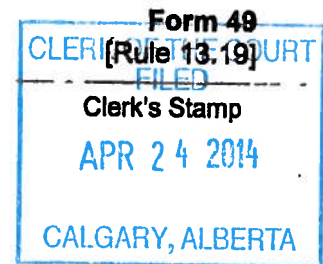


COURT FILE NUMBER 1201-10692
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c C-36, as amended**

AND IN THE MATTER OF 1357686 ALBERTA LTD.

APPLICANT 1357686 ALBERTA LTD.

**DOCUMENT AFFIDAVIT OF GARY L. BENTHAM
SWORN April 24, 2014
(Sale Approval, Stay Extension, and Increase Administration
Charge)**

**ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT NORTON ROSE FULBRIGHT CANADA LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2**

Phone: +1 403.267.8222
Fax: +1 403.264.5973

Attention: Randal S. Van de Mosselaer

File No. 01024427-0001

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. ("135" or 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.

2. 135 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 (and as extended by subsequent Orders) currently expires on April 30, 2014.

Marketing Efforts and Purchase and Sale Agreement

3. As noted in my previous affidavits in this action, the primary asset of 135 is 298 acres of development land located in Rocky View County immediately west of Calgary and adjacent to the Calaway Park amusement facility and immediately south of the Trans-Canada highway. These lands are legally described as SE/4 32-24-3 W5M ("Lot 1") and SW/4 33-24-3 W5M ("Lot 2"), and are known collectively as the "Calaway Lands." Copies of the Certificates of Title for Lot 1 and Lot 2 are attached hereto respectively as Exhibit "A" and Exhibit "B" to this my Affidavit.
4. The details of the marketing process concerning the Calaway Lands, including the offer received and accepted (the "PSA") and an analysis of same are contained in my Confidential Supplemental Affidavit (my "Confidential Affidavit").
5. 135 is concerned that in the event the pending sale to the proposed purchaser does not close for any reason, the disclosure of the details of the offer from that purchaser, and the steps leading up to that offer, may affect 135's efforts to remarket the Calaway Lands. Accordingly, 135 will be seeking the Court's approval to have my Confidential Affidavit sealed.

DIP Financing

6. On September 24, 2012 this Honourable Court approved an interim credit facility with the DIP Lender (as that term is defined in the September 24, 2012 Order in the within Action). It was a term of the agreement with the DIP Lender that the facility provided by the DIP Lender would mature on July 31, 2013, subject to an additional six month extension at the option of the DIP Lender. The DIP Lender elected to extend the maturity date for the facility to October 31, 2013 and then to February 28, 2014.
7. Prior to February 28, 2014, and in light of the status of the sale process and negotiations at that time, the DIP Lender agreed to extend the facility beyond February 28, 2014 to allow an agreement to be finalized in respect of the Calaway Lands, and then to allow the transaction contemplated by the PSA to close.

8. The September 24, 2012 Order provided that the principal amount of borrowings under the DIP facility, excluding interest, was not to exceed \$6,400,000 without further Order. The principal amount borrowed under the DIP facility was \$6,100,000. The total amount payable to the DIP Lender, inclusive of principal, accrued interest (calculated to the date of closing of the transaction contemplated by the Purchase and Sale Agreement, which is attached to my Confidential Affidavit), and extension fees, is set out in Exhibit "C" to this my Affidavit.
9. As set out in the Monitor's First Report in this action, the DIP funds were used primarily to repay a first mortgage held by 1588803 Alberta Ltd., a third party lender, which was registered against the Calaway Lands and which was in default, as well as for other miscellaneous operating expenses and CCAA professional fees.

Allocation and Distribution

10. While the transaction contemplated by the PSA is an *en bloc* purchase of both Lot 1 and Lot 2, the two lots do not have the same appraised value, and the two lots have somewhat different sets of secured creditors. As a result, it is proposed to allocate the costs, expenses, and sales proceeds between Lot 1 and Lot 2 on the basis of their respective relative appraised values. On this basis Lot 1 represents 40.02% of the allocation, and Lot 2 represents 59.98% of the allocation (the "Allocation") as set out on Exhibit "D".
11. The Monitor has advised that it has concerns with respect to the security position of certain lenders with subordinate mortgage charges on the Calaway Lands which need to be resolved before any funds can be distributed to those secured creditors. Accordingly, 135 is proposing that the sale proceeds be used to fund the Administration Charge established by the Initial Order and repay the DIP Lender in full, with the balance of the sale proceeds then held by 135's counsel pending further Order of this Honourable Court.

Extension of Stay Period

18. The transaction contemplated by the PSA is schedule to close on May 30, 2014. As the stay of proceedings currently in place expires on April 30, 2014, an extension of this stay is required in order to permit the distribution of the proceeds of the sale in accordance with the direction of the Court.

19. The Applicant has been working diligently and in good faith with its advisors and the Monitor toward identifying the transaction sought to be approved, and completing the steps necessary to closing this transaction. As such, 135 seeks an extension of the stay period granted in the Initial Order up to and including July 31, 2014.

