COURT FILE NUMBER		Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT FILED JUL 24 2013 JUDICIAL CENTRE OF CALGARY
JUDICIAL CENTRE	CALGARY	
APPLICANT(S)	1252064 ALBERTA LTD., BY ERNST & YOUNG INC. IN ITS CAPACITY AS COURT APPOINTED MONITOR AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY	
RESPONDENT(S)	BENCHMARK CAPITAL CORPORATION AND 1211951 ALBERTA INC.	
DOCUMENT	**AFFIDAVIT**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP Barristers & Solicitors Sean F. Collins/Walker W. MacLeod Suite 3300, 421 - 7th Avenue S.W. Calgary AB T2P 4K9 Phone: (403) 260-3531 / (403) 260-3710 Fax: (403) 260-3501 Email: scollins@mccarthy.ca/ wmacleod@mccarthy.ca	

AFFIDAVIT OF NEIL NARFASON

Sworn on July 23, 2013

I, Neil Narfason, of the City of Calgary, Alberta, MAKE OATH AND SAY THAT:

1. I am a Senior Vice-President with Ernst & Young Inc. (the "**Monitor**"), the court appointed monitor of 1252064 Alberta Ltd. ("**125 Alberta**") pursuant to an order issued under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") on June 7, 2012, as subsequently amended and restated (collectively, the "**125 Alberta Initial Order**"), and as such I have personal knowledge of the facts hereinafter deposed to except where stated on information and belief, in which case I verily believe such facts to be true.

2. 125 Alberta obtained protection from its creditors under the CCAA pursuant to the 125 Alberta Initial Order. The 125 Alberta Initial Order provides the Monitor with enhanced powers in respect of 125 Alberta, including the power to manage, operate or carry on the business of 125 Alberta, to initiate proceedings in respect of 125 Alberta and to exercise any

additional rights that 125 Alberta may have. A true copy of the 125 Alberta Initial Order is attached hereto and marked as Exhibit "**A**" to this, my Affidavit.

3. Benchmark Capital Corporation ("**Benchmark 1**") is a corporation incorporated pursuant to the laws of the Province of Alberta. A true copy of a corporate search in respect of Benchmark 1 is attached hereto and marked as Exhibit "**B**" to this, my Affidavit.

4. 1211951 Alberta Inc. ("**121 Alberta**") is a corporation incorporate pursuant to the laws of the Province of Alberta. 121 Alberta was previously known as MRL Real Estate Investment Pool Inc. ("**MRL REIP**"). A true copy of a corporate search in respect of 121 Alberta is attached hereto and marked as Exhibit "**C**" to this, my Affidavit.

5. Both Benchmark 1 and 121 Alberta are part of a group of legal entities commonly known as the Harvest Group of Companies (the "**Harvest Group**"). Mr. Ronald Aitkens ("**Aitkens**") is the director and controlling mind of various legal entities comprising the Harvest Group and is also a director of Benchmark 1 and 121 Alberta.

6. As further explained herein, the Monitor has determined from the review of the books and records of the Harvest Group that:

(a) Benchmark 1 has total liabilities of approximately $6.147 million, including $765,000 that is owed to 125 Alberta;

(b) 121 Alberta has total liabilities of approximately $4.822 million, the majority of which (approximately $4.488 million) are comprised of amounts owed by 121 Alberta to Benchmark 1; and

(c) 121 Alberta has assets comprised of a partial beneficial ownership interest in a condominium unit in Edmonton and funds held in trust by Norton Rose Fulbright LLP in the amount of $212,987.

7. The Monitor has initiated the within application in order to effect recovery for 125 Alberta and its various creditors and stakeholders for the amounts owed to 125 Alberta by Benchmark 1. A receivership, orderly liquidation and subsequent distribution of the assets of Benchmark 1 and 121 Alberta to entitled parties is in the best interest of all creditors and stakeholders involved, including those of Benchmark 1 and 121 Alberta and as such, the appointment of a receiver and manager is just and convenient in all of the circumstances.

The Harvest Group SUF

8. The Monitor is in the process of preparing a sources and uses of funds analysis in respect of the Harvest Group (the "**Harvest Group SUF**"). The Monitor has reviewed financial information pertaining to the Harvest Group, and based on this review, has determined that the Harvest Group raised in excess of $250 million between 2004 and 2010, largely through the issuance of bonds to investors, and used the funds to acquire lands and make other investments. Various entities within the Harvest Group have defaulted on their obligations to bondholders and have obtained CCAA protection. The Monitor is (or was, in respect of the Harvest Group entities that have exited from CCAA proceedings) the court appointed monitor of a total of 25 entities within the Harvest Group that have been granted protection from their creditors pursuant to the CCAA.

9. Gary Bentham and BTM Advisory Services Inc. have been jointly appointed as the chief restructuring officer (collectively, the "**CRO**") of a total of 13 entities with the Harvest Group that are currently restructuring under the CCAA. The CRO has been granted full and complete access to the books, records and premises of the Harvest Group pursuant to an initial order issued under the CCAA in respect of 1357686 Alberta Ltd. ("**135 Alberta**") on August 24, 2012 (the "**135 Alberta Initial Order**"). A true copy of the 135 Alberta Initial Order is attached hereto and marked as Exhibit "D" to this, my Affidavit. The CRO has been assisting the Monitor in reviewing the books and records of the Harvest Group for the purposes of preparing the Harvest Group SUF.

Benchmark 1 and 121 Alberta

10. Benchmark 1 was used as a vehicle to raise funds from investors in order to allow 121 Alberta to make various real estate investments. The structure of the investments was generally as follows:

(a) Benchmark 1 sold bonds to investors through an offering memorandum and presently has obligations to its bondholders of approximately $4.140 million (inclusive of interest);

(b) Benchmark 1 advanced $3.626 million of the funds raised from the sale of the bonds to 121 Alberta; and

(c) 121 Alberta acquired residential real estate properties in Edmonton and Calgary with the funds advanced to it by Benchmark 1.

The Offering Memorandum

11. The Monitor has been able to locate an offering memorandum issued in respect of Benchmark 1 dated July 1, 2006, (the "**Offering Memorandum**") pursuant to which Benchmark 1 offered the following bonds:

(a) a series "A" bond, at a price of $100 per bond with a minimum subscription of 100 bonds per investor bearing simple interest at a rate of 15% and maturing on June 30, 2012 (the "**Series A Bonds**"); and,

(b) a series "B" bond, at a price of $100 per bond with a minimum subscription of 100 bonds per investor bearing quarterly interest at a rate of 12% per annum, paid quarterly, maturing on June 30, 2012 (the "**Series B Bonds**").

