court with an update in respect of:

   a. The proposed settlement agreement between the Carling Group and the Receiver dated February 6, 2008 (the "Settlement Agreement"); and

   b. Summary of recommendations.

7. Capitalized terms not defined in this Seventh Report are as defined in the Receivership Order, the Receiver's First through Sixth Reports, the First Report of the Carling Inspector, the Settlement Agreement and the proposed order approving the Settlement Agreement (the "Approval Order").

8. All references to dollars in this Seventh Report are in Canadian currency unless otherwise noted.

PROPOSED SETTLEMENT AGREEMENT

Background to Legal Proceedings between the Carling Group and the Integra Companies

9. The Fourth Report provided a detailed background with respect to the Legal Proceedings between the Carling Group and the Integra Companies. A copy of the Fourth Report is available on the Receiver's web-site:

   http://documentcentre.eycan.com/pages/main.aspx?SID=10

10. The First and Second Reports of the Inspector provides additional information with respect to this matter. A copy of the First and Second Reports of the Inspector is available on the Carling Inspector's web-site:

   http://documentcentre.eycan.com/pages/main.aspx?SID=28.

Settlement Agreement

11. The Receiver met with the Carling Group on several occasions to discuss the pending litigation between the Carling Group and the Integra Companies. Both the Receiver and the Carling Group were of the view that it was **not** in the best interest of the Investors and other

stakeholders to pursue this litigation. The Receiver and the Carling Group decided that it would be in everyone's best interest to negotiate a settlement agreement.

12. The Receiver and the Carling Group entered into the Settlement Agreement. A copy of the Settlement Agreement is attached at Appendix A. The main terms and conditions of the Settlement Agreement are:

(a) Transfer of the Airdrie Lands and the Fort McMurray Lands back to Carling Development Inc. ("CDI") free and clear of the numerous encumbrances registered against those lands;

Airdrie Lands

(b) CDI will sell the Airdrie Lands to Sun Valley Springs Inc., a party to the Settlement Agreement and related to Carling, for $2.2 million ($2.2 million is the midpoint of the Airdrie Lands appraisal and there will be no commissions related to the sale). The sale will close on March 3, 2008 if all conditions precedent to the Settlement Agreement have been fulfilled or, if not, on a date as soon as practicable following the fulfillment or waiver of all such conditions, but in no event not later than March 15, 2008, unless agreed to otherwise by the parties to the Settlement Agreement (given the need to implement the Settlement Agreement as soon as possible so that construction can begin when spring break-up occurs, it is necessary to close the sale without unnecessary delay);

(c) The proceeds from the sale of the Airdrie Lands will be allocated as follows:

Proceeds from Airdire Land Sale	$	2,200
Estimate of Professional Fees		(750)
Integra First Mortgage (including interest)		(903)
Remaining Proceeds	$	547

(i) The estimate of professional fees includes the Receiver, its counsel, the Carling Inspector, its counsel and Carling's legal fees incurred to the date of the Approval Order;

(ii) The Receiver will hold back from the net proceeds from the sale of the Airdrie Lands an amount, to be determined by the Receiver, sufficient to satisfy the claims of the caveator under instrument # 071 069 102 (the "Airdrie Claim") (i.e. the claim filed by 619644 Alberta Ltd. in the amount of $90,950), and such proceeds shall stand in place and stead of the Airdrie Lands and the Airdrie Claim shall attach solely to the sale proceeds retained by the Receiver with the same validity, priority and in the same amount and subject to the same defences that were or may have been available when the Airdrie Claim attached to the property itself;

(iii) The Settlement Agreement includes the transfer of the Airdrie Lands free of encumbrances with the exception of The Airdrie Permitted Encumbrances (as defined in the Settlement Agreement) which exclude disputed claims. The disputed claims are described in further detail in the Carling Inspectors' Second Report, dated February 1, 2008; and

(iv) The remaining proceeds will be utilized by Carling to fund the Fort McMurray Project;

(d) The Airdrie Permitted Encumbrances will remain on title; all other encumbrances will be removed from title. Appendix B hereto provides a detailed listing of the encumbrances/interests that are to be removed and the reason for their removal;

Fort McMurray Lands

(e) The Fort McMurray Lands will be transferred back to CDI and the following charges will remain on title (to be postponed to construction financing, as required):

(i) Fort McMurray Permitted Encumbrances (as defined in the Settlement Agreement) will remain on title, all other encumbrances will be removed from title;

(ii) The Investor's Charge – this is a charge on the Fort McMurray Lands for the benefit of the Investors in the Carling Projects;

(iii) The Fort McMurray Equity Charge (as described below); and

(iv) The Professionals' Charge (as defined in the Settlement Agreement); and

Appendix C hereto provides a detailed listing of the encumbrances/interests that are to be removed and the reason for their removal;

(f) The Receiver is entitled to 35% of any equity available after applicable payouts up to a maximum of $4,000,000 (the "Fort McMurray Equity Charge"). The calculation of the Fort McMurray Equity Charge is described in Schedule E to the Settlement Agreement;

(g) The Carling Group and the Receiver provide one another with releases with the effect that the claims and actions (save for one minor claim by Carling Group in the amount of approximately $8,000) by each party are withdrawn or discontinued, as the case may be;

(h) The main conditions precedent to the Settlement Agreement are as follows:

(i) The Approval Order shall have been granted;

(ii) The Airdrie Purchaser, shall have obtained sufficient financing to pay the $2.2 million purchase price;

(iii) The Court shall have found in favour of the Pooled Investment Approach (as defined in the First Report of the Inspector); and

(iv) The Investor's Charge, the Fort McMurray Equity Charge, the Professional's Charge and the Fort McMurray Permitted Encumbrances, other than the mortgage registered against the Fort McMurray Lands as registration # 022 338 943 (i.e. the First Mortgage held by Sterling Mortgage Investment/Sage Funding Inc./New City Financial Corp. in the principal amount of $1.5 million), shall be subordinated to construction financing in relation to the Fort McMurray Project; and

(i) The Settlement Agreement is subject to Court Approval.

13. The Settlement Agreement includes a form of Approval Order; the main terms of which are as follows:

(a) Approval of the Settlement Agreement;

(b) Treatment of the Investors in the Carling Projects under the Pooled Investment Approach;

(c) Authorizing and directing the Inspector to call, organize and convene a meeting of the Carling Investors to: a) provide a general update on these proceedings; and b) constituting the Investors' Committee meeting;

(d) Transfer of the Fort McMurray and Airdrie Lands to CDI free and clear of all claims, except those defined as Permitted Encumbrances;

(e) Discharging numerous encumbrances registered against the Fort McMurray and Airdrie Lands;

(f) Amending and restating the role of the Carling Inspector, including the discharge of the Inspector as it relates to Carling Group Canada Inc. and Carling Financial Corporation;

(g) Creating an Investors' Committee to oversee CDI and its development of the Fort McMurray Lands including a charter for the Investors' Committee (discussed below);

(h) Restricting the powers of the directors of CDI;

(i) Staying all actions against Carling Group;

(j) Approving the Professionals' Charge, the Investors' Charge, the Fort McMurray Equity Charge and setting out the relative priority of these charges, and the mechanism for their postponement and their discharge; and

(k) Converting the ongoing Inspectorship of CDI into new proceedings with a new style of cause.

14. The Investor Committee Charter (Schedule A to the Approval Order) includes the following main terms:

(a) Purpose of the committee is to oversee the implementation, development and completion of the Fort McMurray Project;

(b) Comprised of four individuals appointed by ordinary resolution of the Investors, a representative of CDI and the Carling Inspector;

(c) The Carling Inspector will serve as the chairperson of the Investors' Committee;

(d) The Investors' Committee shall govern its affairs by a majority vote. The Inspector does not vote;

(e) The Investors' Committee shall have the following powers:

(i) to receive and review all information it requests from Carling Development;

(ii) to approve all material contracts, including without limitation all arrangements for the construction financing of, and general contract for, the Fort McMurray Project;

(iii) to review the bank and financial statements of Carling Development;

(iv) to approve all budgets and business plans of Carling Development;

(v) to give such direction as they deem appropriate to the Inspector and Carling Development;

(vi) to apply to Court for such advice and direction as they may deem necessary or appropriate;

(vii) such ancillary powers as may be necessary or appropriate to give full or better effect to the mandate and powers of the Investors' Committee; and

(viii) the Investors' Committee shall report to the Investors no less frequently than quarterly and in such other circumstances as the Investors' Committee deems necessary or appropriate.

15. The Receiver has the following comments with respect to the proposed Settlement Agreement:

(a) The Receiver considers the Settlement Agreement to be in the best interest of all stakeholders, including the Integra Investors and the Carling Investors. The pending litigation against the Integra Companies would be costly to the Integra Investors and the Carling Investors and will result in significant delays to any potential recoveries;

(b) The Receiver and its counsel reviewed the pending litigation with the Carling Group, and have concluded that it would be against the interests of the Integra Group, their creditors and the Integra Investors to continue with such litigation;

(c) The Settlement Agreement allows the Carling Group to move forward with the development of the Fort McMurray Lands and the sale of the Airdrie Lands which CDI expects will result in the ability to fully repay the Carling Investors their original investment plus applicable returns and interest;

(d) The Settlement Agreement provides a potential recovery to the Integra Investors and creditors (through the Fort McMurray Equity Charge) which may not be recoverable if the pending litigation moves forward. As noted in the Sixth Report of the Receiver, there are minimal funds in the General Pool (as defined in the Sixth Report) available for distribution to Integra Investors and creditors at present. The potential equity provided for in the Settlement Agreement would form part of the General Pool. The potential equity could significantly impact the recoveries available to the Investors and creditors of the Integra Companies; and

(e) The Carling Investors and creditors benefit from the certainty provided by the Settlement Agreement (i.e. transfer of the Lands which will allow the Carling Group to move forward with its proposal for the Lands).

16. The Receiver has the following comments with respect to the Approval Order and the Investors' Committee Charter:

(a) The Investor Meeting described in the Approval Order will allow all of the Carling Investors the opportunity to vote on the Investors' Committee members and will provide a forum for queries to and oversight of Carling with respect to the Fort McMurray Project; and

(b) The Investor Committee Charter addresses the Receiver's requirement for protection of the Investors. The Receiver is of the view that the Approval Order and the Investor Committee Charter include appropriate safeguards to adequately protect the Carling Investors and stakeholders during the build out of the Fort McMurray Lands. The Receiver cautions that while these safeguards are in place, the build out of the Fort McMurray Lands, including the postponement of the Investors' Charge to construction financing, has material development risk and the prospect of the Investors recovering more than they would under liquidation is not certain and could potentially be less.

RECOMMENDATION

17. The Receiver is of the view that the Settlement Agreement is fair, reasonable and beneficial to the stakeholders of Integra and Carling as a whole.

18. The Receiver recommends that this Honourable Court approve the Settlement Agreement between the Receiver and the Carling Group and the proposed form of the Approval Order given that the Settlement Agreement:

    (a) represents a cost effective method to resolve a complex lawsuit;

    (b) brings certainty to all aspects of the relationship between Carling and Integra;

    (c) allows Carling to immediately proceed with its commercial enterprise;

    (d) allows for the immediate completion of the administration of the Carling side of the Integra receivership (save and except for the realization of the Fort McMurray Equity Charge, if any); and

    (e) has the support of the principle litigants and the primary stakeholders of the Fort McMurray Project.

All of which is respectfully submitted this 11th day of February, 2008.

ERNST & YOUNG INC.
in its capacity as Court Appointed Receiver
of Integra Investment Service Ltd, Aurora River Towers Inc.,
Carling Springs Village Inc. and Carling Development (B.C.) Inc.

H. Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Appendix A

SETTLEMENT AGREEMENT

THIS AGREEMENT made as of the 6th day of February, 2008,

BETWEEN:

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and **LISA WONG**

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. and **CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")**

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

WHEREAS:

A. Carling Development, Carling Financial, Cheng and Wong commenced Action #0501-141595 in the Court of Queen's Bench of Alberta, Judicial District of Calgary, against the Integra Companies, Jennix, Cooke and Mackin for, *inter alia*, the recovery of the Airdrie Lands and the Fort McMurray Lands (the "Main Action").