Administration Charge Increase

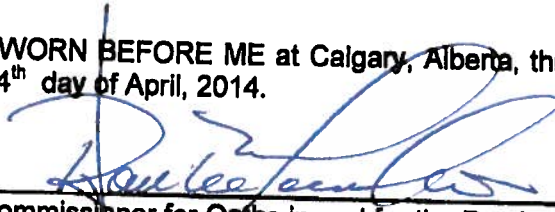
20. The Initial Order granted an Administration Charge as security for the fees and disbursements of the Monitor and 135's counsel, which charge was not to exceed an aggregate amount of \$300,000. The Court subsequently granted an Order on May 2, 2013 whereby the CRO and the land consultant to the CRO were declared entitled to the benefit of the Administration Charge. On October 1, 2013, in light of the lengthy marketing process for the Calaway Lands, this Honourable Court increased the Administrative Charge to \$500,000.
21. Due to the lengthy marketing process, the complexities relating to the pre-development planning for the Calaway Lands, and the work associated with the two previously accepted offers for the Calaway Lands which did not close, the current Administration Charge will not be sufficient to secure payment of the expected fees and disbursements covered by the Administrative Charge. There is currently approximately \$469,000 of unpaid fees and disbursements secured by the Charge. I expect that the additional fees and disbursements required to complete the steps contemplated by the PSA and to close that transaction, as well as to bring a contemplated application to terminate the CCAA, put 135 into Receivership, resolve various priority disputes and distribute the sale proceeds will be greater than the room that is remaining for security under the Administration Charge.
22. In view of the expected continuing lack of financial resources, the Monitor, its counsel, and the CRO are only able to rely on the Administration Charge and the ultimate proceeds of sale to satisfy their ongoing fees and disbursements. Given that those additional fees and disbursements will exceed the balance remaining in the Administration Charge, I request that the amount of the Administration Charge be increased to \$600,000 to permit this matter to be completed.

Relief Requested

23. I make this Affidavit in support of applications by the Applicant for an order of this Honourable Court approving the transaction contemplated by the PSA, vesting the Calaway

Lands in the Purchaser, approving the payment to the Investigation Reserve and extending the stay of proceedings up to and including July 31, 2014.

SWORN BEFORE ME at Calgary, Alberta, this)
24th day of April, 2014.)



Commissioner for Oaths in and for the Province
of Alberta)

RANDAL S. VAN de MOSSELAER
Barrister & Solicitor



GARY L. BENTHAM



LAND TITLE CERTIFICATE

S

LINC

0021 292 297

SHORT LEGAL

5;3;24;32;SE

TITLE NUMBER

081 085 609

LEGAL DESCRIPTION

MERIDIAN 5 RANGE 3 TOWNSHIP 24

SECTION 32

QUARTER SOUTH EAST

CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS

EXCEPTING THE NO. 1 HIGHWAY ON PLAN 3850JK

CONTAINING 10.64 ACRES, MORE OR LESS

EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: ROCKY VIEW COUNTY

REFERENCE NUMBER: 931 326 476

THIS IS EXHIBIT "A"
referred to in the Affidavit of
GARY L. BENTHAM
Sworn before me this 24th
Day of APRIL A.D. 2014
Randal S. Van de Mosselaer
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

RANDAL S. VAN de MOSSELAER
Barrister & Solicitor

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
081 085 609	06/03/2008	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

1357686 ALBERTA LTD.
OF 4, 4002 9TH AVENUE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
6618GW	04/01/1956	ORDER IN FAVOUR OF - CALGARY POWER LTD. "3.07 ACRES (SUBJECT TO) TRANS LINE R/W ON PLAN 6618GW MINISTERIAL ORDER"
5943IK	05/06/1962	UTILITY RIGHT OF WAY

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
081 085 609

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

GRANTEE - ALTALINK MANAGEMENT LTD.
2611 - 3 AVE SE
CALGARY
ALBERTA T2A7W7
AS TO PORTION OR PLAN:6618GW
"3.07 ACRES"

(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT
OF WAY 021177916)

(DATA UPDATED BY: CHANGE OF ADDRESS 091108028)

761 141 577 17/11/1976 ZONING REGULATIONS
SUBJECT TO SPRINGBANK AIRPORT ZONING REGULATIONS

881 142 254 15/08/1988 CAVEAT
RE : SEE CAVEAT
CAVEATOR - ALTALINK MANAGEMENT LTD.
2611 - 3 AVE SE
CALGARY
ALBERTA T2A7W7

(DATA UPDATED BY: TRANSFER OF CAVEAT
021182489)

(DATA UPDATED BY: CHANGE OF ADDRESS 091059476)

091 212 937 23/07/2009 MORTGAGE
MORTGAGEE - FOUNDATION MORTGAGE CORPORATION.
4-4002 9TH AVENUE N
LETHBRIDGE
ALBERTA T1H6T8
ORIGINAL PRINCIPAL AMOUNT: \$1,250,000

111 187 419 25/07/2011 MORTGAGE
MORTGAGEE - 1330073 ALBERTA LTD.
24 TEMPLEMONT DR NE
CALGARY
ALBERTA T1Y4Z6
ORIGINAL PRINCIPAL AMOUNT: \$1,500,000