(collectively referred to as, the "**Bonds**")

12. A true copy of the Offering Memorandum is attached hereto and marked as Exhibit "E" to this my Affidavit.

13. The Offering Memorandum provided the following information:

(a) Benchmark 1 would make a minimum offering of $350,000 and a maximum offering of $5,000,000;

(b) Benchmark 1 was raising funds pursuant to the offering for the purposes of advancing a loan to MRL REIP (who subsequently became 121 Alberta), a related company;

(c) the net proceeds would be loaned MRL REIP (the "**Loan**") in order to purchase undervalued residential real estate properties in Alberta and other jurisdictions and subsequently renovate, if necessary, and re-sell the properties at or above the market value; and,

(d) the Loan was to be secured by way of a mortgage in favour of Benchmark 1 registered against title to the properties acquired by MRL REIP, subsequently

121 Alberta, along with such other commercially reasonable security as shall be agreed to between MRL REIP and Benchmark 1.

14. 121 Alberta used the funds advanced by Benchmark 1 to acquire the following real estate interests:

(a) 121 Alberta was the registered owner of a property with the municipal address of 515 – 30 Street NW, Calgary, Alberta (the "**515 Property**"). A true copy of title to the 515 Property is attached hereto and marked as Exhibit "**F**" to this my Affidavit. Notwithstanding the Offering Memorandum dated that the Loan would be secured by way of a mortgage, Benchmark 1 appears to have failed to register a mortgage on the 515 Property. The 515 Property subsequently sold for $775,000 on August 27, 2010;

(b) 121 Alberta was the registered owner of a property with the municipal address of 517 – 30 Street NW, Calgary, Alberta (the "**517 Property**"). A true copy of title to the 515 Property is attached hereto and marked as Exhibit "**G**" to this my Affidavit. Notwithstanding the Offering Memorandum stated that the Loan would be secured by way of a mortgage, Benchmark 1 appears to have failed to register a mortgage on the 517 Property. The 517 Property subsequently sold for $625,000 on June 4, 2012;

(c) 121 Alberta was the registered owner of a property with the municipal address of 931 – 33 Street SW, Calgary, Alberta (the "**931 Property**"). A true copy of title to the 931 Property is attached hereto and marked as Exhibit "**H**" to this my Affidavit. Notwithstanding the Offering Memorandum stated that the Loan would be secured by way of a mortgage, Benchmark 1 appears to have failed to register a mortgage on the 931 Property; and

(d) 121 Alberta was the registered owner of a property with the municipal address of 933 – 33 Street SW, Calgary, Alberta (the "**933 Property**"). A true copy of title to the 933 Property is attached hereto and marked as Exhibit "**I**" to this, my Affidavit. Notwithstanding the Offering Memorandum which stated that the Loan would be secured by way of a mortgage, Benchmark 1 appears to have failed to register a mortgage on the 933 Property.

15. Securfund Development Corporation Project 16 Inc. ("**Securfund**") registered a mortgage against the 931 Property and the 933 Property in the principal amount of $320,000 on February 15, 2012. 121 Alberta subsequently disposed of the 931 Property and the 933 Property for a combined total amount of $571,481.57 on October 2, 2012. A copy of the Statement of Adjustments from this transaction is attached as Exhibit "J" to this my Affidavit. The Statement of Adjustments indicates that net sale proceeds of $212,987 were disbursed to 121 Alberta (care of Mr. Aitkens) on November 21, 2012, and these funds were subsequently paid to Norton Rose Fulbright LLP.

16. With the exception of the Trust Funds (as defined herein), the proceeds from the sales of the transactions as described appear to have been disbursed by 121 Alberta and were not paid to Benchmark 1. As a result of the aforementioned transactions, the Monitor has determined that the only remaining material assets of 121 Alberta are as follows:

(a) as a result of the sale of the 931 Property and the 933 Property there are now funds, held in trust by Norton Rose Fulbright LLP, in the amount of $212,987 (the "**Trust Funds**") evidenced by the Statement of Adjustment attached as Exhibit "J" to this, my Affidavit; and,

(b) 121 Alberta has a beneficial owner's interest in a property with the municipal address of 21, 3040 Spence Wynd, Edmonton Alberta (the "**Edmonton Property**"). A true copy of title to the Edmonton Property is attached hereto and marked as Exhibit "K" to this, my Affidavit.

The Related Party Transactions and Class Action Lawsuit

17. Benchmark 1 and 121 Alberta were operated in a similar manner to other Harvest Group entities. In preparing the Harvest Group SUF, the Monitor has determined that Aitkens frequently transferred funds between entities within the Harvest Group or advanced investment or other funds to third parties from within the Harvest Group. Some of transactions are explained in greater detail in the Seventh Report of the Monitor, dated June 18, 2012, filed in Court File No. 1101-17318 (the "**Legacy/Airdrie SUF Report**"). A true copy of the Legacy/Airdrie SUF Report is attached hereto and marked as Exhibit "L" to this my Affidavit.

18. As a result of the actions taken by Aitkens, along with other individuals and various entities within the Harvest Group, an action has been commenced by the investors of the

Harvest Group against these persons under the *Class Proceedings Act*, as illustrated in Exhibit "**M**" to this my Affidavit (the "**Class Action**").

19. The balance sheets of Benchmark 1 and 121 Alberta (as further explained below) indicate that Aitkens caused Benchmark 1 and 121 Alberta to also engage in similar related party transactions. Although Aitkens' control over most of the entities within the Harvest Group has been reduced pursuant to court orders in the various CCAA proceedings involving the Harvest Group, Aitkens remains in control of Benchmark 1 and 121 Alberta. Given the various issues concerning the Harvest Group the Monitor is concerned about the ability of the creditors and stakeholders of Benchmark 1 and 121 Alberta, which includes 125 Alberta, to realize on the assets of Benchmark 1 and 121 Alberta in satisfaction of the obligations owed to them.

20. The CRO have advised the Monitor that he supports the within application.

The Use of Proceeds from the Offering Memorandum and Current Financial Situation

21. As a result of the Harvest Group SUF, the Offering Memorandum, the balance sheet of Benchmark 1 attached as Exhibit "**N**" to this, my Affidavit and the balance sheet of 121 Alberta attached as Exhibit "**O**" to this, my Affidavit, the Monitor has determined that, as of April 30, 2013:

(a) Benchmark 1 and 121 Alberta had approximately $10,123.80 (on a combined basis) in their bank accounts;

(b) Benchmark 1 has liabilities of approximately $6.147 million, primarily comprised of:

(i) $2,089,800 owed to various persons who hold Series A Bonds; and, $1,578,500 to various persons who hold Series B Bonds (collectively referred to as, the "**Bondholders**");

(ii) $765,000 owed to 125 Alberta (an entity within the Harvest Group);

(iii) $625,100 owed to 1379599 Alberta Ltd. (an entity within the Harvest Group);

(iv) $601,238 owed to Harvest LP (an entity within the Harvest Group); and

(v) $473,263 owed as accrued interest to Bondholders;

(c) 121 Alberta has total liabilities of approximately $4.822 million, the majority of which (approximately $4.488 million) are comprised of amounts owed by 121 Alberta to Benchmark 1; and

(d) as of April 17, 2013, Norton Rose Fulbright LLP is holding $212,987.85 in trust for 121 Alberta as a result of the sale of the 931 Property and the 933 Property.