B. Carling Development and Carling Financial commenced Action #0301-19649 in the Court of Queen's Bench of Alberta, Judicial District of Calgary, against Aurora and Carling Spring, which was appealed in Appeal Action #0401-0386AC, dealing with similar issues as in the Main Action (the "Current Action").

C. Integra was placed into receivership and the Receiver was appointed by Order of the Court dated September 8, 2006.

D. The Inspector of Carling was appointed by Consent Order of the Court dated May 23, 2007.

E. The Parties are desirous of settling all of the issues outstanding among them (other than as specifically set forth herein) such that the Actions are resolved and the Lands can be developed in a manner satisfactory to the Parties and their respective stakeholders.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises herein exchanged, the payment of $10.00 by each Party to each other Party, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each Party to each other Party) the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions.** In this Agreement all capitalized words shall have the meaning ascribed to such words as set forth in Schedule "A" hereto, unless the context otherwise requires.

1.2 **General Interpretation.** In this Agreement:

(a) headings are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(b) words importing the singular number include the plural and *vice versa*, and words importing gender include masculine, feminine and neuter;

(c) any reference to "this Agreement" shall be a reference to this Agreement as it may from time to time be amended, supplemented, modified, varied, restated or replaced;

(d) references to "herein", "hereunder" and similar expressions shall be a reference to this Agreement and not to any particular section;

(e) reference to a statute shall be deemed to refer to such statute and the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding such statute or the regulations made pursuant thereto;

(f) references to "include", "includes", "including" or any other derivation thereof are not limiting and mean, in any case, those words as modified by the words "without limitation";

(g) the recitals to this Agreement form a part of this Agreement;

(h) all accounting terms not otherwise defined in the Agreement shall have the meanings described thereto in accordance with Canadian generally accepted accounting principles, including those prescribed by the Canadian Institute of Chartered Accountants ("Canadian GAAP"). Any question or dispute with respect to the content of Canadian GAAP shall be determined by the Court; and

(i) unless otherwise noted, all references to "section" refer to a section, subsection or paragraph of this Agreement, as the case may be.

1.3 **Currency and Time References.** In this Agreement, unless otherwise expressly noted, all references to:

(a) currency shall be deemed to refer to Canadian dollars;

(b) time shall be deemed to refer to Calgary local time; and

(c) days shall mean calendar days except where, and only to the extent that, the day upon which any event is to occur or action is required falls on a day which is not a Business Day, then the event which is to occur, or by which the action is required, shall be the next succeeding Business Day.

1.4 **Severability.** If any provision of this Agreement, or any part thereof, is found or determined to be invalid, illegal or unenforceable, such provision shall be severable and the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part had been deleted therefrom.

1.5 **Schedules.** The following schedules are attached to and form part of this Agreement:

Schedule "A" – Definitions
Schedule "B" – Approval Order
Schedule "C" – Direction to Pay
Schedule "D" – Direction to Transfer
Schedule "E" – Calculation of equity underlying Fort McMurray Equity Charge
Schedule "F" – Fort McMurray Development Plan
Schedule "G" – List of Investors

ARTICLE 2
OVERVIEW

2.1 **General Overview.** This Agreement is designed to resolve all matters between the Parties by effecting the transfer of the Lands to Carling Development. Carling Development, in turn, will (i) monetize the Airdrie Lands to fund the various requirements of this Agreement, and (ii) begin development of the Fort McMurray Project on the Fort McMurray Lands under the supervision, and subject to the terms and conditions, established for Carling Development hereunder. The Approval Order will approve this Agreement, and supplement the provisions of this Agreement, to ensure that all stakeholders of Carling are safeguarded until the Fort McMurray Project can be completed and monetized.

ARTICLE 3
CLOSING

3.1 **Time and Place of Closing.** Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Fraser Milner Casgrain LLP, or at such other place as the Parties may agree. The effective time and date of the Closing will be 11:00 a.m. concurrently (unless otherwise expressly stated herein) on March 3, 2008 or earlier if all conditions precedent to the Parties' obligations hereunder have been fulfilled or, if not, on a date as soon as practicable following the fulfillment or waiver of all such conditions, but in no event not later than March 15, 2008, unless otherwise agreed by the Parties in writing (the "Closing Date").

3.2 **Effective Date.** The conveyance of the Lands contemplated hereunder shall be effective as at the Closing Date. Possession and risk of the Lands shall transfer at the Closing Date.

3.3 **Deliveries at Closing.** Subject to the satisfaction of the conditions set forth in Article 8 of this Agreement, at the Closing the Parties shall table for delivery the documents, deeds, payments and other material set forth in Articles 4 and 5 of this Agreement, all in form and substance acceptable to all Parties, acting reasonably, and all duly authorized and executed by each Party as may be necessary to give effect to such document, deed or other material. It is a condition of Closing that all matters of payment, execution and delivery of documents and the registration of the appropriate documents in the appropriate Land Titles Office shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be complete at the Closing until everything required as a condition of the Closing has been paid, executed and delivered and all registrations have been certified. Upon certification of all registrations, and satisfaction of all conditions of Closing, the documents, deeds, monies and other materials shall be released from escrow and the Closing shall be deemed to have been completed on the Closing Date.

ARTICLE 4
TRANSFER OF THE AIRDRIE LANDS

4.1 **Conveyance of the Airdrie Lands.** At the Closing, the Receiver shall convey the Airdrie Lands to the Airdrie Purchaser, or its nominee, who shall purchase the Airdrie Lands in accordance with the provisions of this Agreement on an As-Is, Where-Is Basis, free of all Encumbrances other than Airdrie Permitted Encumbrances, for and in consideration of the Airdrie Purchase Price.

4.2 **Deliveries by the Receiver.** On the Closing Date the Receiver shall deliver to the appropriate Party the following documents, deeds and other material:

(a) fully executed copies of any documents required to be delivered by the Receiver hereunder;

(b) a statement of adjustments setting forth the applicable adjustments in respect of the Airdrie Lands as of the Effective Date;

(c) a certified copy of the Approval Order and the Airdrie Closing Certificate (as such term is defined in the Approval Order); and

(d) any other certificates, documents or instruments which Carling Development or the Airdrie Purchaser reasonably requests to give effect to the transactions contemplated by this Agreement.

4.3 **Deliveries by Carling Development.** On the Closing Date, Carling shall deliver to the appropriate Party the following documents, deeds and other material:

(a) fully executed copies of any documents required to be delivered by Carling hereunder;

(b) the Direction to Pay;

(c) the Direction to Transfer; and

(d) any other certificates, documents or instruments which the Receiver reasonably requests to give effect to the transactions contemplated by this Agreement.

4.4 **Deliveries by the Airdrie Purchaser.** On the Closing Date, the Airdrie Purchaser shall deliver to the appropriate Party the following documents, deeds and other material:

(a) fully executed copies of any documents required to be delivered by the Airdrie Purchaser hereunder;

(b) the Airdrie Purchase Price by certified cheque or solicitor's trust cheque, payable as set forth in section 4.5 of this Agreement;

(c) to the extent the Airdrie Purchaser is a goods and services tax registrant, a gst deduction, and indemnity in favour of the Receiver and Carling Development;

(d) an affidavit of value to accompany the Approval Order for registration at the Land Title Office; and

(e) any other certificates, documents or instruments which the Receiver or Carling Development reasonably request to give effect to the transactions contemplated by this Agreement.

4.5 **Allocation of the Airdrie Purchase Price.** Subject to being ratified by the Approval Order, the Airdrie Purchase Price shall be allocated as follows:

(a) firstly, in payment of the Professional Fees;

(b) secondly, in full payment of the Valid Airdrie Charge; and

(c) thirdly, subject to any holdbacks described in the Approval Order, the balance to be retained by Carling Development and dedicated for the exclusive use of the financing, construction and operating costs of the Fort McMurray Project.

ARTICLE 5
TRANSFER AND DEVELOPMENT OF THE FORT MCMURRAY LANDS

5.1 **Conveyance of the Fort McMurray Lands.** At the Closing, the Receiver shall convey the Fort McMurray Lands to Carling Development who shall purchase the Fort McMurray Lands in accordance with the provisions of this Agreement on an As-Is, Where-Is Basis free of all Encumbrances other than Fort McMurray Permitted Encumbrances, for and in consideration of the Fort McMurray Purchase Price.

5.2 **Deliveries by the Receiver.** On the Closing Date, the Receiver shall deliver to the appropriate Party the following documents, deeds and other materials:

(a) fully executed copies of any documents required to be delivered by the Receiver hereunder;

(b) statement of adjustments setting forth the applicable adjustments in respect of the Fort McMurray Lands as of the Effective Date;

(c) a certified copy of the Approval Order and the Fort McMurray Closing Certificate (as such terms are defined in the Approval Order);

(d) any other certificates, documents or instruments which Carling Development reasonably requests to give effect to the transactions contemplated by this Agreement;

5.3 **Deliveries by Carling Development.** On the Closing Date, Carling Development shall deliver to the appropriate Party the following documents, deeds and other material:

(a) fully executed copies of any documents required to be delivered by Carling hereunder;

(b) an affidavit of value to accompany the Approval Order for registration at the Land Titles Office; and

(c) any other certificates, documents or instruments which the Receiver reasonably requests to give effect to the transactions contemplated by this Agreement.

5.4 **Advancement of the Fort McMurray Project.** Forthwith upon completion of the Closing, Carling Development shall commence the development of the Fort McMurray Project and advance the Fort McMurray Project through to its completion and monetization, in good faith and with due diligence in accordance with the terms hereof and of the Approval Order.

5.5 **Charges on the Fort McMurray Lands.** For greater certainty, the charges against the Fort McMurray Lands after the Effective Date shall have the following priority:

(a) the Fort McMurray Permitted Encumbrances;

(b) the Professionals' Charge (as defined in the Approval Order);

(c) the Investors' Charge; and

(d) the Fort McMurray Equity Charge,

provided, however, that the Professionals' Charge, the Investors' Charge, the Fort McMurray Equity Charge and such of the Fort McMurray Permitted Encumbrances (except the mortgage registered as instrument no. 022 338 943) that may agree, shall be subject to postponement in favour of such construction financing for the Fort McMurray Project as the Investors' Committee may determine.

5.6 **Excess Equity.** For greater certainty, any equity available after payment of preconstruction and construction costs, financing costs (including interest and fees), the charges set forth in the Approval Order, including the Fort McMurray Permitted Encumbrances (to the extent of their validity), the Professionals' Charge, the Investors' Charge and the Fort McMurray Equity Charge, shall belong absolutely to Carling Development.

ARTICLE 6
ROLE OF THE INSPECTOR

6.1 **Approval of Inspector's Conduct to Date**. The Receiver and Carling Development agree that part of the Approval Order that they will seek will provide for the approval of the conduct of the Inspector in respect of its mandate described in paragraph 2 of the Consent Order of the Court, dated May 23, 2007.

6.2 **Amended Role of Inspector**. Forthwith upon the approval described in section 1 of this Article, the Receiver and Carling hereby agree and consent to the Inspector serving in a restated and amended role as Inspector in accordance with the terms and conditions set forth in the Approval Order.

ARTICLE 7
INVESTORS' COMMITTEE

7.1 **Establishment of an Investors' Committee.** Carling Development consents and agrees to the appointment of a committee of Investors (the "Investors' Committee") whose constitution, rights and obligations will be as set forth in the Approval Order, as such Order may be amended from time to time.

7.2 **Mandate of the Investors' Committee.** The mandate of the Investors' Committee shall be to oversee the Fort McMurray Project and approve all steps taken by Carling Development in furtherance of the establishment, development, completion and monetization of the Fort McMurray Project.

7.3 **Ancillary Derogation of Rights.** Carling Development acknowledges and agrees that in the establishment of the Investors' Committee, and to otherwise safeguard the rights of the various stakeholders of Carling Development, various rights that Carling Development, its shareholders, directors and officers would ordinarily enjoy will be suspended or curtailed to give full effect to the safeguards established hereunder and in the Approval Order.