111 332 899 21/12/2011 MORTGAGE
MORTGAGEE - FOUNDATION MORTGAGE "2" CORPORATION.
#4,4002-9 AVE NORTH
LETHBRIDGE
ALBERTA T1H6T8
ORIGINAL PRINCIPAL AMOUNT: \$4,450,000

121 326 549 12/12/2012 CAVEAT
RE : AGREEMENT CHARGING LAND
CAVEATOR - KRITA INVESTMENTS LTD.
CAVEATOR - SASKATOON ASSETS INC.
CAVEATOR - TONY MILITANO

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3
081 085 609

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

CAVEATOR - MALCOLM ALBERY
CAVEATOR - SHAIROLE HENCHALL
CAVEATOR - RICHARDSON MANAGEMENT GROUP LTD.
CAVEATOR - KEITH CLARK
CAVEATOR - JACK DICHTER
CAVEATOR - GLORIA GREIGORIOU
ALL OF :
C/O CHARLES A DIXON
PO BOX 1169, 51 RIVERSIDE GATE
OKOTOKS
ALBERTA T1S1B2
AGENT - CHARLES A DIXON

TOTAL INSTRUMENTS: 008

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 16 DAY OF APRIL,
2014 AT 02:58 P.M.

ORDER NUMBER: 25756059

CUSTOMER FILE NUMBER: 010244270001



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

THIS IS EXHIBIT " B " referred to in the Affidavit of
GARY L. BENTHAM
Sworn before me this 24th
Day of APRIL A.D. 2014
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
RANDAL S. VAN DE MOSSELIER
Barrister & Solicitor

S
LINC
0021 293 378
SHORT LEGAL
5;3;24;33;SW

TITLE NUMBER
081 085 609 +1

LEGAL DESCRIPTION

MERIDIAN 5 RANGE 3 TOWNSHIP 24
SECTION 33
QUARTER SOUTH WEST
CONTAINING 64.7 HECTARES (160) ACRES, MORE OR LESS
EXCEPTING THOSE PORTIONS ON THE FOLLOWING PLAN:
PLAN NO. ACRES MORE OR LESS HECTARES MORE OR LESS
#1 HIGHWAY 3850JK 10.78 4.366
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

ESTATE: FEE SIMPLE

MUNICIPALITY: ROCKY VIEW COUNTY

REFERENCE NUMBER: 931 326 476 +1

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
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OWNERS

1357686 ALBERTA LTD.
OF 4, 4002 9TH AVENUE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
761 141 577	17/11/1976	ZONING REGULATIONS SUBJECT TO SPRINGBANK AIRPORT ZONING REGULATIONS
091 212 937	23/07/2009	MORTGAGE

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
081 085 609 +1

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

MORTGAGEE - FOUNDATION MORTGAGE CORPORATION.
4-4002 9TH AVENUE N
LETHBRIDGE
ALBERTA T1H6T8
ORIGINAL PRINCIPAL AMOUNT: \$1,250,000

111 332 899 21/12/2011 MORTGAGE
MORTGAGEE - FOUNDATION MORTGAGE "2" CORPORATION.
#4,4002-9 AVE NORTH
LETHBRIDGE
ALBERTA T1H6T8
ORIGINAL PRINCIPAL AMOUNT: \$4,450,000

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ALL OF :
C/O CHARLES A DIXON
PO BOX 1169, 51 RIVERSIDE GATE
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ALBERTA T1S1B2
AGENT - CHARLES A DIXON

TOTAL INSTRUMENTS: 004

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2014 AT 02:58 P.M.

ORDER NUMBER: 25756059

CUSTOMER FILE NUMBER: 010244270001



END OF CERTIFICATE

(CONTINUED)

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DIP Financing

Original principal

Interest, November 1, 2012 - July 31, 2013

Extension fee

Interest, August 1, 2013 - October 31, 2013

Extension fee

Interest, November 1, 2013 - May 30, 2012

Broker fee

DIP loan balance, May 30, 2014

Exhibit "C"

\$	6,100,000
	<u>547,496</u>
	6,647,496
	<u>66,475</u>
	6,713,971
	<u>203,075</u>
	6,917,045
	<u>69,170</u>
	6,986,216
	486,930
	<u>37,366</u>
\$	<u>7,510,511</u>

THIS IS EXHIBIT "C"
referred to in the Affidavit of
GARY L. BENTHAM
Sworn before me this 24th
Day of APRIL A.D. 2014.

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

RANDAL S. VAN de MOSSELAER
Barrister & Solicitor

THIS IS EXHIBIT " D " referred to in the Affidavit of GARY L. BENTHAM Sworn before me this 24th Day of APRIL A.D. 2018

Randal S. Van de Mosseleer
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
RANDAL S. VAN de MOSSELAER
Barrister & Solicitor

Exhibit "D"
Allocation of purchase price to Calaway Lands

	SW 33-24-3 W5	SE 32-24-3 W5	Total
Appraisal	\$ 7,165,000	\$ 4,780,000	\$ 11,945,000
% allocation of appraisal value	59.98%	40.02%	100.00%