Priority Charges

22. On the within application, the Monitor seeks the following charges on the property of Benchmark 1 and 121 Alberta:

(a) A receiver's charge to secure payment of the fees and disbursements of the receiver and its legal counsel; and,

(b) A receiver's borrowing charge, up to thé maximum amount of $50,000 or such other amount as may be ordered by the court, to secure amounts advanced to the receiver so as to allow the receiver to conduct the receivership.

(collectively, the "**Charges**")

23. It is proposed that the Charges will rank in priority to all existing charges, liens and encumbrances against the property of the Benchmark 1 and 121 Alberta.

24. Attached hereto and marked as Exhibit "**P**" to this, my Affidavit, are true copies of Alberta personal property registry searches against Benchmark 1 and 121 Alberta, dated July 16, 2013, and July 17, 2013, respectively. The searches indicate there are no registrations against Benchmark 1 and a single registration granted by 121 Alberta to Securfund Development Corporation Project 16 Inc. in Alberta.

25. Previously attached and marked as Exhibit "K" to this, my Affidavit, was a true copy of title to the Edmonton Property. The title indicates that there are no financial encumbrances, other than a single encumbrance by the Summerside Residents Association designed to secure an annual rent charge of $250.00, registered against the Edmonton Property, a copy of which is attached as Exhibit "Q" to this, my Affidavit.

Conclusion

26. The Monitor has determined that for the benefit of creditors and other stakeholders of 125 Alberta along with the creditors and stakeholders of Benchmark 1 and 121 Alberta, both Benchmark 1 and 121 Alberta must be placed in receivership so that the assets, property and undertakings of Benchmark 1 and 121 Alberta can be distributed to their respective creditors in accordance with their priorities.

27. The Monitor verily believes that this is in the best interest of all creditors and stakeholders involved, including 125 Alberta, for the following reasons:

(a) Benchmark 1 and 121 Alberta are members of the Harvest Group, the vast majority of which are currently in a court sanctioned restructuring/liquidation process;

(b) Benchmark 1 and 121 Alberta have multiple creditors and are unable to meet their liabilities to creditors;

(c) Benchmark 1 and 121 Alberta were used as investment vehicles and do not carry on or engage in an active business;

(d) Benchmark 1 breached its obligation under the Offering Memorandum by failing to register mortgages on the 515 Property, 517 Property, 931 Property and the 933 Property; and,

(e) it is just and convenient to appoint a receiver and manager over the assets, property and undertakings of Benchmark 1 and 121 Alberta so that all claims against Benchmark 1 and 121 Alberta can be identified and assessed and so that an orderly liquidation of any remaining assets may be completed.

28. I swear this Affidavit in support of the Application filed by the Monitor.

SWORN BEFORE ME, at Calgary, Alberta,) this 23 day of July, 2013)))) Lynda Huber) A COMMISSIONER FOR OATHS) in and for Calgary, Alberta)	Neil Narfason

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

Exhibit A

This is Exhibit " A " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 2013

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 2014

I hereby certify this to be a true copy of
the original Order
Dated this 18 day of June, 2012

for Clerk of the Court

CLERK OF THE COURT
FILED
JUN 18 2012
JUDICIAL CENTRE OF CALGARY

COURT FILE NUMBER	1201-06934
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

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

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	**CCAA INITIAL ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**NORTON ROSE CANADA LLP** 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 Phone: +1 403.267.8196 Fax: +1 403.264.5973 Attention: Randal S. Van de Mosselaer File No. 284324

DATE ON WHICH ORDER WAS PRONOUNCED: **June 7, 2012**

LOCATION OF HEARING OR TRIAL: **Calgary, Alberta**

NAME OF MASTER/JUDGE WHO MADE THIS ORDER: **Madam Justice B.E.C. Romaine**

UPON the application of 1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI") (125, 133, and HCMI being hereinafter collectively referred to as the "Applicants"); **AND UPON HAVING READ** the Originating Application and the Affidavit of Ronald Aitkens, sworn June 5, 2012 (the "June 5 Aitkens Affidavit"); **AND UPON HAVING READ** the consent of Ernst & Young Inc. to Act as Monitor; **AND UPON HAVING BEEN REFERRED** to the pleadings and proceedings filed in Court File Number 1101-17318; **AND UPON HEARING** the submissions of counsel for the Applicants and any other counsel in attendance;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this Application on all creditors of the Applicants is hereby dispensed with. Service of notice of this Application, including on all Critical Suppliers (as that term is defined below) is hereby deemed good and sufficient.

APPLICATION

2. The Applicants are companies to which the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36 (the "CCAA") applies.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement or plans of compromise or arrangement (hereinafter referred to as the "Plan") in accordance with the CCAA.

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall, except as otherwise set out herein:

   (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, but excluding the Lethbridge Lands (as that term is defined in the June 5 Aitkens Affidavit) and any proceeds or rental revenue therefrom (the "Property");

   (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property; and

   (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

(i) employment insurance,

(ii) Canada Pension Plan,

(iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

(b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until such time as the Applicants repudiate a real property lease in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order;

(b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and

(c) not to grant credit or incur liabilities except in the ordinary course of the Business or as otherwise provided by this Order.

RESTRUCTURING

10. The Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction and $250,000 in the aggregate (or in excess of these amounts with leave of this Court);

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

(c) disclaim or resiliate, on notice given in the prescribed form, any agreement to which the Applicants or any one of them are a party on the date of this Order;

(d) repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicants deem appropriate on such terms as may be agreed upon between the Applicants and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and

(e) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a

representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants repudiate the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. If a lease is repudiated by the Applicants in accordance with section 32 of the CCAA, then:

(a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and

(b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. Until and including July 6, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the

Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

    (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;

    (b) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment;

    (c) prevent the filing of any registration to preserve or perfect a security interest; or

    (d) prevent the registration of a claim for lien.

15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Applicants and the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, or seek to replace, challenge, or otherwise dispossess the Applicants of any real estate project or

contract in relation to the Business or the Property, except with the written consent of the Applicants and the Monitor, or leave of this Court.

AUTHORIZED EXCEPTIONS TO THE STAY PERIOD

16a. Notwithstanding any other provision of this Order:

(a) IMOR Capital Corp. ("IMOR") is authorized to continue to prosecute the foreclosure proceedings previously commenced by IMOR against the Lethbridge Lands (as that term is defined in the June 5 Aitkens Affidavit) in respect of IMOR mortgage Registration Number 101 078 082 (the "IMOR Mortgage") and the associated Assignment of Rents under Court of Queen's Bench of Alberta Action No. 1001-0639, provided that any deficiency judgment which may be obtained by IMOR as a result of the said foreclosure proceedings shall be subject to the Stay Period;

(b) Any proceedings by IMOR to enforce any other security or debt other than the IMOR Mortgage and the associated Assignment of Rents shall be subject to the Stay Period;

(a) Notwithstanding any other provision of this Order, 125 shall remit to IMOR the rental amounts received from tenants of the Lethbridge Lands.