ARTICLE 8
CONDITIONS PRECEDENT

8.1 **Conditions Precedent for the Benefit of Carling.** The obligations of Carling to complete the transactions contemplated in this Agreement are subject to the satisfaction, at or prior to the time hereinafter specified (or, if not specified, at or prior to the Closing Date), of the following conditions precedent:

(a) **Representations True.** All representations and warranties of the Receiver contained in this Agreement shall be true in all material respects at and as of the Closing Date and the Receiver shall have performed and satisfied all agreements required by this Agreement to be performed and satisfied by the Receiver at or prior to the Closing Date and the Receiver shall have delivered a certificate to that effect at Closing;

(b) **Approval Order.** The Approval Order shall have been granted by the Court and the time for any appeal of the Approval Order shall have passed with no appeal, application for leave to appeal, or application to vary, the Approval Order outstanding;

(c) **Pooled Investment Approach.** The Court has found in favour of the Pooled Investment Approach;

(d) **Financing.** The Airdrie Purchaser, or its nominee, shall have obtained financing sufficient to pay the Airdrie Purchase Price, plus adjustments; and

(e) **Subordination.** The Fort McMurray Permitted Encumbrances, other than the mortgage registered against the Fort McMurray Lands as registration No. 022 338 943, agree to subordinate to construction financing in relation to the Fort McMurray Project.

The foregoing conditions shall be for the benefit of Carling and may, without prejudice to any of the rights of Carling hereunder (including reliance upon or enforcement of the warranties or covenants which are preserved dealing with, or similar to, the condition or conditions waived), be waived by Carling in writing, in whole or in part, at any time. In case any of the conditions precedent shall not be complied with, or waived by Carling, at or before the Closing Date, Carling may rescind or terminate this Agreement by written notice to the Receiver. The closing of the transactions contemplated in this Agreement by the Parties shall be deemed to be a waiver by Carling of compliance with any condition included for its benefit.

8.2 **Conditions Precedent for the Benefit of the Receiver.** The obligations of the Receiver to complete the transactions contemplated in this Agreement are subject to the satisfaction, at or prior to the time hereinafter specified (or, if not specified, at or prior to the Closing Date), of the following conditions precedent:

(a) **Representations True.** All representations and warranties of Carling contained in this Agreement shall be true in all material respects at and as of the Closing Date and Carling shall have performed and satisfied all agreements required by this Agreement to be preformed and satisfied by Carling at or prior to the Closing Date and Carling shall have delivered a certificate to that effect at Closing;

(b) **Approval Order.** The Approval Order shall have been granted by the Court and the time for any appeal of the Approval Order shall have passed with no appeal, application for leave to appeal, or application to vary, the Approval Order outstanding; and

(c) **Pooled Investment Approach.** The Court has found in favour of the Pooled Investment Approach.

The foregoing conditions shall be for the benefit of the Receiver and may, without prejudice to any of the rights of the Receiver hereunder (including reliance upon or enforcement of the warranties or covenants which are preserved dealing with, or similar to, the condition or conditions waived), be waived by the Receiver in writing, in whole or in part, at any time. In case any of the conditions precedent shall not be complied with, or waived by the Receiver, at or before the Closing Date, the Receiver may rescind or terminate this Agreement by written notice to Carling. The closing of the transactions contemplated in this Agreement by the Parties shall be deemed to be a waiver by the Receiver of compliance with any condition for its benefit.

ARTICLE 9
RELEASE AND DISCHARGE

9.1 **The Carling Parties' Release of the Receiver.** Subject to the terms and conditions hereof and of paragraph 6 of the Approval Order, the Carling Parties hereby forever release, remise and discharge the Integra Companies, the Receiver, its administrators, assigns, executors and successors, of and from any and all actions, causes of action, claims, counterclaims, demands, damages, interest, costs, expenses, tax, rents and compensation of whatsoever kind and howsoever arising, whether known or unknown, which the Carling Parties ever had, may have, or at any time hereafter can, shall, or may have against the Integra Companies and/or the Receiver in respect of any matter whatsoever, including without limitation in respect of the Actions.

9.2 **The Receiver's Release of the Carling Parties.** Subject to the terms and conditions hereof, the Receiver, both for itself and the Integra Companies, hereby forever releases, remises and discharges the Carling Parties, their administrators, assigns, executors, and successors of and from any and all actions, causes of action, claims, counterclaims, demands, damages, interest, costs, expenses, tax, rents and compensation of whatsoever kind and howsoever arising, whether known or unknown, which the Receiver or the Integra Companies ever had, may have, or at any time hereafter can, shall or may have against the Carling Parties in respect of any matter whatsoever, including without limitation in respect of the Actions.

9.3 **Termination.** In furtherance of the foregoing exchange of releases, the Parties covenant and agree that all agreements other than those expressly created or preserved in this Agreement, are hereby terminated and of no further force and effect.

9.4 **Ibid.** The Parties hereby represent and warrant to one another that:

(a) this Agreement is accepted without prejudice and without admission of liability on the part of any of the Parties hereto in relation to any or all of the matters raised in this Agreement;

(b) they are the beneficial holders of their respective claims described herein and have not assigned or otherwise disposed thereof;

(c) the terms of this Agreement are fully understood by each of the Parties hereto, having received independent legal counsel or waived the right to do so, in connection with the negotiation, execution, delivery and performance of this Agreement;

(d) the consideration exchanged hereunder is accepted voluntarily, uninfluenced by any representations made by the Parties to one another, except as are expressly contained herein;

(e) the facts in respect of which this Agreement is made may prove to be other than or different from the facts in that connection now known by any of the Parties or believed by any of them to be true. Each of the Parties expressly accepts and assumes the risk of the facts being different and agrees that all of the terms of this Agreement shall be in all respects effective and binding upon themselves and not subject to termination or rescission by any discovery of any difference of facts; and

(f) this Agreement is made for the purpose of making full and final compromise and settlement of all claims existing and arising between the Parties in connection with the matters aforesaid, except as expressly created or preserved in this Agreement.

9.5 **The Receiver's Discontinuances.** The Receiver hereby covenants and agrees:

(a) to discontinue (on a without cost basis) any claim or counterclaim the Receiver or any of the Integra Companies have commenced against the Carling Parties in the Actions;

(b) to consent to the discontinuance by the Carling Parties (on a without cost basis) of any claim or counterclaim commenced by the Carling Parties against the Integra Companies or the Receiver in the Actions;

(c) not to sue or initiate any other actions (of any kind whatsoever), whether on behalf of itself or any of the Integra Companies, against the Carling Parties in respect of any matter not expressly created or preserved in this Agreement; and

(d) to forthwith bring and prosecute an application before the Court to obtain the Approval Order.

9.6 **The Carling Parties' Discontinuances.** The Carling Parties hereby covenant and agree:

(a) to discontinue (on a without cost basis) any claim or counterclaim the Carling Parties commenced against the Integra Companies or the Receiver in the Actions;

(b) to consent to the discontinuance by the Receiver (on a without cost basis) of any claim or counterclaim commenced by the Integra Companies or the Receiver against the Carling Parties in the Actions;

(c) not to sue or initiate any other actions (of any kind whatsoever) against the Integra Companies or the Receiver in respect of any matter not expressly created or preserved in this Agreement;

(d) to withdraw and/or not pursue any claim in the receivership of Integra, except the Proof of Claim in the amount of $7,874.89, plus interest from October 11, 2005, filed on September 27, 2007, which is hereby expressly exempted and preserved; and

(e) to facilitate and support the Receiver's application to the Court to obtain the Approval Order.

9.7 **Indemnity.** In the event that any claim is advanced by any third party, including, without limiting the generality of the foregoing, Jennix, Cooke or Mackin, in respect of any portion of the "equity" in Fort McMurray, then Carling shall fully indemnify the Inspector and the Receiver for all of its fees, disbursements and costs, including any legal fees, reasonably incurred by them in defending such claim or claims, together with the enforcement of their indemnification rights hereunder, if any, both on a solicitor-and-its-own-client basis. Any liability under this indemnity is agreed to be secured by and recoverable under the Professionals' Charge.

ARTICLE 10
BOOKS AND RECORDS

10.1 **Carling to Preserve.** Carling covenants and agrees to preserve, to the best of its ability, all deeds, books, records and documents in its possession related to Integra, the Actions or the Lands ("Carling's Books and Records"). For greater certainty, the term Carling's Books and Records shall not include any of the Receiver's own books and records that were acquired or created in the course of the Receiver's administration of the Integra estate.

10.2 **Disposition of Books and Records.** In the event that Carling wishes to dispose of any of Carling's Books and Records, Carling shall provide 60 days written notice of its intention to do so to the Receiver for the purpose of allowing the Receiver the opportunity to seek production and/or preservation of some or all of Carling's Books and Records in connection with its administration of the Integra estate or its rights and obligations under this Agreement.

ARTICLE 11
MISCELLANEOUS

11.1 **Further Assurances.** The parties covenant and agree to do such further acts and things as may be necessary to give full or better effect to the provisions of this Agreement.

11.2 **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally to the parties or sent by telecopy at the following address (or such other address for a party as shall be specified by like notice):

(a) to Carling, as follows:

Carling Development Inc.
Carling Financial Corporation
Carling Group Canada Inc.
Danny Cheng
Suite 515
1110 Centre Street N.
Calgary, AB T2E 2R2
Fax: (403) 230-1106

Lisa Wong
704 Centre A Street N.W.
Calgary, AB T2M 2R3

with a copy to:

Brownlee LLP
2000 530 8 Avenue SW
Calgary AB T2P 3S8
Fax No.: (403) 232-8408
Attention: Mr. Philippe V. Lalonde

(b) Sun Valley Springs Inc.
Suite 515, 1110 Centre Street N.
Calgary, AB T2E 2R2
Fax: (403) 230-1106

(c) to the Receiver or the Inspector:

Ernst & Young Inc.
1000 440 2 Avenue SW
Calgary AB T2P 5E9
Fax No.: (403) 206-5075
Attention: Mr. Neil Narfason

with a copy to:

Fraser Milner Casgrain LLP
30th Floor
Fifth Avenue Place
237 – 4th Avenue S.W.
Calgary, AB T2P 4X7
Fax No.: (403) 268-3100
Attention: Mr. David Mann/Mr. David LeGeyt

Any such notice or other communication shall be effective upon delivery.

11.3 **Entire Agreement.** This Agreement is the entire agreement between the Parties regarding the rights and obligations among them and supersedes all previous arrangements, agreements, representations and warranties. This Agreement may not be amended except in writing signed by the Parties after the date hereof.

11.4 **Governing Law.** This agreement is governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein in all respects. The Parties hereby attorn to the jurisdiction of the Court.

11.5 **Counterpart Execution.** This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts when taken together, shall constitute one and the same instrument and shall be effective as of the date hereof. The delivery of a facsimile copy of this Agreement shall be deemed to be valid and delivery of the Party's execution of this Agreement.

*** The rest of this page is left blank intentionally ***

*** The next page is the execution page ***

CARLING DEVELOPMENT INC.

Per: ______________________

CARLING GROUP CANADA INC.

Per: ______________________

____
Witness

____
Witness

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of **INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC., CARLING DEVELOPMENT (B.C.) INC..**

Per: ______________________

SUN VALLEY SPRINGS INC.

Per: ______________________

CARLING FINANCIAL CORPORATION

Per: ______________________

____
DANNY CHENG

____
LISA WONG

THIS IS SCHEDULE "A" TO THE SETTLEMENT AGREEMENT DATED THE 6TH DAY OF FEBRUARY, 2008

BETWEEN:

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and LISA WONG

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. AND CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

DEFINITIONS

1.1 **Definitions.** In this Agreement the following words shall have the following meaning:

"**ABCA**" means the *Alberta Business Corporations Act*, R.S.A. 2000, c. B-9, as amended;

"**Actions**" means the Main Action and the Current Action;

"**Airdrie Lands**" means the lands municipally known as 2004 24 Street, Airdrie, Alberta and legally known as:

LINC 0014 705 884
PLAN 8311887
BLOCK 1
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 8.1 HECTARES (20.02 ACRES) MORE OR LESS

including all appurtenances, accessions and fixtures thereto.

