

COURT FILE NUMBER 1201-06934

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANTS **IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended**

AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9

AND IN THE MATTER OF 1252064 ALBERTA LTD., 1330075 ALBERTA LTD. and HARVEST CAPITAL MANAGEMENT INC.

DOCUMENT **AFFIDAVIT OF RONALD AITKENS**
(Stay Extension)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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Attention: Howard Gorman/Randal Van de Mosselaer

File No. 284891

I, **RONALD AITKENS**, of the City of Lethbridge, in the Province of Alberta, Businessman,
SWEAR AND SAY THAT:

- 1 I am the sole director and shareholder of each of 1252064 Alberta Ltd. ("**125**"), 1330075 Alberta Ltd. ("**133**"), and Harvest Capital Management Inc. ("**HCMI**") (collectively the "**Applicants**"), and I have been a director of these corporations since their inception. As such, I have personal knowledge of the matters and facts deposed to herein except where it is stated to be based on information and belief and where it is so stated I do verily believe the same to be true.
- 2 I swear this affidavit supplemental to my affidavit, sworn June 5, 2012, in the present proceedings (the "**Harvest Proceedings**"), as well as supplemental to the various affidavits I have sworn in Court of Queen's Bench of Alberta Action number 1101-17318 (the "**Legacy Proceedings**"). I swear this affidavit in support of an application by the Applicants for an Order extending the stay of proceedings previously granted by this Honourable Court in the Harvest Proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, ("**CCAA**").

Capitalized terms used in this Affidavit and not otherwise defined shall have the same meanings as those terms have been given in the affidavits I have previously sworn in the Harvest Proceedings and the Legacy Proceedings.

Stay Extension

- 3 The Applicants seek an extension of the stay period which was granted in the June 7, 2012, CCAA Initial Order (the "**Initial Order**").
- 4 The Applicants believe that circumstances exist that make an extension of the stay period appropriate, and the Applicants have acted and are acting in good faith and with due diligence.
- 5 From the date of the Initial Order, the Applicants have cooperated with the Monitor.
- 6 From the date of the Initial Order the Applicants have, in consultation with the Monitor, been taking steps:
 - (a) to determine which of the Applicants' assets might be liquidated for fair market value to free up cash for use on the remaining assets to the benefit of the Applicants' stakeholders;
 - (b) to obtain appraisals which can be used to determine which assets have equity; and
 - (c) to develop a realization and development strategy which would include the orderly realization of certain assets rather than a sales on a forced liquidation basis, and development of a plan to be put to the Applicants' creditors for consideration.
- 7 Accordingly, the Applicants have taken or intend to take the following steps over the next 45 days in furtherance of the development of a realization and development strategy:
 - (a) 125 holds 130,000 shares in Petro-Reef Resources Ltd., a publicly traded company on the TSX venture exchange which as of the date of this affidavit, had a value of approximately \$23,000. These shares will be sold to free up some necessary cash;
 - (b) 125 has a potential sale of the Lethbridge Lands which will of course require the approval of this Court and of IMOR, the mortgagee;
 - (c) The Applicants have commissioned appraisals on various of their properties and are awaiting receipt of those appraisals in order to develop marketing strategies for those properties;

- (d) 125's interest in the Liberty Crossing shopping centre in Red Deer has been listed for sale, and over 800 packages sent out to potential purchasers;
- (e) Negotiations are under way with a group interested in developing the Calmar Lands;
- (f) Give further consideration to the remaining assets belonging to the Applicants and determining the value of those assets in order to finalize a strategy which will result in some assets liquidated for values in excess of what could be achieved in a forced liquidation scenario and other assets developed in a way which would maximize value in those assets to the benefit of all of the Applicants' stakeholders.

8 In order to reduce the costs being incurred by the Applicants during the course of developing this strategy:

- (a) HCMI has laid off Donna Petiot, resulting in a savings of \$3,000 per month;
- (b) HCMI has reduced Mike McCarthy's position to part-time and reduced his pay to \$5,000 per month, resulting in a savings of \$2,000 per month;
- (c) I have agreed with HCMI to reduce my salary to \$5,000 per month, resulting in a further savings of \$10,000 per month.

9 As of the date of this affidavit, no DIP financing has yet been secured, with the result that OpCosts Suppliers and the Remaining Critical Suppliers will need to continue to rely upon the Critical Suppliers' Charge (as all such terms are defined in the Initial Order in these proceedings) during the period of the stay extension which is being sought.