16b. Notwithstanding any other provision of this Order, Saddle Springs Development Ltd. ("Saddle Springs") and G and J GP Inc. ("G and J") are hereby authorized to continue with the judicial listing obtained in foreclosure proceedings commenced in respect of Saddle Springs mortgage Registration Number 091 158 991against the Priddis Lands (as that term is are defined in the June 5 Aitkens Affidavit) provided that any offer which may be received as a result of such judicial listing shall be brought before this Honourable Court for consideration, and any deficiency judgment which may be obtained by Saddle Springs or G and J as a result of the said foreclosure proceedings shall be subject to the Stay Period.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:

(a) statutory or regulatory mandates for the supply of goods and/or services; or

(b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants;

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Except as required by paragraphs 19 to 22 hereof, no person shall be prohibited from requiring immediate payment for goods, services use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

CRITICAL SUPPLIERS' CHARGE

19. Those suppliers listed in Schedule "A" hereto are declared to be critical suppliers (each a "Critical Supplier" and collectively, the "Critical Suppliers") and shall in accordance with paragraphs 19 to 22 hereof, from June 7, 2012, continue to supply goods and services to the Applicants on such terms and conditions as are consistent with the supply relationship existing between the Critical Supplier and the Applicants as of June 7, 2012 (the "Existing Supply Relationship");

20. The Critical Suppliers are hereby granted a charge (the "Critical Suppliers' Charge") as follows:

(a) All 125 Critical Suppliers with the exception only of Type Three Management (the **"OpCosts Suppliers"**), shall have and are hereby granted a Critical Suppliers' Charge on the Operating Costs (as that term is defined in the June 5 Aitkens Affidavit) which are collected by 125 from its tenants, and such Operating Costs shall be paid to the OpCosts Suppliers from time to time in satisfaction of such Critical Suppliers' Charge;

(b) The balance of the Critical Suppliers (the **"Remaining Critical Suppliers"**) are hereby granted a Critical Suppliers' Charge on the Property of the Applicants as security for any amounts for which the Applicants become indebted to the Remaining Critical Suppliers for the supply of goods or services after June 7, 2012; and

(c) The quantum of the amount owing to Ron Aitkens for the supply of services after June 7, 2012 and the quantum of the resulting critical supplier charge shall be subject to further Order of this Court.

21. The Critical Suppliers' Charge shall have the priority set out in paragraph 38 hereof.

22. The Critical Suppliers and the Applicants shall each cooperate in determining the prevailing terms and conditions of their Existing Supply Relationship, and the Critical Suppliers and the Applicants are hereby granted liberty to apply for such further orders or directions as may be necessary to resolve any disputes arising in connection with their supply relationships;

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the

Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. The Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs 6(a), 7(a), 7(b) and 7(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

25. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of $300,000, as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraph 38 herein.

26. Notwithstanding any language in any applicable insurance policy to the contrary:

(a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

(b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

APPOINTMENT OF MONITOR

27. Ernst & Young Inc. ("E&Y" or the "Monitor") is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants

shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

28. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;

(c) advise the Applicants in their development of the Plan and any amendments to the Plan;

(d) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(e) have full and complete access to the books, records and management, employees and advisors of the Applicant and to the Business and the Property to the extent required to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(g) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan;

(h) provide, if it deems appropriate, such consents as are contemplated herein;

(i) become co-manager (along with current management of 125) of the Panamanian Litigation (as that term is defined in the June 5 Aitkens Affidavit) for purposes of prosecution of the Panamanian Litigation and instruction of counsel in respect of same, as the Monitor may consider appropriate, and in the event of disagreement between the Monitor and management of 125 in connection with same the Monitor may seek the advice and direction from the Court;

(j) be at liberty to act as a foreign representative in any Foreign Proceedings in respect of any of the Applicant including, without limitation, for recognition of these proceedings as "Foreign Main Proceedings", pursuant to Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §101 (the "US Bankruptcy Code") or similar legislation in any other jurisdiction;

(k) assume sole conduct and management, in place and stead of the Applicants, of any application for debtor-in-possession financing which the Monitor determines that the Applicants, or any of them, may require;

(l) hold and administer funds in connection with arrangements made between the Applicants, counterparties and the Monitor, or by Order of this Court;

(m) perform such other duties as are required by this Order or by this Court from time to time.

29. Except as otherwise set out above, the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this

Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

30. The Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

31. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the respective amounts of $50,000, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

33. The Monitor and its legal counsel shall pass their accounts from time to time.

34. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property of the Applicants, jointly, which charge shall not exceed an aggregate amount of $250,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such

counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 38 hereof.

TERMINATION OF INSPECTION ORDER

35. Except as provided below, the powers granted to E&Y and the obligations imposed on the Applicants pursuant to the Consent Order (the "Inspection Order") granted in Court File Number 1101-17318 on March 21, 2012 are hereby terminated, with the fees of E&Y under the Inspection Order up to the date hereof being dealt with in accordance with the terms of the Inspection Order, and the fees of E&Y as of the date hereof being dealt with in accordance with the terms of this Order.

35a. Notwithstanding the foregoing, the Monitor is hereby directed to conclude the Sources and Uses Report directed by the Inspection Order.

DIP FINANCING

36. The Monitor shall be permitted to apply for Debtor-in-Possession financing ("DIP Financing") for the Applicants, or any of them, at a later date.

37. If DIP Financing is approved, it shall be used firstly to pay in full any Remaining Critical Suppliers who hold a Critical Suppliers' Charge, and upon payment of such Remaining Critical Supplier the related Critical Suppliers' Charge shall be discharged.

VALIDITY AND PRIORITY OF CHARGES

38. The priorities of the Administration Charge, the Critical Suppliers' Charge, and the Directors' Charge, as among them, shall be as follows:

First	Administration Charge (to the maximum amount of $250,000)
Second	Critical Suppliers' Charge; and
Third	Directors' Charge (to the maximum amount of $100,000).

39. The filing, registration or perfection of the Administration Charge, the Critical Suppliers' Charge, and the Directors' Charge (collectively, the "Charges") shall not be required, and

the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. Each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall, except as subsequently set out herein, rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person. The Charges shall be subordinate to the mortgage held by IMOR Capital Corp. and registered in the Alberta Lands Titles Office as instrument number 101 078 082.

41. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Financing lender (if any), and the beneficiaries of the Charges.

42. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by:

(a) the pendency of these proceedings and the declarations of insolvency made in this Order;

(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;

(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

(d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(iii) the payments made by the Applicants pursuant to this order, and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

ALLOCATION

43. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Charges amongst the various assets comprising the Property.

SERVICE AND NOTICE

44. The Monitor shall, within five business days of the date of entry of this Order, send a copy of this Order to their known creditors, other than employees and creditors to which the Applicants owe less than $1000, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order:

(a) to all Persons requesting notice; and

(b) to any other interested Person requesting a copy of this Order.

45. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding

true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other Interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall post a copy of any or all such materials on its website at www.ey.com/ca/foundationgroup pursuant to section 23(1) of the CCAA.