"**Airdrie Permitted Encumbrances**" means the following interests in the Airdrie Lands:

(a) the agreement entitled "Deferred Reserve Covenant" registered as instrument #3622JQ on September 16, 1966; and

(b) the utility right of way registered as instrument #751 049 308 on May 26, 1975;

"**Airdrie Purchase Price**" means the amount of $2,200,000, exclusive of goods and service tax;

"**Airdrie Purchaser**" means Sun Valley Springs Inc., a corporation incorporated under the laws of the Province of Alberta and related to Carling and Cheng;

"**Approval Order**" means the order issued by the Court in a form acceptable to the Parties and generally in the form set forth in Schedule "B" to this Agreement;

"**As-Is, Where-is, Basis**" means in relation to the sale or transfer of a referenced asset, that such sale or transfer is completed on the basis that there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by the transferor, express or implied, arising at law, by statute or in equity or otherwise, with respect to the referenced asset and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by the transferor, express or implied, arising at law, by statute or in equity or otherwise, as to title, state of title, description, fitness, suitability for any particular purpose, merchantability, operating condition, the value of the referenced asset or the cash flows related to the referenced asset, or compliance with applicable laws and that the transferee acknowledges that it has relied entirely on its own judgment and investigation with respect to the purchase of the referenced asset and is satisfied in all respects with the due diligence and investigations it has conducted;

"**Aurora**" means Aurora River Tower Inc., a corporation incorporated under the laws of the Province of Alberta;

"**Business Day**" means a day other than a Saturday or Sunday or statutory or civic holiday in Calgary;

"**Carling**" means Carling Development, Carling Financial and Carling Group;

"**Carling B.C.**" means Carling Development (B.C.) Inc., a corporation incorporated under the laws of the Province of Alberta;

"**Carling Development**" means Carling Development Inc., a corporation incorporated under the laws of the Province of Alberta;

"**Carling Financial**" means Carling Financial Corporation, a corporation incorporated under the laws of the Province of Alberta;

"**Carling Group**" means Carling Group Canada Inc., a corporation incorporated under the laws of the Province of Alberta;

"**Carling's Books and Records**" has the meaning ascribed thereto in Article 10;

"**Carling Parties**" means Carling Development, Carling Financial, Carling Group, Cheng and Wong;

"**Carling Spring**" means Carling Spring Village Inc., a corporation incorporated under the laws of the Province of Alberta;

"**Cheng**" means Mr. Danny Cheng, an individual resident in the City of Calgary, Alberta;

"**Closing**" has the meaning ascribed thereto in Clause 3.1;

"**Closing Date**" has the meaning ascribed thereto in section 3.1;

"**Cooke**" means Maxine Cooke, an individual resident in the City of Calgary, Alberta;

"**Court**" means the Court of Queen's Bench of Alberta, Judicial District of Calgary, in Action No. 0601-09869;

"**Current Action**" has the meaning ascribed to that term in recital B;

"**Direction to Pay**" means the direction to pay executed by Carling for delivery to the Airdrie Purchaser and the Receiver substantially in the form set forth in Schedule "C" to this Agreement;

"**Direction to Transfer**" means the direction to transfer executed by Carling for delivery to the Airdrie Purchaser and the Receiver substantially in the form set forth in Schedule "D" to this Agreement;

"**Effective Date**" has the meaning ascribed to that term in section 3.2 of this Agreement;

"**Encumbrance**" means any claim, right, title, or interest (whether by way of trust, charge security, or otherwise), whether legal or equitable and howsoever arising, against a referenced asset;

"**Fort McMurray Equity Charge**" means the charge on the Fort McMurray Lands as created in the Approval Order that secures for the benefit of the Receiver an amount equal to 35% of the equity in the Fort McMurray Project up to a maximum amount of $4 million, where "equity" is defined as the proceeds available from the monetization of the Fort McMurray Lands after the completion of the Fort McMurray Project, all as more specifically calculated in Schedule "E" hereto;

"**Fort McMurray Lands**" means the lands municipally known as 9901 Penhorwood Street, Fort McMurray, Alberta and legally known as:

LINC 0017 776 759
PLAN 9121064
BLOCK 1
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.74 HECTARES (1.83 ACRES) MORE OR LESS

including all appurtenances, accessions and fixtures thereto;

"Fort McMurray Permitted Encumbrances" means the following interests in the Fort McMurray Lands:

(i) the mortgage registered against the Fort McMurray Lands as registration #022 338 943 in favour of Sterling Mortgage Corporation, Sage Funding Inc. and New City Financial Corp. in the principal amount of $1.5 million, as amended,

(ii) any charges or obligations set forth in the Approval Order,

(iii) the Builders' Lien registered as registration #032 485 842 in favour of Kor-Alta Construction Ltd. in the amount of $364,244,

(iv) the Builders' Lien registered as registration #032 497 218 in favour of Andrew Baziuk Architecture Ltd. in the amount of $91,650,

(v) the Builders' Lien registered as registration #052 280 460 in favour of Morris Kadylo o/a Fresh Start Construction Consulting in the amount of $55,575, and

(vi) Tax Notification registered as #062 168 797;

"Fort McMurray Project" means the development and monetization of the Fort McMurray Lands by Carling Development in accordance with the development plan attached as Schedule "F" to this Agreement;

"Fort McMurray Purchase Price" means, exclusive of any applicable goods and service tax, the aggregate of: (i) $1; (ii) the covenants herein exchanged among the Parties; and (iii) the Fort McMurray Equity Charge;

"Inspector" means Ernst & Young Inc., in its capacity as inspector of Carling pursuant to Part 18 of the ABCA;

"Investors" means all of the parties who invested in the Carling projects, known as Carling Spring Village (Airdrie), Aurora River Tower (Fort McMurray) and Royal Villa Estates (Surrey), and set forth in Schedule "G" to this Agreement;

"Investors' Charge" means the charge on the Fort McMurray Lands as created in the Approval Order that secures for the benefit of all Investors an amount equal to their respective investments, outlined in Schedule "G" hereto, plus all amounts of interest and costs owing in respect thereof, all on a *pari passu* basis;

"Investors' Committee" has the meaning ascribed to that term in Article 7 of this Agreement;

"Integra Companies" means Integra Investment, Aurora, Carling Spring and Carling B.C.;

"**Integra Investment**" means Integra Investment Service Ltd., a corporation incorporated under the laws of the Province of Alberta;

"**Lands**" means the Airdrie Lands and the Fort McMurray Lands;

"**Jennix**" means Mr. Roy Jennix, an individual resident in the City of Calgary;

"**Mackin**" means Mr. Michael Mackin, an individual whose residence is currently unknown;

"**Main Action**" has the meaning ascribed to that term in recital A of this Agreement;

"**Parties**" means all of the parties to this Agreement and "**Party**" means any one of them;

"**Pooled Investment Approach**" means a finding by the Court that the recourse available to the Investors extends to all Investors sharing, on a pro-rata basis, the net proceeds available from projects known as Carling Spring Village (Airdrie), Aurora River Tower (Fort McMurray) and Royal Villa Estates (Surrey);

"**Professionals' Charge**" has the meaning ascribed to that term in the Approval Order;

"**Professional Fees**" means all of the fees and costs of counsel to the Carling Parties, the Receiver and the Inspector (including their respective legal fees, on a solicitor-and-its-own-client basis) to the Effective Date and, for greater certainty means, with respect to the Receiver, the Receiver's fees and costs in respect of the projects known as Carling Spring Village (Airdrie), Aurora River Tower (Fort McMurray) and Royal Villa Estates (Surrey);

"**Receiver**" means Ernst & Young Inc., in its capacity as Receiver and Manager of the undertakings, property and assets of Integra Investment, Aurora, Carling Spring and Carling B.C;

"**Valid Airdrie Charge**" shall mean the entire amount owing up to, and including, the Effective Date in respect of the following claim:

(A) the mortgage in the principal sum of $775,000 registered as instrument #021 116 959 on April 9, 2002, as amended by instruments nos. 041 032 958 and 041 328 503.

"**Wong**" means Ms. Lisa Wong, an individual resident in the City of Calgary, Alberta.

THIS IS SCHEDULE "B" TO THE SETTLEMENT AGREEMENT DATED THE 6TH DAY OF FEBRUARY, 2008

2967667_1

Action No.: 0601-09869

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

VECKENSTEDT HOLDINGS INC., HERB VECKENSTEDT, FRED PIPER, JOAN PIPER, LIPOTH CONSULTING, AND PAUL LIPOTH

Plaintiff

- and -

INTEGRA INVESTMENT SERVICES LTD. and RUNDLE DEVELOPMENT COOPERATIVE

Defendant

BEFORE THE HONOURABLE JUSTICE C.A. KENT IN CHAMBERS	))))	AT THE CALGARY COURTS CENTRE, IN THE CITY OF CALGARY IN THE PROVINCE OF ALBERTA ON __________, THE _______ DAY OF FEBRUARY, 2008

APPROVAL ORDER

UPON THE APPLICATION of Ernst & Young Inc., in its capacity as receiver (the "Receiver") of Integra Investment Service Ltd., Aurora River Tower Inc., Carling Spring Village Inc. and Carling Development (B.C.) Inc. (collectively, "Integra"); **AND UPON HEARING READ** the Orders of this Honourable Court dated September 8, 2006 and May 23, 2007; **AND UPON HEARING READ** the Second Report of Ernst & Young Inc., in its capacity as inspector (the "Inspector") of Carling Development Inc., Carling Group Canada Inc. and Carling Financial Corporation (collectively, "Carling"), dated ____________________, 2008, filed, (the "Inspector's Report") and the Seventh Report of the Receiver, dated ________________, 2008 (the "Receiver's Report"); and the two Affidavits of Ronica Cameron, both dated _____________, 2008, (collectively, the "Service Affidavits"); **AND UPON FINDING** that the settlement agreement among the Receiver, Carling and others, dated February ___________________, 2008 and attached as Exhibit "____" to the Receiver's Report (the "Settlement Agreement") is fair and reasonable and in the best interests of the stakeholders of Integra and Carling; **AND UPON IT APPEARING** that all interested and affected parties have been served with notice of this Application; **AND UPON HEARING** counsel for the Receiver, the Inspector, Carling and various other stakeholders;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. Service of notice of this Application in accordance with the particulars described in the Service Affidavits is good and sufficient.

Definitions

2. All capitalized terms not otherwise defined in this Order have the same meaning as ascribed to them in the Settlement Agreement.

Approval of Settlement Agreement

3. The Settlement Agreement, including all related transactions, is hereby approved.

4. The Receiver is authorized to execute all deeds and documents and to take all such steps, as may be necessary or advisable in the sole discretion of the Receiver, in order to give effect to the Settlement Agreement and all transactions contemplated therein.

Treatment of Investors

5. The Investors of Carling and Carling Development (B.C.) Inc. shall be treated in accordance with the Pooled Investment Approach and, without restricting the generality of the foregoing, and for greater clarification, the Investors of Carling and Carling Development (B.C.) Inc. are deemed to have claims only as against Carling Development and its property, irrespective of which corporate entity the Investor may have initially invested in and irrespective of which real estate project the Investor invested in, and it is declared that all Investors of Carling and Carling Development (B.C.) Inc. and their claims against Carling Development and its property rank *pari passu* with each other and that Investors shall share in any distributions made

by Carling Development on a *pro rata* basis, irrespective of which corporate entity they initially invested in and irrespective of which real estate project they invested in.

6. In addition to the foregoing paragraph and for greater clarity, Investors shall have claims against Carling Development only and not any other Carling company. Any claims which the Investors may have against any of the Integra Companies shall be transferred, absolutely, to Carling Development, for the exclusive benefit of Carling Development, subject to the oversight powers given to the Investors' Committee in Schedule "A" to this Order, and notwithstanding paragraph 9.1 of the Settlement Agreement. The claims of Carling Development (B.C.) Inc. against the Integra Companies are hereby transferred absolutely to Carling Development, subject to the oversight powers given to the Investors' Committee in Schedule "A" to this Order, for its exclusive benefit, provided however that any realization by Carling Development from the claims transferred to it by this Order shall immediately be distributed to Investors, on a pari passu basis by the Inspector.

