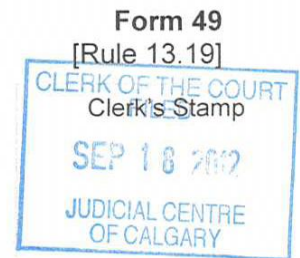


COURT FILE NUMBER 1201-10692
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANTS **IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended**
AND IN THE MATTER OF 1357686 ALBERTA LTD.
DOCUMENT **AFFIDAVIT OF GARY L. BENTHAM
SWORN SEPTEMBER 18, 2012**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Attention: Howard A. Gorman
Randal S. Van de Mosselaer
File No. 284891

I, Gary L. Bentham, of the City of Calgary in the Province of Alberta, chartered accountant,
SWEAR AND SAY THAT:

- 1 I am the president of BTM Advisory Services Inc. ("BTM"), which has been appointed as the Chief Restructuring Office (the "CRO") of the Applicant 1357686 Alberta Ltd. (the "Applicant") pursuant to an Order granted in the within action on August 24, 2012 (the "Initial Order") and as such I have personal knowledge of the matters and facts hereinafter deposed to, except where stated to be based on information and belief and where so stated, I verily believe the same to be true.

Applicant Update

- 2 The Applicant sought and obtained creditor protection under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to the Initial Order. The stay of proceedings granted in the Initial Order currently expires on September 21, 2012.
- 3 As CRO of the Applicant I have been working diligently over the last three weeks to review the Applicant's business, assets and liabilities and records in order to better understand the nature and value of the Applicant's assets and to assess, on a preliminary basis, restructuring opportunities available to the Applicant. In doing so, I have been working closely with Noel Winter, the real estate professional who has been assisting the Applicant and certain related entities with their restructuring efforts, with a view to determining how best to preserve and maximize value for the Applicant's stakeholders.
- 4 During the stay period under the Initial Order, I have taken steps to familiarize myself with the Calaway Lands (as that term is defined in the affidavit sworn in this action by Ronald Aitkens on August 23, 2012) and the development opportunities for the Calaway Lands. I have made short term arrangements with the realtor retained prior to the Initial Order so that he may (subject to Court approval) pursue potential sales and development opportunities for the Calaway Lands that he had identified. I am assessing with the assistance of Noel Winter and the Monitor alternatives for a longer term and more comprehensive sales strategy for the Calaway Lands.
- 5 In addition, I have obtained an updated appraisal of the property from Gettel Appraisal Ltd. and have arranged for the completion of a Phase I Environmental Assessment of the Calaway Lands by PHH ARC Environmental Ltd. I expect that assessment to be completed within thirty days. I have met with a representative of the first mortgagee and have kept him apprised as to our efforts to arrange financing to repay that loan. I have commenced and am overseeing the preparation of accounting records and financial statements for the Applicant.

Cash Flow Update and DIP Financing

- 6 The first mortgage on the lands remains in default as the Applicant has had insufficient funds to service that debt. With assistance from the Monitor, the Applicant has signed a

term sheet for \$6.4 million of Debtor in Possession ("DIP") financing with Intero Mortgage Ltd. Completion of that financing will enable the applicant to pay out the first mortgage, to fund the costs of these proceedings and to make a principal payment to Foundation Mortgage Corporation, a related party, which holds a second mortgage on the property and which has also filed for protection under the Companies Creditors Arrangements Act.

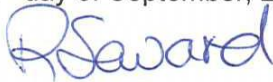
Extension of Stay Period

- 7 The Applicant has been working diligently and in good faith with its advisors and the Monitor toward identifying the nature and value of its assets and is at the preliminary stages of developing a plan for presentation to its creditors. As such, the Applicant seeks an extension of the stay period granted in the Initial Order, from September 21, 2012 up to and including December 18, 2012.

Relief Requested

- 8 I make this Affidavit in support of applications by the Applicant for an order of this Honourable Court extending the stay of proceedings up to and including December 18, 2012.

SWORN BEFORE ME at Calgary, Alberta, this)
18th day of September, 2012.)



Commissioner for Oaths in and for the Province)
of Alberta)



GARY L. BENTHAM

ROBERTA SUTHERLAND SAVARD
My Commission Expires November 22, 2014.