GENERAL

46. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

47. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

48. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or in Panama, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

49. Each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

50. The Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

51. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

52. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO FORM AND CONTENT:

McCarthy Tetrault LLP

Walker Macleod / Sean Collins
Counsel to the Monitor

Fraser Milner Casgrain LLP

David LeGeyt
Counsel to Unsecured Creditors Committee in Legacy CCAA Action

Parlee McLaws LLP

Scott Watson
Counsel to G and J GP Inc.

Lawson Lundell LLP

Kimberley Robertson
Counsel to IMOR Capital Corp.

Carscallen LLP

Grant Cameron
Counsel to Saddle Springs Development Inc.

10745050.10

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Kimberley Robertson
Counsel to IMOR Capital Corp.

Carscallen LLP

Grant Cameron
Counsel to Saddle Springs Development Inc.

Schedule "A"
Critical Suppliers

Schedule "A": Critical Suppliers

Recipient Corporation	Critical Supplier	Monthly Charges	Nature of Good / Service Provided
1252064 Alberta Ltd.	Abell Pest Control	$161.40	Building maintenance contract
	BFI Canada Inc.	$165	Garbage collection.
	City of Lethbridge	$300	Water & Sewer
	Enercon Water Treatment Ltd.	$126.64	Boiler Maintenance contract
	Enmax	$5,000	Electricity & Gas
	Type Three Management	$1,000	Building Property Management
Harvest Capital Management Inc.	Braemore Management Ltd.	$160.47	Building Condo fees
	BFI Canada Inc.	$83.00	Garbage collection.
	City of Lethbridge	$350.00	Electricity, Water & Sewer
	Direct Energy Regulated Services	$100	Natural Gas
	Telus	$650	Telephone Service
	Telus Mobility	$1,200	Cell Phone Service
	Mike McCarthy	$7,000	Employee (Accountant)
	Donna Petiot	$3,000	Employee (Accounting and general administration)
	Ron Aitkens	$15,000	President

Exhibit B

This is Exhibit " B " to the Affidavit of
NEIL NARFASON sworn before
me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for
the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

Government of Alberta ■ Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2013/07/16
Time of Search: 02:58 PM
Search provided by: MCCARTHY TETRAULT LLP

Service Request Number: 19992737
Customer Reference Number: 027052-444385

Corporate Access Number: 2012495251
Legal Entity Name: BENCHMARK CAPITAL CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2006/06/14 YYYY/MM/DD
Date of Last Status Change: 2012/11/16 YYYY/MM/DD

Revival/Restoration Date: 2011/02/28 YYYY/MM/DD

Registered Office:
Street: 4 4002 - 9 AVE N.
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8

Records Address:
Street: 4 4002 - 9 AVE N.
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8

Directors:

Last Name: AITKENS
First Name: RON
Street/Box Number: 70 PHEASANT ROAD N.
City: LETHBRIDGE

Province:	ALBERTA
Postal Code:	T1H 2S6

Voting Shareholders:

Legal Entity Name:	EYELOGIC SYSTEMS INC.
Corporate Access Number:	207491564
Street:	SUITE 160A, 340 MIDPARK WAY SE
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2X 1P1
Percent Of Voting Shares:	60

Legal Entity Name:	MRL MANAGEMENT CORP.
Corporate Access Number:	2012121824
Street:	#12, 5918 - 5 STREET SE
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2H 1L4
Percent Of Voting Shares:	40

Details From Current Articles:

<u>The information in this legal entity table supersedes equivalent electronic attachments</u>

Share Structure:	THE ATTACHED SCHEDULE "A" IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF THE CORPORATION.
Share Transfers Restrictions:	NONE
Min Number Of Directors:	1
Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	THE ATTACHED SCHEDULE "B" IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF THE CORPORATION.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2012	2012/11/16

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2006/06/14	Incorporate Alberta Corporation
2008/12/19	Change Director / Shareholder
2010/12/02	Status Changed to Struck for Failure to File Annual Returns
2011/02/25	Initiate Revival of Alberta Corporation
2011/02/28	Complete Revival of Alberta Corporation
2012/08/02	Status Changed to Start for Failure to File Annual Returns
2012/11/16	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2006/06/14
Other Rules or Provisions	ELECTRONIC	2006/06/14

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.

Exhibit C

This is Exhibit " C " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

Government of Alberta ■ Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2013/07/17
Time of Search: 08:24 AM
Search provided by: MCCARTHY TETRAULT LLP

Service Request Number: 19994368
Customer Reference Number: 027052-444385

Corporate Access Number: 2012119513
Legal Entity Name: 1211951 ALBERTA INC.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
MRL REAL ESTATE INVESTMENT POOL INC.	2009/06/24

Legal Entity Status: Struck
Struck Off Date: 2013/06/07
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2005/12/21 YYYY/MM/DD

Registered Office:
Street: 12 5918 5 ST SE
City: CALGARY
Province: ALBERTA
Postal Code: T2H 1L4

Directors:

Last Name: AITKENS
First Name: RON
Street/Box Number: 18, 11410 - 27 STREET SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z 3R6

Last Name: BEYER
First Name: ROY
Street/Box Number: 18, 11410 - 27 STREET SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z 3R6

Voting Shareholders:

Legal Entity Name: MRL MANAGEMENT CORP.
Corporate Access Number: 2012121824
Street: 12 5918 5 ST SE
City: CALGARY
Province: ALBERTA
Postal Code: T2H 1L4
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED
Share Transfers Restrictions: SEE SCHEDULE "B" ATTACHED
Min Number Of Directors: 1
Max Number Of Directors: 10
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: NONE

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2010	2011/05/06

Outstanding Returns:

Annual returns are outstanding for the 2012, 2011 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2005/12/21	Incorporate Alberta Corporation
2008/11/19	Name/Structure Change Alberta Corporation
2009/06/24	Name Change Alberta Corporation
2009/07/02	Change Director / Shareholder
2011/05/06	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2013/02/02	Status Changed to Start for Failure to File Annual Returns
2013/06/07	Status Changed to Struck for Failure to File Annual Returns

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2005/12/21
Restrictions on Share Transfers	ELECTRONIC	2005/12/21

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.

Exhibit D

This is Exhibit " D " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

Clerk's Stamp

CLERK OF THE COURT
FILED
AUG 27 2012
JUDICIAL CENTRE
OF CALGARY

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*, R.S.C. 1985, c. C-36

AND IN THE MATTER OF 1357686 ALBERTA LTD.