Meeting of Carling Investors

7. A meeting of Investors as contemplated in paragraphs 5, 6, 7, 8 and 9 of the Order granted in these proceedings on October 4, 2007 is hereby dispensed with (and the Inspector is relieved of all obligations and duties imposed upon it in respect of such meeting).

8. The Inspector is authorized and directed to call, organize and convene a meeting of the Investors within 30 days of the granting of this Order, for the purposes of: (a) providing a general update on these proceedings and discussing the Reports of the Inspector filed in these proceedings; and (b) constituting the Investors' Committee (the "Meeting").

9. The Inspector shall preside as the chair of the Meeting and is exclusively granted the authority to determine the rules of procedure governing the Meeting.

10. The Inspector is authorised and directed to undertake and implement whatever steps are necessary for the proper calling, organization and conduct of the Meeting including, but not limited to, the making of rules for the Investors to vote either in person or by proxy, whether by show of hands or ballot or otherwise.

11. The Inspector shall report the results of the Meeting to this Honourable Court.

Transfer of the Airdrie Lands

12. Upon the Receiver filing a Certificate with this Honourable Court stating that the sale of the lands legally described as:

LINC 0014 705 884
PLAN 8311887
BLOCK 1
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 8.1 HECTARES (20.02 ACRES) MORE OR LESS

(the "Airdrie Lands") has closed substantially in accordance with the terms of the Settlement Agreement and all consideration due and owing in respect of such sale has been tendered to the Receiver (the "Airdrie Closing Certificate"), then subject only to the Airdrie Permitted Encumbrances (as that term is defined in the Settlement Agreement) related to the Airdrie Lands:

(a) the Airdrie Lands shall be vested in the name of the Airdrie Purchaser or its nominee free of all estate, right, title, interest, royalty, rental and equity of redemption of Carling and Integra, and all persons who claim by, through, under or against any of them in respect of the Airdrie Lands;

(b) Carling and Integra, and all persons who claim by, through, under or against any of them shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of and in the Airdrie Lands and, to the extent that any such person remains in possession or control of any of the Airdrie Lands, they shall forthwith deliver possession of same to the Airdrie Purchaser or its nominee; and

(c) the Airdrie Purchaser shall be entitled to enter into and upon, hold and enjoy the Airdrie Lands for its own use and benefit without any interference of or by Carling and Integra, or any person claiming by, through, under or against any of them and/or any of the Airdrie Lands.

13. Until further Order of this Honourable Court, the Receiver shall hold back from the net proceeds from the sale of the Airdrie Lands an amount, to be determined by the Receiver, sufficient to satisfy the claims of the caveator under instrument no. 071 069 102, and such sale proceeds shall stand in the place and stead of the Airdrie Lands transferred pursuant to this Order for the benefit of the referenced caveator and the claims of the referenced caveator (the "Airdrie Claim") shall attach solely to the sale proceeds retained by the Receiver with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available when the Airdrie Claim attached to the property itself, and the Receiver is authorized to deal with the Airdrie Claim in accordance with the Claims Process Order granted in these proceedings on June 4, 2007 or October 4, 2007, as the case may be.

14. Nothing in this Order shall prejudice the claim of the referenced caveator against Integra or the net proceeds of sale held by the Receiver pursuant to the preceding paragraph.

15. The Receiver shall repay in full the mortgage registered against the Airdrie Lands as mortgage number 021 116 959 using the proceeds from the sale of the Airdrie Lands.

16. The Registrar of the South Alberta Land Titles Registration District be and is hereby directed that, upon being presented with a certified true copy of this Order and a copy of the Airdrie Closing Certificate, to cancel the registration of all builders' liens (and related certificates of lis pendens), charges, encumbrances and any other registrations registered against the Airdrie Lands rendering such lands free and clear of all estate, right, title, interest, royalty, rental and equity of redemption of Carling and Integra, and any persons claiming by, through, under or against any of them and/or any of the Airdrie Lands, other than the Airdrie Permitted Encumbrances, including the cancellation of the following interests:

(a) mortgage number 021 116 959 in favour of Canadian Western Trust Company and Integra Investment Service Ltd., registered against the Airdrie Lands on April 9, 2002;

(b) mortgage number 031 319 771 in favour of Supreme Mortgages Ltd., registered against the Airdrie Lands on September 18, 2003;

(c) certificate of Lis Pendens number 031 429 490 registered against the Airdrie Lands on December 10, 2003;

(d) order number 031 430 602 registered against the Airdrie Lands on December 11, 2003;

(e) caveat number 031 430 603 in favour of Carling Development Inc., registered against the Airdrie Lands on December 11, 2003;

(f) certificate of Lis Pendens number 041 032 958 registered against the Airdrie Lands on January 22, 2004;

(g) amending agreement 041 328 503 registered against the Airdrie Lands on August 31, 2004;

(h) caveat number 041 388 678 in favour of Edward Kendall and Nettie Kendall, registered against the Airdrie Lands on October 13, 2004;

(i) caveat number 041 461 338 in favour of Petro Plan Safety Ltd., registered against the Airdrie Lands on December 6, 2004;

(j) caveat number 051 098 849 in favour of 916866 Alberta Ltd., registered against the Airdrie Lands on March 24, 2005;

(k) caveat number 051 101 552 in favour of Michael J. Mackin, registered against the Airdrie Lands on March 30, 2005;

(l) order number 061 111 098 registered against the Airdrie Lands on March 16, 2006;

(m) caveat number 061 259 504 in favour of Vesta Properties (Alberta) Ltd., registered against the Airdrie Lands on June 28, 2006;

(n) caveat number 061 327 806 in favour of Roy Marshall Jennix, registered against the Airdrie Lands on August 14, 2006;

(o) caveat number 071 069 102 in favour of 619644 Alberta Limited, registered against the Airdrie Lands on February 10, 2007;

(p) caveat number 071 172 327 in favour of Ernst & Young Inc., registered against the Airdrie Lands on April 11, 2007; and

(q) caveat number 071 588 185 in favour of Victor Philippe Lalonde, registered against the Airdrie Lands on December 5, 2007.

Transfer of the Fort McMurray Lands

17. Upon the Receiver filing a Certificate with this Honourable Court stating that the sale of the lands legally described as:

LINC 0017 776 759
PLAN 9121064
BLOCK 1
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.74 HECTARES (1.83 ACRES) MORE OR LESS

(the "Fort McMurray Lands") has closed substantially in accordance with the terms of the Settlement Agreement and all consideration due and owing in respect of such sale has been tendered to the Receiver (the "Fort McMurray Closing Certificate"), then subject only to the Fort McMurray Permitted Encumbrances (as that term is defined in the Settlement Agreement) related to the Fort McMurray Lands:

(a) the Fort McMurray Lands shall be vested in the name of Carling Development free of all estate, right, title, interest, royalty, rental and equity of redemption of Integra and all persons who claim by, through, under or against any of them in respect of the Fort McMurray Lands;

(b) Integra and all persons who claim by, through, under or against any of them shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of and in the Fort McMurray Lands and, to the extent that any such person remains in possession or control of any of the Fort

McMurray Lands, they shall forthwith deliver possession of same to Carling Development ; and

(c) Carling Development shall be entitled to enter into and upon, hold and enjoy the Fort McMurray Lands for its own use and benefit without any interference of or by Integra or any person claiming by, through, under or against any of them and/or any of the Fort McMurray Lands.

18. The Registrar of the North Alberta Land Titles Registration District be and is hereby directed that, upon being presented with a certified true copy of this Order and a copy of the Fort McMurray Closing Certificate, to cancel the registration of all builders' liens (and related certificates of lis pendens), charges, encumbrances and any other registrations registered against the Fort McMurray Lands rendering such lands free and clear of all estate, right, title, interest, royalty, rental and equity of redemption of Integra and any persons claiming by, through, under or against any of them and/or the Fort McMurray Lands, other than Fort McMurray Permitted Encumbrances, including the cancellation of the following interests:

(a) order number 032 483 837 registered against the Fort McMurray Lands on December 11, 2003;

(b) caveat number 032 483 838 in favour of Carling Financial Corporation, registered against the Fort McMurray Lands on December 11, 2003;

(c) caveat number 042 447 611 in favour of Wallace Pearn and Elsie Pearn, registered against the Fort McMurray Lands on October 13, 2004;

(d) caveat number 052 109 786 in favour of 916866 Alberta Ltd., registered against the Fort McMurray Lands on March 24, 2005;

(e) caveat number 052 113 320 in favour of Michael J. Mackin, registered against the Fort McMurray Lands on March 30, 2005;

(f) caveat number 052 212 963 in favour of CVM Holdings Ltd., registered against the Fort McMurray Lands on May 31, 2005;

(g) caveat number 062 102 705 in favour of CVM Holdings, registered against the Fort McMurray Lands on March 7, 2006

(h) order number 062 120 104 registered against the Fort McMurray Lands on May 16, 2006;

(i) certificate of Lis Pendens number 062 355 494 registered against the Fort McMurray Lands on August 14, 2006;

(j) order number 072 202 571 in favour of Ernst & Young Inc., registered against the Fort McMurray Lands on April 11, 2007; and

(k) caveat number 072 708 205 in favour of Victor Philippe Lalonde, registered against the Fort McMurray Lands on December 5, 2007.

19. Until further Order of this Honourable Court, the Receiver shall hold all net proceeds from the sale of the Fort McMurray Lands and such net sale proceeds shall stand in the place and stead of the Fort McMurray Lands transferred pursuant to this Order, and all claims of whatsoever nature or kind, including without limitation, all liens, claims, encumbrances, proprietary claims, trust claims, lease claims, royalty claims and interests (the "Fort McMurray Claims") shall attach solely to the sale proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available when the Fort McMurray Claims attached to the property itself, and the Receiver is authorized to deal with the Fort McMurray Claims in accordance with the Claims Process Order granted in these proceedings on June 4, 2007, or October 4, 2007, as the case may be.

20. Subject to the Claims Process Orders granted in these proceedings on June 4, 2007 and October 4, 2007, nothing in this Order shall prejudice any person's claim against Integra or the net proceeds of sale held by the Receiver pursuant to the preceding paragraph.

Role of the Inspector

21. The conduct and actions of the Inspector to the date of this Order are hereby confirmed and approved, and no Proceedings may be commenced against the Inspector or its legal counsel without leave of this Honourable Court first being obtained.

22. Ernst & Young Inc. is discharged, entirely and absolutely, from its role as inspector of Carling Financial Corporation and Carling Group Canada Inc. and no Proceedings may be commenced against Ernst & Young Inc. or its legal counsel in connection with the inspectorship of those companies without leave of this Honourable Court first being obtained.

23. The role of the Inspector in respect of Carling Development is hereby amended and restated, without security, in accordance with the terms of this Order.

24. The Inspector is, in respect of Carling Development, hereby empowered and authorized to:

(a) monitor the business and affairs of Carling Development;

(b) terminate all existing bank accounts of Carling Development and establish such new accounts as may be necessary for the Fort McMurray Project and serve as one of the joint signing authority over all such accounts;

(c) establish an accounting of, and maintain the books and records of, the Fort McMurray Project from the date of this Order;

(d) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Inspector's rights and powers;

(e) participate with, and take direction from, the Investors' Committee;

(f) serve as the Chairperson of the Investors' Committee;

(g) report to, meet with and discuss with such affected persons as the Inspector deems appropriate on any matters relating to Carling Development or the Fort McMurray Project;

(h) report to the Court at least annually and also in the event:

(i) it is directed to do so by the Investors' Committee,

(ii) a material adverse event occurs in respect of the Fort McMurray Project, and

(iii) the Inspector deems it necessary or appropriate;

(i) register a copy of this Order and any other Orders in respect of this matter on any property of Carling Development, including the Fort McMurray Lands; and

(j) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Inspector takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including Carling Development, and without interference from any other person.