10 As DIP financing has yet to be secured, the Monitor has indicated that the Applicants will need to increase the amount of the Administration Charge as set out in the Initial Order, to increase it to \$450,000.

11 The Monitor, with the assistance of the Applicants, has prepared cash flow statements on a go forward basis to August 30, 2012 for each of the Applicants, which cash flow statements are attached hereto and marked as **Exhibit "A"**.

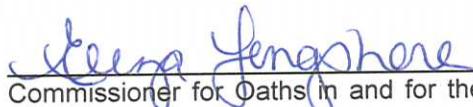
Expansion of Monitor's Powers

12 To assist the Monitor with its investigation of various related party transactions to which the Applicants were parties, the Applicants are seeking to amend the Initial Order to give the Monitor access to the books and records of those related parties (the "**Related Parties**") who were

parties to transactions with the Monitor. The list of Related Parties preliminarily identified by the Monitor is attached hereto as **Exhibit "B"**.

- 13 With respect to each of the Related Parties, I was involved with each of the Related Parties, and in some cases was the sole Director, and in other cases and had the ability to control the transactions which such Related Party entered into.
- 14 The Applicants believe that the interests of the Applicants and their stakeholders will be best served by expanding the Monitor's powers as proposed by the Applicants.
- 15 I make this Affidavit in support of an application by The Applicants for an Order for the extension of the stay period in this matter.

SWORN BEFORE ME at Calgary, Alberta, this
3rd day of July, 2012.



Commissioner for Oaths in and for the Province
of Alberta

Eliza Longshore
My Commission Expires
July 10, 2012



RONALD AITKENS

1252064 Alberta Ltd. ("125")
Cash Flow Forecast
July 1, 2012 - August 31, 2012

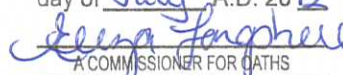
	Notes	July	August	Total
RECEIPTS				
Net Rental Revenue	1	15,000	15,000	30,000
Total receipts		15,000	15,000	30,000
DISBURSEMENTS				
IMOR Payment (Secured Creditor)	1	15,000	15,000	30,000
Operating Expenses	2	8,500	8,500	17,000
Suppliers Charge offset	3	(8,500)	(8,500)	(17,000)
CCAA professional fees	4	25,000	25,000	50,000
Administrative Charge offset	5	(25,000)	(25,000)	(50,000)
Total disbursements		\$ 15,000	\$ 15,000	\$ 30,000
NET CASH FLOWS		\$ -	\$ -	\$ -
OPENING CASH		\$ -	\$ -	\$ -
NET CHANGE IN CASH FLOWS		-	-	-
ENDING CASH		\$ -	\$ -	\$ -

Notes and Assumptions

- 1 Net rental revenue from the Global lands in Lethbridge have been assigned to IMOR
- 2 Estimated operating expenses for the period based on prior month
- 3 Suppliers Charge will be required to offset operating expenses
- 4 Estimated professional fees for the period
- 5 Administrative Charge will be required to offset professional fees


 Ron Aitkens
 Director of 125

July 3/2012
 Date

THIS IS EXHIBIT " A "
 referred to in the Affidavit of
Ronald Aitkens
 Sworn before me this 3
 day of July, A.D. 2012

 A COMMISSIONER FOR OATHS
 IN AND FOR THE PROVINCE OF ALBERTA

Eliza Longshore
My Commission Expires
July 10, 2012

Company	Related to: HCMI/133/125
1236120 AB Ltd.	133
1277169 AB Ltd	133
Cimarron	133
Foundation Mortgage 2	125
Harvest Group LP	125
Priddis Valley Lands	133
Spruce Ridge Estates	125/133
Stoney View Crossing	125/133
1252064 Alberta Ltd.	133
1379599 ALBERTA	125
Balsam Lake	125
Foundation Capital Corp	125
Foundation Mortgage	125
Harbour View Landing	125
HARVEST WATER	125
Liberty Crossing	125
Stoney View Cap	133
WEST SPRING VIL	125
West Springs Village LP	133
Windmill Harbour	125

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Ronald Atkins
Sworn before me this 3
day of July A.D. 2012
Eliza Longshore
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Eliza Longshore
My Commission Expires
July 10, 2012