DOCUMENT **CCAA INITIAL ORDER**

I hereby certify this to be a true copy of the original Order
Dated this 27 day of Aug. 2012
for Clerk of the Court

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

NORTON ROSE CANADA LLP
400 3rd Avenue SW, Suite 3700
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Attention: Howard A. Gorman
Randal S. Van de Mosselaer
File No. 284891

DATE ON WHICH ORDER WAS PRONOUNCED: August 24, 2012

LOCATION OF HEARING OR TRIAL: Calgary, Alberta

NAME OF MASTER/JUDGE WHO MADE THIS ORDER: Madam Justice B.E.C. Romaine

UPON the application of 1357686 Alberta Ltd. ("135" or the "Applicant"); **AND UPON HAVING READ** the Originating Application and the Affidavit of Ronald Aitkens, sworn August 23, 2012 (the "August 23 Aitkens Affidavit"); **AND UPON HAVING READ** the consent of Ernst & Young Inc. to Act as Monitor; **AND UPON HAVING BEEN REFERRED** to the pleadings and proceedings filed in Court File Numbers 1101-17318, 1201-06934, and 1201-08478; **AND UPON HEARING** the submissions of counsel for the Applicants and any other counsel in attendance;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1 The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2 The Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3 The Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4 The Applicant shall:

(a) remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");

(b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property; and

(c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5 To the extent permitted by law, the Applicant shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6 Except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7 The Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

(i) employment insurance,

(ii) Canada Pension Plan, and

(iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

(b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8 Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicant may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicant from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9 Except as specifically permitted in this Order, the Applicant is hereby directed, until further order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of the date of this Order;

(b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and

(c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10 The Applicant shall subject to such requirements as are imposed by the CCAA have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding

$50,000 in any one transaction or $250,000 in the aggregate (or in excess of these amounts, by order of this Court);

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

(c) disclaim or resiliate, on notice given in the prescribed form, any agreement to which the Applicant is a party on the date of this Order;

(d) repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate on such terms as may be agreed upon between the Applicant and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and

(e) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11 The Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant repudiates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12 If a lease is repudiated by the Applicant in accordance with section 32 of the CCAA, then:

(a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice; and

(b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13 Until and including September 21, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14 During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

(a) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on;

(b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;

(c) prevent the filing of any registration to preserve or perfect a security interest; or

(d) prevent the registration of a claim for lien.

15 Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16 During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17 During the Stay Period, all persons having:

(a) statutory or regulatory mandates for the supply of goods and/or services; or

(b) oral or written agreements or arrangements with the Applicant, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicant

(c) are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant or exercising any other remedy provided under such agreements or arrangements. The Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with the payment practices of the Applicant, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18 Notwithstanding anything else contained in this Order, no creditor of the Applicant shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19 During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20 The Applicant shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicant, after the date hereof, to make payments of the nature referred to in subparagraphs 6(a), 6(b), 7(a) and 7(b) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicant except to the extent that, with respect to any officer or director, such officer or director has participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

21 The directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of $250,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

22 Notwithstanding any language in any applicable insurance policy to the contrary:

(a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

(b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23 Ernst & Young Inc. ("E&Y" or the "Monitor") is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24 The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicant's receipts and disbursements, Business and dealings with the Property;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicant;

(c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender and its counsel on a monthly basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the DIP Lender;

(d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than monthly, or as otherwise agreed to by the DIP Lender;

(e) advise the Applicant in its development of the Plan and any amendments to the Plan;

(f) advise the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicant to the extent that is necessary to adequately assess the Applicant's Property, Business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(i) assume sole conduct and management, in place and stead of the Applicant, of any application for debtor-in-possession financing which the Monitor determines that the Applicant may require;

(j) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and

(k) perform such other duties as are required by this Order or by this Court from time to time.

25 The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

26 The Monitor shall provide any creditor of the Applicant and the DIP Lender (if any) with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27 In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28 The Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges,

by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the respective amounts of $50,000, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29 The Monitor and its legal counsel shall pass their accounts from time to time.

30 The Monitor, counsel to the Monitor, if any, and the Applicant's counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of $300,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

DIP FINANCING

31 The Applicant or the Monitor shall be permitted to apply at a later date for Debtor-in-Possession financing ("DIP Financing") for the Applicant from a lender (the "DIP Lender") who will provide DIP Financing in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, and for the granting of a charge (the "DIP Lender's Charge") on the Property to secure all obligations in respect of the DIP Financing, in which case the DIP Lender's Charge shall have the priority set out in paragraphs 32 and 34 hereof, or such other priority as may be directed by further Order of this Court.

VALIDITY AND PRIORITY OF CHARGES

32 The priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $300,000);

Second – DIP Lender's Charge (if any); and

Third – Directors' Charge (to the maximum amount of $250,000).

33 The filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34 Subject to paragraph 35, hereof, each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

35 Notwithstanding the provisions of paragraph 34 hereof, the Charges shall all be subordinate to the mortgage interests of 158803 Alberta Ltd. in those mortgages registered as instruments numbered 081 085 610 and 081 085 611 in those lands standing in the name of the Applicant under certificates of title numbered 081 085 609 and 081 085 609 +1.

36 Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender (if any) and the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.

37 The Directors' Charge, the Administration Charge, and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by:

(a) the pendency of these proceedings and the declarations of insolvency made in this Order;

(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;

(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

(d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicant of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(iii) the payments made by the Applicant pursuant to this order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

38 The engagement of BTM Advisory Services Inc. and Gary Bentham (jointly, the "CRO") as Chief Restructuring Officer of the Applicant is authorized and approved, on the same terms and conditions as the CRO's appointment in Court of Queen's Bench Action No. 1201-08478 (the "FM CCAA Proceedings"), and the CRO shall have the same rights, powers, authority and obligations (with all changes as may be necessary in the circumstances) as set out in the July 5, 2012 Order granted in the FM CCAA Proceedings.

39 The Applicant and its respective shareholders, officers, directors, employees, agents and representatives shall co-operate fully with the CRO in the exercise of its powers and

discharge of its duties and obligations, including providing the CRO with access to the Applicant and the Harvest Group of Companies' books, records, assets and premises as the CRO requires.

40 No director, officer, shareholder, employee, agent or representative of the Applicant, nor any party related to the business of the Applicant, shall interfere with the CRO's management of the business and affairs of the Applicant and the Restructuring and the exercise of its powers, duties, rights and obligations in connection therewith.

ALLOCATION

41 Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the DIP Lender's Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

42 The Monitor shall (i) without delay, publish in the Calgary Herald a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than $1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

43 The Applicant and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicant's creditors or other interested Persons at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall post a copy of any or all such materials on its website at www.ey.com/ca/foundationgroup pursuant to section 23(1) of the CCAA.

GENERAL

44 The Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

45 Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

46 This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

47 Each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

48 Any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

49 This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

J.C.Q.B.A.

Exhibit E

This is Exhibit " E " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

Offering Memorandum

No securities regulatory authority has assessed the merits of these Securities or reviewed this Offering Memorandum. Any misrepresentation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the offering. This is a risky investment. You could lose all the money you invest. See Item 8 – *Risk Factors*.