Investors' Committee

25. An Investors' Committee is hereby created to oversee Carling Development and the Fort McMurray Project and other matters as further set out in Schedule "A" to this Order.

Rights and Obligations of the Inspector and the Investors' Committee

Duty to Provide Access and Co-Operation

26. (a) Carling, (b) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (c) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, shall forthwith provide the Inspector and the Investors' Committee with such information and material as they may reasonably request in the completion of their respective mandates hereunder.

No Proceedings Against the Inspector and the Investors' Committee

27. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Inspector, its legal counsel, or the Investors' Committee except with their written consent or with leave of this Court.

No Proceedings Against the Carling Parties or their Property

28. No Proceeding in respect of claims existing on or before the date of this Order against or in respect of the Carling Parties or their property shall be commenced or continued except with the written consent of the relevant Carling Party or with leave of this Court and any and all Proceedings currently under way against or in respect of any Carling Party or their property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any person from commencing a proceeding regarding a claim that might otherwise become barred by statute.

No Exercise of Rights of Remedies

29. All rights and remedies (including, without limitation, set-off rights) against the Carling Parties are hereby stayed and suspended except with the written consent of the relevant Carling Party or leave of this Court.

General

30. The Inspector, Carling Development and the Investors' Committee may from time to time apply to this Court for advice and directions in the discharge of its or their powers and duties hereunder.

31. Nothing in this Order shall prevent the Inspector from acting in any other role in respect of Carling.

Role of the Directors

32. The directors of Carling Development shall be restricted from exercising any of the following powers in respect of Carling Development except with the prior written authorization of the Investors' Committee:

(a) seeking any filing for protection from Carling Development's creditors;

(b) selling all or substantially all of Carling Development's property;

(c) arranging for any financing in excess of $5,000;

(d) the addition, removal, or replacement of any directors or officers of Carling Development;

(e) enter into any material contracts on behalf of Carling Development;

(f) issue, redeem, convert, or otherwise amend any equity or debt of Carling Development;

(g) pledge or encumber the credit (or the assets) of Carling Development in respect of any indebtedness related to Carling Development; and

(h) dealing with any realizations upon claims transferred to Carling Development by this Order, other than to distribute those realizations to Investors on a pari passu basis.

Professional Accounts

33. Any expenditure or liability which shall properly be made or incurred by the Inspector, including the fees of the Inspector and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Inspector and its counsel, shall be allowed to it in passing its accounts. All such expenditure or liability of the Inspector, including legal fees on a solicitor-and-his-own-client basis, together with all fees and disbursements of the Carling Parties' counsel, incurred at standard rates and charges, shall form a charge on the Fort McMurray Lands in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any person, except as specifically set out herein (the "Professionals' Charge").

34. The Inspector and its legal counsel shall pass their accounts from time to time.

35. Prior to the passing of its accounts, the Inspector shall be at liberty from time to time to apply reasonable amounts against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Inspector or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court. The Inspector is also directed to allow payment from time to time of the fees and disbursements, incurred at normal rates and charges, of counsel to the Carling Parties.

Charges

36. The Professionals' Charge, the Investors' Charge and the Fort McMurray Equity Charge be and are hereby approved, shall form a charge on all of the present and after acquired property of Carling Development, including the Fort McMurray Lands, and shall have the following priority:

(a) first, the Professionals' Charge;

(b) secondly, the Investors' Charge; and

(c) thirdly, the Fort McMurray Equity Charge.

37. The aforesaid charges shall also be subject to the terms and conditions ascribed to those charges in the Settlement Agreement and shall be valid, binding, and entitled to priority without the need for any registration or perfection thereof. This Order shall be registered against title to the Fort McMurray Lands.

38. The Receiver shall also be authorized to discharge this Order (and the charges created hereunder) in whole or in part from the title or titles comprising the Fort McMurray Lands upon terms acceptable to it, acting reasonably. Without limiting the generality of the foregoing, in the event of the condominiumization (or other subdivision) of the Fort McMurray Lands, the Receiver shall be entitled to partially discharge this Order from any resulting unit titles upon the sale of condominium units on terms acceptable to the Receiver. The Registrar of the North Alberta Land Titles Registration District be and is hereby directed that, upon being presented with a discharge in the form attached hereto as Schedule "B", it shall discharge this Order from that certificate, or those certificates, of title as referenced in such discharge.

39. The Receiver shall be authorized to postpone this Order (and the charges created hereunder) to any instrument or encumbrance upon terms acceptable to the Receiver and in accordance with section 5.5 of the Settlement Agreement. The Registrar of the North Alberta Land Titles Registration District be and is hereby directed that, upon being presented with a postponement in the form attached hereto as Schedule "C', to postpone this Order to the instrument(s) or encumbrance(s) as referenced in such postponement.

40. The Registrar of the North Alberta Land Titles Registration District shall accept this Order, and any discharge or subordination submitted by the Receiver pursuant to sections 37, 38, and 39, for registration against the applicable lands forthwith and notwithstanding the requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c. L-4, as amended.

New Inspectorship Proceedings

41. The Inspectorship of Carling in these proceedings is ordered to be converted into a new Action, to be commenced by the filing of this Order.

42. The Style of Cause of the Inspectorship in the new action shall hereinafter be as follows:

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

IN THE MATTER OF SECTION 232 AND PART 18 OF THE
BUSINESS CORPORATIONS ACT, R.S.A. 2000 c. B-9, AS AMENDED

AND

IN THE MATTER OF THE INSPECTORSHIP OF CARLING DEVELOPMENT INC.

43. The Clerk of the Court is ordered and directed to commence a new Action and create a new Court file in respect of the new Action hereby created, and the Clerk of the Court is ordered and directed to file this Order as the commencing document in that new Action.

Miscellaneous

44. All parties shall bear their own costs in respect of this Application.

45. The Inspector, the Investors' Committee, the Carling Parties, the Receiver and the Airdrie Purchaser are at liberty to re-apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

46. Service of this Order is hereby dispensed with, except on parties on the Service List referred to in the Service Affidavits and on the parties completing the attendance sheet at this Application. Service of this Order upon such parties may be effected by facsimile transmission

or courier delivery and, where so effected, shall be deemed received on the date transmission was confirmed or the date when the courier was sent to the address of the recipient. Service effected as aforesaid shall be good and sufficient.

____

J.C.Q.B.A.

ENTERED this __________ day
of ________________, 2008.

____

Clerk of the Court

SCHEDULE "A" TO THE APPROVAL ORDER

INVESTORS' COMMITTEE CHARTER

This Charter of the Investors' Committee is created pursuant to paragraph __ of the Order of the Court of Queen's Bench of Alberta, dated February __, 2008, in Action # 0601-09869, as may be amended from time to time (the "Order"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Order.

Purpose of the Investors' Committee:

1. The purpose of the Investors' Committee is to oversee the implementation, development and completion of the Fort McMurray Project and the monetization of the Fort McMurray Project by Carling Development and to oversee the activities of Carling Development in respect of the claims of Investors transferred to Carling Development by the Approval Order.

Membership and Eligibility of the Investors' Committee

2. The Investors' Committee shall be comprised of four individuals appointed by ordinary resolution of the Investors, the Inspector and a representative of Carling Development. To be eligible to serve on the Committee, each representative of the Investors must:

   (a) be eligible to serve as a director of a publicly traded ABCA corporation;

   (b) be an Investor in Carling;

   (c) subject to (b) above, not be related to Carling; and

   (d) not be a party to any contested action or proceeding by or against Integra or Carling.

Structure and Operations of the Investors' Committee:

3. The Inspector shall serve as the chairperson of the Investors' Committee. The Investors' Committee shall meet at such times and places as are determined by the Committee chairperson; provided that meetings may be called when deemed necessary or desirable by any member of the Investors' Committee or its chairperson. The Investors' Committee shall govern its affairs by a majority vote. The chairperson shall not have a vote. The Investors' Committee may request any officer or employee of Carling Development or the Company's outside counsel, independent auditors or other consultants to attend a meeting of the Investors' Committee or to meet with any members of, or consultants to, the Investors' Committee. Members of the Investors' Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Counsel to Carling Development and the Inspector, as well as any other person invited by the chairperson, may attend any meeting of the Investors' Committee.

The chairperson shall, except as specifically set forth herein or in the Order, establish quorums and set rules for the calling, holding and recording of meetings and the nomination and appointment of replacement members.

In the event of the resignation, death or inability of an Investors' appointee on the Investors Committee to carry on, the remaining members of the Investors' Committee may appoint another Investor as a replacement representative.

The Investors Committee shall be considered dissolved at the completion of the development and monetization of the Fort McMurray Project.

Delegation to Subcommittees:

4. The Investors' Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to subcommittees of the Investors' Committee.

Resources and Authority of the Investors' Committee:

5. The Investors' Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without further order of the Court.

Investors' Committee Responsibilities:

6. The Investors' Committee shall have the following powers:

   (a) to receive and review all information it requests from Carling Development;

   (b) to approve all material contracts, including without limitation all arrangements for the construction financing of, and general contract for, the Fort McMurray Project;

   (c) to review the bank and financial statements of Carling Development;

   (d) to approve all budgets and business plans of Carling Development;

   (e) to give such direction as they deem appropriate to the Inspector and Carling Development;

   (f) to apply to Court for such advice and direction as they may deem necessary or appropriate;

   (g) such ancillary powers as may be necessary or appropriate to give full or better effect to the mandate and powers of the Investors' Committee;

(h) to oversee the activities of Carling Development in relation to any Investor claims transferred to Carling Development by the Approval Order, and the distribution of those realizations to Investors on a pari passu basis; and

(i) the Investors' Committee shall report to the Investors no less frequently than quarterly and in such other circumstances as the Investors' Committee deems necessary or appropriate.

SCHEDULE "B" TO THE APPROVAL ORDER

PARTIAL DISCHARGE OF ORDER

LAND TITLES ACT

CANADA	)
PROVINCE OF	)
ALBERTA	)

TO: THE REGISTRAR OF THE LAND TITLES OFFICE

ERNST & YOUNG INC. (the "Receiver"), of the City of Calgary, in the Province of Alberta, does hereby **[partially] [wholly]** discharge the Approval Order which was registered in the Alberta Land Titles Office on the • day of •, 2008, as Instrument No. •, as to the following lands only:

AS SET OUT IN THE ATTACHED SCHEDULE "A"

AND THAT the Receiver is the person entitled by law to discharge the said Order, and that the same is **[partially] [wholly]** discharged.

IN WITNESS WHEREOF the Receiver has executed this **[Partial]** Discharge of Order this _______ day of •, 20•.

ERNST & YOUNG INC.

Per: ______________________________

2884705_9

SCHEDULE "C"

POSTPONEMENT OF ORDER

TO: THE REGISTRAR, ALBERTA LAND TITLES OFFICE

ERNST & YOUNG, INC., being the holder of the Approval Order, registered at the Land Titles Office as instrument number • on the • day of •, 2008, hereby agrees to the postponement of its rights in and to that land described as:

LINC 0017 776 759
PLAN 9121064
BLOCK 1
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.74 HECTARES (1.83 ACRES) MORE OR LESS

including all appurtenances, accessions and fixtures thereto

to the rights in and to a certain • which • was registered in the Land Titles Office on the • day of •, 2008, as instrument number •.

IN WITNESS WHEREOF **ERNST & YOUNG, INC.** has executed these presents this ____ day of •, 2008.

ERNST & YOUNG, INC.