Date: **July 1, 2006**
The Issuer: **Benchmark Capital Corporation (the "Corporation" or the "Issuer")**
12, 5918 – 5 St. SE
Calgary, AB T2H 1L4
Phone: (403) 214-2400
Fax: (403) 214-0020
Email: ronlessoway@shaw.ca

Currently listed or quoted? No. These Securities do not trade on any exchange or market.
Reporting Issuer? No
SEDAR filer? No
The Offering

Securities Offered	15% cumulative, redeemable bonds (referred to herein as the "Series "A" Bonds"). 12% redeemable bonds (referred to herein as the "Series "B" Bonds"). (collectively the "Bonds" or the "Securities")
Price Per Security	$100 per Series A Bond $100 per Series B Bond
Minimum Offering	$350,000 (3,500 Bonds)
Maximum Offering	$5,000,000 (50,000 Bonds)
Minimum Subscription Per Investor	$10,000 (100 Bonds)
Payment Terms	Payment in full by cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. **See Item 5.2 Subscription Procedures**
Proposed Closing Date(s)	Closings will take place periodically at the Corporation's discretion with the final closing occurring on or before June 30, 2007.

Tax Consequences: There are important tax consequences to these Securities. **See Item 6 – Income Tax Consequences and RRSP Eligibility.**

Purchaser's rights: **You have 2 business days to cancel your agreement to purchase these Securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 – Purchasers' Rights.**

Resale restrictions: **You will not be able to sell these Securities except in very limited circumstances. You may never be able to resell these Securities. See Item 10 – Resale Restrictions.**

Selling Agents: The Corporation reserves the right, as allowed by applicable securities legislation, to retain agents to help affect sales of the Bonds. If an agent is retained, the agent will be paid aggregate fees and commissions of up to 10% of the gross proceeds realized on the Bonds sold by such agent. The Corporation may also compensate its employees and consultants up to 10% of the gross proceeds realized on the sale of the Bonds for soliciting subscriptions for the Bonds with respect to the Bonds not sold by an agent. The Corporation may also compensate its Directors up to 10% of the gross proceeds realized on the sale of the Bonds for soliciting subscriptions from Accredited Investors as such term is defined in National Instrument 45-106 – Prospectus and Registration exemptions ("NI-45-106") for the Bonds with respect to the Bonds not sold by an agent.

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ITEM 1 - USE OF NET PROCEEDS

1.1 Net Proceeds and Available Funds

The following table discloses the net proceeds of this offering (the "**Offering**"):

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	$350,000	$5,000,000
B	Selling commissions [(1)]	$35,000	$500,000
C	Estimated offering costs [(2)]	$10,000	$10,000
D	Current working capital as at July 1, 2006 (Deficiency) [(3)]	($8,416)	($8,416)
E	Net proceeds: E = A – (B + C) + D	$296,584	$4,481,584

Notes:

(1) Assuming 10% of the gross proceeds of this Offering will be paid for selling commissions based upon minimum and maximum subscription.

(2) The estimated costs include the cost of this Offering, legal and accounting costs.

(3) The working capital has been advanced by MRL Management Corp. ("MMC") and will be repaid from the proceeds of this Offering.

1.2 Use of Net Proceeds

The following table provides a detailed breakdown of how the Corporation will use the net proceeds in its first year of business:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
1. The net proceeds of this Offering shall be loaned to MRL Real Estate Investment Pool Inc. ("REIP"), a related company to purchase residential real estate properties in Alberta or other jurisdictions as REIP sees fit*. **See Item 2.2 – Our Business.**	$293,584	$4,456,084
2. to pay for all management, administration and operating expenses incurred by the Issuer in the conduct of its business. **See Item 2.7 Material Agreements.**	$3,000	$25,500
Total	$296,584	$4,481,584

*Ron Aitkens and Ron Lessoway are Officers and Directors of REIP and are also Officers and Directors of the Corporation. REIP is wholly owned by MMC. MMC is also a shareholder of the Corporation. The Officers and Directors of the Corporation own 75% of the issued and outstanding shares of MMC. **See Item 3.1 - Compensation and Securities Held.**

1.3 Reallocation

The Corporation intends to use the net proceeds as stated. The board of Directors of the Corporation will reallocate the proceeds only for sound business reasons.

1.4 Working Capital Deficiency

The Issuer currently has a working capital deficiency of $8,416 as at July 1, 2006, which deficiency shall be repaid to MMC from the net proceeds of the Offering.

ITEM 2 - BUSINESS OF THE CORPORATION

2.1 Structure

The Issuer is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**") pursuant to a Certificate of Incorporation dated June 14, 2006. The Corporation's head and registered office is located at 12, 5918 – 5th Street SE, Calgary, AB, T2H 1L4. The Corporation is controlled by Eyelogic Systems Inc ("Eyelogic"), a publicly traded company listed on the TSX Venture Exchange and trading under the symbol "Eye.A." For more information on Eyelogic, please go to the website www. Sedar.com

2.2 Our Business

The Corporation is in a start up phase of development and has not carried out business prior to this Offering and has no financial or development history. Since incorporation on June 14, 2006, the Corporation has been engaged in the preparation for this Offering, which has included, among other things, putting in place a management team and board of Directors and retaining legal counsel.

The Corporation is raising funds for the purpose of loaning the net proceeds of this Offering to its related company, REIP (the "REIP Loan").

REIP has subscribed to a real estate analysis software system known as Extreme Advantage ("EA") to assist in acquiring undervalued residential properties in the province of Alberta. Based on statistical data, EA analyzes the Multiple Listing Service ("MLS") database and indicates to the user properties that it deems to be undervalued by a minimum of $20,000 of appraised market value.

Appraised market value is determined through statistical analysis and viewing of the property very similar in nature to what an appraiser would do on a property, using a "Direct Comparison Approach". The Direct Comparison Approach is the process of estimating the value of a property through the examination and comparison of actual sales of comparable properties.

With the capital raised pursuant to this Offering, if any, and subsequently loaned to REIP, REIP intends to pay for the subscription to the EA system and use all remaining funds for down payments and renovation costs (if applicable) on the undervalued homes/properties acquired it acquires.

Prior to acquiring a property, REIP will evaluate a minimum of three comparable sold properties and, if satisfied that the property is appropriate for acquisition, determine if upgrades would be profitable.

Upon acquisition and renovations (if applicable) of the properties, REIP intends to re-sell the properties at or above market value.

It is expected that some of the properties acquired by REIP may be sold to individuals that do not qualify for conventional bank financing.

These purchasers will be required to make a minimum down payment of approximately 5% of the purchase price and will enter into an agreement for sale with respect to the property, with REIP, with a closing date based on the purchaser's credit report and financial capacity, generally one year following the date in which the agreement was signed.

2.3 Development of Business

The Issuer intends to loan the net proceeds of this Offering to REIP pursuant to a loan agreement between the Issuer and REIP (the "REIP Loan Agreement"). See **Item 2.7 - Material Agreements.**

2.4 Long Term Objectives

The Corporation's long-term goal is to raise up to $5,000,000 and advance the REIP Loan, to manage the collection of interest and principal on the REIP Loan and to provide a return to purchasers of Securities pursuant to this Offering.