Per: ______________________________

Action No. 0601-09869

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

VECKENSTEDT HOLDINGS INC., HERB VECKENSTEDT, FRED PIPER, JOAN PIPER, LIPOTH CONSULTING, AND PAUL LIPOTH

Plaintiffs

- and -

INTEGRA INVESTMENT SERVICES LTD. and RUNDLE DEVELOPMENT COOPERATIVE

Defendant

APPROVAL ORDER

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
30th Floor, Fifth Avenue Place
237 – 4th Avenue S.W.
Calgary, Alberta
T2P 4X7

Solicitor: David W. Mann/David LeGeyt
Telephone: (403) 268–7097/3075
Facsimile: (403) 268-3100
File: 131079-77

THIS IS SCHEDULE "C" TO THE SETTLEMENT AGREEMENT DATED THE 6TH DAY OF FEBRUARY, 2008

BETWEEN:

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and LISA WONG

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. AND CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

DIRECTION TO PAY

TO: SUN VALLEY SPRINGS INC. and the RECEIVER

CARLING DEVELOPMENT INC. HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS SUN VALLEY SPRINGS INC. TO PAY TO THE RECEIVER THE PURCHASE PRICE OF THE AIRDRIE LANDS (AS DEFINED IN THE SETTLEMENT AGREEMENT), SUBJECT TO ADJUSTMENTS (APPROXIMATELY $2,200,000.00) IN ACCORDANCE WITH THE SETTLEMENT AGREEMENT.

AND FOR DOING SO, THIS SHALL CONSTITUTE YOUR GOOD AND SUFFICIENT AUTHORITY.

DATED THIS ________ DAY OF ______________, 2008.

CARLING DEVELOPMENT INC.

Per: ______________________________

Print Name: ____________________

Print Title: ____________________

Received, acknowledged and agreed to by:

SUN VALLEY SPRINGS INC.

Per: ______________________________

Print Name: ____________________

Print Title: ____________________

ERNST & YOUNG INC. in its capacity as Receiver (as defined above), and not in its personal capacity

Per: ______________________________

Print Name: ____________________

Print Title: ____________________

2942202_3

THIS IS SCHEDULE "D" TO THE SETTLEMENT AGREEMENT DATED THE 6TH DAY OF FEBRUARY, 2008

BETWEEN:

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and LISA WONG

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. AND CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

DIRECTION TO TRANSFER

TO: SUN VALLEY SPRINGS INC. and the RECEIVER

CARLING DEVELOPMENT INC. HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE RECEIVER TO TRANSFER THE AIRDRIE LANDS (AS DEFINED IN THE SETTLEMENT AGREEMENT) TO SUN VALLEY SPRINGS INC., SUBJECT TO PAYMENT OF THE PURCHASE PRICE, AS ADJUSTED, IN ACCORDANCE WITH THE SETTLEMENT AGREEMENT.

AND FOR DOING SO, THIS SHALL CONSTITUTE YOUR GOOD AND SUFFICIENT AUTHORITY.

DATED THIS __________ DAY OF _____________, 2008.

CARLING DEVELOPMENT INC.

Per: ______________________________

Print Name: ____________________

Print Title: _____________________

Received, acknowledged and agreed to by:

SUN VALLEY SPRINGS INC.

Per: ______________________________

Print Name: ____________________

Print Title: _____________________

ERNST & YOUNG INC. in its capacity as Receiver (as defined above), and not in its personal capacity

Per: ______________________________

Print Name: ____________________

Print Title: _____________________

2942259_2

THIS IS SCHEDULE "E" TO THE SETTLEMENT AGREEMENT DATED THE 6TH DAY OF FEBRUARY, 2008

BETWEEN:

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and LISA WONG

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. AND CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

CALCULATION OF EQUITY

1. For the purposes of the Settlement Agreement and all of its Schedules, "equity" is defined and calculated as follows:

The proceeds available from the build-out of the Fort McMurray Lands after repayment of the following:

(a) the first mortgage registered as registration no. 022 338 943 in favour of Sterling Mortgage Corporation, Sage Funding Inc. and New City Financial Corp.;

(b) the construction financing (approximately $35,000,000.00) together with all interest and fees and any other loans required to facilitate the build-out of the Fort McMurray Lands in accordance with the Fort McMurray Project;

(c) the Fort McMurray Permitted Encumbrance;

(d) applicable commissions and other approved costs of construction;

(e) applicable property taxes;

(f) the Professionals' Charge; and

(g) any remaining secured and unsecured creditors and Investors who proved their claims in accordance with the June 4, 2007 or October 4, 2007 Orders of the Court of Queen's Bench Alberta and subject to the approval by the Court of the Pooled Investment Approach;

shall constitute the equity.

2. The Receiver is entitled to 35% of the equity, up to a maximum amount of $4,000,000, and Carling Development will retain the remainder of the equity.

THIS IS SCHEDULE "F" TO THE SETTLEMENT AGREEMENT DATED THE 6TH DAY OF FEBRUARY, 2008

BETWEEN:

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and LISA WONG

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. AND CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

FORT MCMURRAY DEVELOPMENT PLAN[1, 2]

1. Re-engage the architect (Andrew Baziuck Architect Ltd.) to conduct an open bid process (minimum 3 bids) to select the General Contractor.

2. Enter into a standard construction (CCDC) contract with the General Contractor with a guaranteed maximum price.

3. Develop a complete business plan, including a detailed financial plan and cash flow analysis, for the Fort McMurray Project (the "Fort McMurray Business Plan").

4. Obtain construction financing.

5. Re-apply for and renew the Development Permit and the Building Permit from the City of Fort McMurray.

6. Arrange for hiring of the construction Management Team (suggested): (i) General Manager (Danny Cheng); (ii) Construction Manager; (iii) Marketing Manager; (iv) Sales Manager; and (v) Administration Manager. (The General Manager will report to the Investors' Committee.)

---

1 This Plan assumes that the Settlement Agreement is approved by the Court, that the Approval Order is issued and requires that the Fort McMurray Lands first be restored to Carling Development Inc.

2 This Plan is subject to certain approvals of the Investors' Committee.

7. Engage in marketing and presales. (The Sales Manager to hire and oversee the sales team.)

8. As will be detailed in the Fort McMurray Business Plan, the construction time frame is estimated to be between 18 and 24 months from start date. Occupancy to begin at approximately month 13 or 14. At the end of stage 1 (5 floors), construction loan to be paid out (estimated 13 to 14 months). At the end of stage 2 (5 floors), Fort McMurray Permitted Encumbrances and Investors to be paid out (estimated 14 to 17 months). And at the end of stage 3 (5 floors), net profit directed to Fort McMurray Equity Charge, balance to Carling (estimated 17 to 20 months).

2951932_2

THIS IS SCHEDULE "G" TO THE SETTLEMENT AGREEMENT
DATED THE 6TH DAY OF FEBRUARY, 2008

CARLING DEVELOPMENT INC., CARLING FINANCIAL CORPORATION, CARLING GROUP CANADA INC., DANNY CHENG and LISA WONG

- and -

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the undertakings, property and assets of INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWER INC., CARLING SPRING VILLAGE INC. AND CARLING DEVELOPMENT (B.C.) INC. (the "Receiver")

- and -

SUN VALLEY SPRINGS INC. (THE "AIRDRIE PURCHASER")

Claim #	Project	Company	Family Name	First Name	Amount Accepted	Note
CSV-60	CSV		Abday	Mike	110,000	
CSV-59	CSV		Abday (In Trust)	David	20,000	
CSV-58	CSV		Bohdan	Kathy	15,000	
CSV-48	CSV		Bracken	William & Maureen	20,000	
CSV-12	CSV		Davis	Roy & Dianne	20,000	
CSV-13	CSV	916866 AB Ltd.	Dean	Stewart	90,000	
CSV-11	CSV		Derkach	Ned	5,000	
CSV-9	CSV		Durda	Darrin	20,000	
CSV-14	CSV	313849 Alberta Ltd	Edwards	Vera	50,000	
CSV-15	CSV		Edwards	Doug & Vera	150,000	
CSV-50	CSV		Ethier	Brenda	20,000	
CSV-51	CSV		Ethier	Rory	20,000	
CSV-22	CSV		Filipowski	Ewa	70,000	
CSV-63	CSV		Hasiuk	Ed	24,500	
CSV-64	CSV	Hasiuk Consulting Ltd.	Hasiuk	Ed	150,000	
CSV-65	CSV		Hasiuk	Ed & Suzanne	63,000	
CSV-66	CSV		Hasiuk	Suzanne	12,000	
CSV-69	CSV	939037 Alberta Ltd	Hayzelden	c/o Bruce	25,000	
CSV-1	CSV		Hong	Chong	40,000	
CSV-21	CSV	Horwood Consulting Services	Horwood	Peter	40,000	
CSV-17	CSV		Kendall	Edward A.	58,000	
CSV-25	CSV		Knopp	Edison & Helen	20,000	
CSV-26	CSV		Koester	Eric	100,000	
CSV-49	CSV	900289 Alberta Ltd	Lawrence	Anthony	20,000	
CSV-16	CSV		Lim	Hyowon	20,000	
CSV-8	CSV		Lyons	Jeffrey	40,000	
CSV-20	CSV		MacDonald	Dwight	20,000	
CSV-54	CSV		McMurray	Robert C.	20,000	
CSV-55	CSV		McMurray	Heddi	30,000	
CSV-52	CSV	MSM Holdings	Meda	Ramindranath J.	21,000	
CSV-75	CSV		Mignault	Mathew and Jackie	20,000	
CSV-61	CSV		Moore	Jason	20,000	
CSV-56	CSV		Paquette	Bernard & Clemy	20,000	
CSV-68	CSV		Perchaluk	Dave	7,000	

Claim #	Project	Company	Family Name	First Name	Amount Accepted	Note
CSV-7	CSV	4042450 Man.Ltd	Perchaluk	Paul	30,000	
CSV-10	CSV	QTP Incorporated	Phelan	Elizabeth	5,000	
CSV-19	CSV		Piper	Fred & Joan	25,000	
CSV-24	CSV	Petro Safety Ltd	Polinkas	Brent	20,000	
CSV-23	CSV		Rooney	Joanne & Ed	20,000	
CSV-18	CSV		Sadiwnyk	George	5,000	
CSV-3	CSV		Seitz	Tim	100,000	
CSV-62	CSV		Sokolosky	Jason & Effie	10,000	
CSV-53	CSV	CJ Tel Communications	Ziegler	Jodi	50,000	
					1,645,500	
Carling Springs Village Investors						
ART-16	ART		Bracken	William	15,000	
ART-6	ART		Davis	Roy & Dianne	10,000	
ART-7	ART	916866 AB Ltd	Dean	Stewart	300,000	
ART-5	ART		Derkach	Ned	10,000	
ART-10	ART		DeVries	Roger	20,000	
ART-25	ART		Drydyk	Peter and Maryann	20,000	
ART-13	ART		Fernandes	Reagan	20,000	
ART-31	ART		Filipowski	Ewa	20,000	
ART-19	ART		Gallagher	Elissa	20,000	
ART-15	ART		Knopp	Edison & Helen	20,000	
ART-3	ART		Martens	Henry & Joan	20,000	
ART-11	ART		McSween	Phillip & Glenda	30,000	
ART-4	ART		Mol	Elizabeth & Iman	20,000	
ART-8	ART		Mol	Peter & Alice	40,000	
ART-21	ART		Paquette	Bernard & Clemy	20,000	
ART-2	ART		Pearn	Elsie & Wallace (Deceased)	80,000	
ART-12	ART		Piper	Fred & Joan	20,000	
ART-20	ART		Schalk	John & Lena	20,000	
ART-9	ART	918463 Alberta Ltd	Schalk	Peter	20,000	
ART-26	ART		Schalk	Gerry & Jenny	20,000	
					745,000	
Aurora River Towers Investors						
RVE-9-1	RVE		Bailey	Bill	20,000	1
RVE-10	RVE		Bracken	William & Maureen	25,000	
RVE-11	RVE		Brown	Ruth	50,000	
RVE-1	RVE		Coote	James	20,000	
RVE-3	RVE		D'Costa	Theresa	10,000	
RVE-4	RVE		D'Costa	Assis Francis	20,000	
RVE-5	RVE		D'Costa	Mary	10,000	
RVE-23	RVE	916866 AB Ltd	Dean	Stewart	30,000	
RVE-24	RVE		DeJonge	Jan	20,000	
RVE-9-4	RVE		Desjardins	Helen	40,000	1
RVE-9-5	RVE		Dzikowski	Darren	25,000	1
RVE-9-6	RVE		Edwards	Doug & Vera	100,000	1
RVE-9-7	RVE		Fernandes	Aura & Denis	20,000	1
RVE-9-8	RVE		Fernandes	Francisco and Maria	20,000	1
RVE-8	RVE		Fernandes	Francisco & Eslinda	20,000	1
RVE-9-9	RVE		Filipowski	Ewa	40,000	1

Claim #	Project	Company	Family Name	First Name	Amount Accepted	Note
RVE-6	RVE	Park Pacific Developments Ltd	Flaig	Dave & Jarrett	20,000	
RVE-13	RVE		Gallagher	Elissa	20,000	
RVE-16	RVE		Graff	Allan & Diana	25,854	
RVE-17	RVE		Graff	Cristiana	12,927	
RVE-18	RVE		Graff	Helene, Diana, Nathan, Cristiana	20,000	
RVE-19	RVE		Graff	Nathan	10,000	
RVE-20	RVE		Graff	Allan & Diana (re Rudolph)	20,000	
RVE-9-11	RVE		Hahn	Cheryl	10,000	1
RVE-9-12	RVE		Hasiuk	Adam, Ed and Suzanne	50,000	1
RVE-9-13	RVE	Hasiuk Consulting Ltd.	Hasiuk	Ed	150,000	1
RVE-9-14	RVE	Hillier International Ltd	Hillier	Brad	45,000	1
RVE-9-38	RVE		Jacob	Richard	30,000	1
RVE-9-15	RVE		Kendall	Darren	20,000	1
RVE-9-16	RVE		Kendall	Ed & Nettie	60,000	1
RVE-9-17	RVE		Koester	Eric	100,000	1
RVE-9-18	RVE		Krykolowich	Sonya	10,000	1
RVE-9-20	RVE		Lavallie	Dewayne	20,000	1
RVE-9-21	RVE		Lee	Scott	15,000	1
RVE-9-22	RVE	Lormel Interprizes Inc.	Lemieux	Ben	20,000	1
RVE-9-19	RVE		Leochko	Mike	20,000	1
RVE-9-24	RVE		McWilliams	Donna	20,000	1
RVE-9-25	RVE		McWilliams	Brian	45,000	1
RVE-9-26	RVE		Mignault	Jackie & Matthew	20,000	1
RVE-9-27	RVE		Nguyen	Phong Van	20,000	1
RVE-2	RVE		Pittors	Hugo & Marlene	20,000	
RVE-9-28	RVE	Petro Safety Ltd	Polinkas	Brent	40,000	1
RVE-21	RVE		Redmond	Pat & Barb	20,000	
RVE-12	RVE		Rennich	Henry	60,000	
RVE-9-31	RVE		Ronneseth	Ken	20,000	1
RVE-9-32	RVE		Rooney	Joanne & Ed	20,000	1
RVE-15	RVE		Rooney	Joanne & Ed	20,000	
RVE-9-33	RVE		Schalk	Gerry	20,000	1
RVE-14	RVE		Schalk	John & Lena	20,000	
RVE-7	RVE	918463 Alberta Ltd	Schalk	Peter	20,000	
RVE-9-35	RVE		Skjonsberg	Alfred	50,000	1
RVE-9-36	RVE		Veckenstedt	Herb	20,000	1
RVE-9-37	RVE		Westmann	Noel	20,000	1
Royal Villa Estates Investors					**1,603,780**	
TOTAL INVESTORS					**3,994,280**	

Note:

1. Represented by Scott Hall LLP.

SEVENTH REPORT OF THE RECEIVER OF INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWERS INC., CARLING SPRINGS VILLAGE INC., AND CARLING DEVELOPMENT (B.C.) INC.

AIRDRIE LANDS

#	Encumbrance/Interest	Reason for Cancellation
1	mortgage number 021 116 959 in favour of Canadian Western Trust Company and Integra Investment Service Ltd., registered against the Airdrie Lands on April 9, 2002	To be paid out of proceeds from sale of Airdrie Lands. The Mortgagee proved a claim in the Carling Inspector's Claims Process; this "marker" claim was filed by the Integra Receiver. The individual Investors in the Integra Airdrie Mortgage also filed a claim in the Carling Claims Process and these claims are being accepted with the Integra Receiver withdrawing the "marker" claim. The security of this mortgage appears to be valid.
2	mortgage number 031 319 771 in favour of Supreme Mortgages Ltd., registered against the Airdrie Lands on September 18, 2003	Supreme Mortgages Ltd. did not file a proof of claim in the Carling or Integra claims process related to this mortgage. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007. According to the Mackin Records $165,608.73 was paid to Arken Damen "In Trust" for the Second Mortgage on Carling Springs Village on February 20, 2004. Therefore, the Receiver is of the view that the Supreme mortgage has been paid out. A claims package was sent to Supreme.
3	certificate of Lis Pendens number 031 429 490 registered against the Airdrie Lands on December 10, 2003	This CLP relates to the mortgage in favour of Supreme Mortgages Ltd. The reason for cancellation is the same as above.
4	order number 031 430 602 registered against the Airdrie Lands on December 11, 2003	This order relates to Carling Development Inc.'s caveat and is no longer required since the lands are being transferred back to Carling Development Inc.
5	caveat number 031 430 603 in favour of Carling Development Inc., registered against the Airdrie Lands on December 11, 2003	This caveat is no longer required, since the lands are being transferred back to Carling Development Inc.
6	certificate of Lis Pendens number 041 032 958 registered against the Airdrie Lands on January 22, 2004	This CLP relates to the mortgage in favour of Integra and Canadian Western Trust.
7	amending agreement 041 328 503 registered against the Airdrie Lands on August 31, 2004	The purpose of this registration was to amend the amount related to mortgage number 021 116 959 to $775,000. This registration is no longer required as this mortgage is being paid out of the Airdrie sale proceeds.
8	caveat number 041 388 678 in favour of Edward Kendall and Nettie Kendall, registered against the Airdrie Lands on October 13, 2004	Individual Investors claimed in the Carling claims process, this charge will be secured through the Investors' Charge which forms part of the Settlement Agreement. The individual Investors claimed as secured which has not been disputed by the Receiver.
9	caveat number 041 461 338 in favour of Petro Plan Safety Ltd., registered against the Airdrie Lands on December 6, 2004	Individual Investors claimed in the Carling claims process as unsecured, this charge will be secured through the Investors' Charge which forms part of the Settlement Agreement.
10	caveat number 051 098 849 in favour of 916866 Alberta Ltd., registered against the Airdrie Lands on March 24, 2005	916866 Alberta Ltd. did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007. The claims package was sent to 916866 Alberta Ltd. c/o Dunphy Best Blocksom.
11	caveat number 051 101 552 in favour of Michael J. Mackin, registered against the Airdrie Lands on March 30, 2005	Mr. Mackin did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007.
12	order number 061 111 098 registered against the Airdrie Lands on March 16, 2006	This order relates to the actions between Integra and Carling which are being addressed as part of the Settlement Agreement, therefore this registration is no longer required.

13	caveat number 061 259 504 in favour of Vesta Properties (Alberta) Ltd., registered against the Airdrie Lands on June 28, 2006	Vesta Properties (Alberta) Ltd. did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007. Vesta was sent a claims package.
14	caveat number 061 327 806 in favour of Roy Marshall Jennix, registered against the Airdrie Lands on August 14, 2006	Secured claim filed by Roy Jennix and Maxine Cooke in the amount of $1,575,600. The Carling Inspector sent a notice of disallowance with respect to this claim, a notice of objection was filed by counsel to the claimants, but a notice of motion, as required by the Claims Order, was never received. The Carling Inspector's counsel followed up with the claimants' counsel requesting that they file a notice of motion and to date no notice of motion with respect to this claim has been filed. The Carling Inspector is of the view that by operation of the Claims Order, this claim should be allowed at the amount provide for on the notice of disallowance which is $Nil
15	caveat number 071 069 102 in favour of 619644 Alberta Limited, registered against the Airdrie Lands on February 10, 2007	Funds will be held in trust from the Airdrie sale proceeds as security for this registration.
16	caveat number 071 172 327 in favour of Ernst & Young Inc., registered against the Airdrie Lands on April 11, 2007	Secured through the Professionals' Charge as part of the Settlement Agreement.
17	caveat number 071 588 185 in favour of Victor Philippe Lalonde, registered against the Airdrie Lands on December 5, 2007	Secured through the Professionals' Charge as part of the Settlement Agreement.

Appendix C

SEVENTH REPORT OF THE RECEIVER OF INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWERS INC., CARLING SPRINGS VILLAGE INC., AND CARLING DEVELOPMENT (B.C.) INC.

Fort MacMurray Lands

#	Encumbrance/Interest	Reason for Cancellation
1	order number 032 483 837 registered against the Fort McMurray Lands on December, 11, 2003	This order relates to Carling Financial Corporations caveat and is no longer required since the lands are being transferred back to the Carling Group of companies.
2	caveat number 032 483 838 in favour of Carling Financial Corporation, registered against the Fort McMurray Lands on December 11, 2003	This caveat is no longer required, since the lands are being transferred back to the Carling Group of companies.
3	caveat number 042 447 611 in favour of Wallace Pearn and Elsie Pearn, registered against the Fort McMurray Lands on October 13, 2004	Individual Investors claimed in the Carling claims process, this charge will be secured through the Investors' Charge which forms part of the Settlement Agreement.
4	caveat number 052 109 786 in favour of 916866 Alberta Ltd., registered against the Fort McMurray Lands on March 24, 2005	916866 Alberta Ltd. did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007. The claims package was sent to 916866 Alberta Ltd. c/o Dunphy Best Blocksom.
5	caveat number 052 113 320 in favour of Michael J. Mackin, registered against the Fort McMurray Lands on March 30, 2005	Mr. Mackin did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007.
6	caveat number 052 212 963 in favour of CVM Holdings Ltd., registered against the Fort McMurray Lands on May 31, 2005	CVM Holdings Ltd. did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007.
7	caveat number 062 102 705 in favour of CVM Holdings, registered against the Fort McMurray Lands on March 7, 2006	CVM Holdings Ltd. did not file a claim in the Integra or Carling claims process related to this caveat. This claim is barred by the Claims Process Orders dated June 4, 2007 and October 4, 2007.
8	order number 062 120 104 registered against the Fort McMurray Lands on March 16, 2006	This order relates to the actions between Integra and Carling which are being addressed as part of the Settlement Agreement, therefore this registration is no longer required.
9	certificate of Lis Pendens number 062 355 494 registered against the Fort McMurray Lands on August 14, 2006;	Filed by Roy Jennix, against Aurora River Tower Inc. Secured claim filed by Roy Jennix and Maxine Cooke in the amount of $1,575,600. The Carling Inspector sent a notice of disallowance with respect to this claim, a notice of objection was filed by counsel to the claimants, but a notice of motion, as required by the Claims Order, was never received. The Carling Inspector's counsel followed up with the claimants' counsel requesting that they file a notice of motion and to date no notice of motion with respect to this claim has been filed. The Carling Inspector is of the view that by operation of the Claims Order, this claim should be allowed at the amount provide for on the notice of disallowance which is $Nil
10	order number 072 202 571 in favour of Ernst & Young Inc., registered against the Fort McMurray Lands on April 11, 2007	Secured through the Professionals' Charge as part of the Settlement Agreement.
11	caveat number 072 708 205 in favour of Victor Philippe Lalonde, registered against the Fort McMurray Lands on December 5, 2007	Secured through the Professionals' Charge as part of the Settlement Agreement.

Action No. 0601-09869

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

VECKENSTEDT HOLDINGS INC., HERB VECKENSTEDT, FRED PIPER, JOAN PIPER, LIPOTH CONSULTING, AND PAUL LIPOTH

Plaintiffs

- and -

INTEGRA INVESTMENT SERVICE LTD. and RUNDLE DEVELOPMENT COOPERATIVE

Defendants

SEVENTH REPORT OF THE RECEIVER OF INTEGRA INVESTMENT SERVICE LTD., AURORA RIVER TOWERS INC., CARLING SPRINGS VILLAGE INC., AND CARLING DEVELOPMENT (B.C.) INC.

CLERK OF THE COURT
FEB 1 2 2008
CALGARY, ALBERTA

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