2.5 Short Term Objectives and How the Corporation Intends to Achieve them

The Corporation's goals for the next twelve (12) months are to raise up to $5,000,000, the net proceeds of which can be loaned to REIP. The amount of the loan will be contingent upon the amount of proceeds raised pursuant to this Offering.

The following outlines the Corporation's short-term objectives and the methods and costs associated with the achievement of such:

What we must do and how we will do it	Target completion date or, number of months to complete	Our cost to complete
Raise up to $5,000,000 and advance the REIP Loan	12 months	$510,000

2.6 Insufficient Proceeds and Cash Reserves

All monies raised pursuant to this Offering will be committed to the REIP Loan other than such sums as are necessary to pay for all management, administration and operating expenses incurred by the Issuer in the conduct of its business. The Issuer does not intend to hold any significant cash reserves. The purchaser of these Securities is not required to contribute any additional funds over and above its subscription amount.

The proceeds of the Offering may not be sufficient to accomplish all of the Issuer's proposed objectives and there is no assurance that that the conditions of the REIP Loan will be met to allow it to be advanced.

2.7 Material Agreements

The following are the key terms of all material agreements, which the Corporation has entered into and which can reasonably be regarded as presently being material to the Corporation or a prospective purchaser of these Securities being offered pursuant to this Offering.

1. **Loan Agreement with REIP.** * The Corporation has entered into a loan agreement (the "Loan Agreement") dated July 1, 2006 with REIP. Terms of the Loan Agreement are summarized below:

    - Loan Amount: $293,584 – to a maximum amount of $4,456,084. The aggregate of the REIP Loan amount will be contingent upon the amount of capital raised pursuant to this Offering.
    - Interest Rate: The interest rate for the Loan shall be calculated on the basis of the following formula:

        The Aggregate number of Series A Bonds subscribed for pursuant to this Offering as a percentage of the total number of Bonds subscribed for under this Offering multiplied by 15 plus

        The Aggregate number of Series B Bonds subscribed for pursuant to this Offering as a percentage of the total number of Bonds subscribed for under this Offering multiplied by 12

        Plus .5%

        With the resulting sum being the interest rate payable during the term with respect to the principal sum of the Loan.

      For example: [Series A Bonds 50% (.5) x 15 = 7.5] + [Series B Bonds 50% (.5) x 12 = 6] + .5

      Total 13.5 + .5 = 14% as the interest rate payable under the Loan.

    - Term: 36 months. The maturity date will be the same maturity date as that of the Bonds offered by the Issuer pursuant to this Offering; The Loan may be renewed on July 1, 2009 upon the mutual agreement of REIP and the Corporation.

- Payments: Payments of interest with respect to the Loan shall be as follows:

  Balloon payments of interest at the applicable interest rate shall be made on June 30, 2009 and June 30, 2012 (providing renewal of the Loan Agreement) on that portion of the Loan which represents the aggregate of funds raised by the Corporation through the sale of Series A Bonds pursuant to this Offering (the "Series A Principal");

  Quarterly payments of interest at the applicable rate shall be payable on March 30, June 30, September 30 and December 31 of each year (except for in 2012 in which the interest and principal shall be paid on June 30) during the term of the Loan on that portion of the Loan which represents the aggregate of funds raised by the Corporation through the sale of Series B Bonds pursuant to this Offering (the "Series B Principal"). The first interest payment with respect to the Series B Principal shall be made 121 days from the initial advance of the Loan by the Corporation to REIP

- Security: The Loan shall be secured by way of mortgages in favour of the Corporation registered against title to properties acquired by REIP together with such other commercially reasonable security as shall be agreed to between the Corporation and REIP. Any mortgage granted to the Corporation by REIP may be subordinated to acquisition or other financing with respect to properties acquired by REIP.
- The Loan may be repaid in full at any time prior to the maturity date without penalty to REIP.
- Commitment Fee – REIP shall pay the Corporation a commitment fee of 10% of the aggregate amount of the REIP loan. This fee shall be deducted by the Corporation from the REIP Loan proceeds.

2. **Management Agreement with MRL Management Corp. (MMC)***

The Corporation has entered into a management agreement (the "Management Agreement") with MMC dated July 1, 2006. Terms of the Management Agreement are summarized below:

(a) MMC shall provide management services to the Issuer pursuant to this Offering.

(b) The Corporation shall pay MMC an annual management fee (the "Management Fee") of $500 payable on December 31 of each year.

(c) The agreement is for a minimum term of 2 years.

3. **Agreement with Eyelogic Systems Inc. (Eyelogic) ****

The Issuer has entered into an agreement with its parent company, Eyelogic dated July 1, 2006 (the Eyelogic Agreement"), the terms of which are summarized below:

(a) Eyelogic shall organize all requisite shareholders and Directors meetings and vote its shares at shareholders meetings of the Corporation.

(b) The Issuer shall pay Eyelogic an annual fee equal to the greater of $2,500 or ½ of 1% of the capital raised pursuant to this Offering.

(c) The term of the Eyelogic Agreement is for a minimum period of 2 years.

(d) Eyelogic is restricted from selling its shares in the capital of the Issuer while the Eyelogic Agreement is in force and has agreed to surrender its shares to the Corporation upon termination of the Eyelogic Agreement for ten dollars.

(e) Eyelogic has agreed that it shall not benefit from its position as controlling shareholder except for its administration fee as permitted in the Eyelogic Agreement. Should it receive any benefit in addition to the administration fee, Eyelogic agrees that it will return the benefit to the Corporation for ten dollars.

*Ron Aitkens and Ron Lessoway are Officers and Directors of REIP are also Officers and Directors of the Corporation. REIP is wholly owned by MMC. MMC is also shareholder of the Corporation. The Officers and Directors of the Corporation own 75% of the issued and outstanding shares of MMC. See Item 3.1 - Compensation and Securities Held

** As of the date of this Memorandum, Eyelogic owns 60% of the issued and outstanding Class A shares in the capital of the Corporation.

ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides the specified information about each Officer, Director and Promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting Securities of the Corporation (a "Principal Holder"). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder. The Issuer has not completed its first financial year and no compensation has been paid since its inception:

Name and municipality of principal residence	Position held	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of Securities held after completion of the Minimum Offering	Number, type and percentage of Securities held after the completion of the Maximum Offering
Eyelogic Systems Inc. Calgary, AB	Shareholder	$25,000 (1)	60,000 Class A Shares (60%)	60,000 Class A Shares (60%)
MRL Management Corp. Calgary, AB	Manager	$500	40,000 Class A Shares (40%)	40,000 Class A Shares (40%)
Ron Lessoway Calgary, AB (2)	Director and President	Nil	Nil	Nil
Ron Aitkens Calgary, AB (2)	Director and Vice President	Nil	Nil	Nil

(1) **Assumes the maximum amount** payable under the Eyelogic Agreement. **See Item 2.7.2 - Material Agreements**

(2) The Officers and Directors of the Issuer are compensated for their services by MMC.

3.2 Management Experience

The names and principal occupations of each of the Senior Officers and Directors of the Corporation over the past five years are as follows:

Name and Position	Principal Occupation and Related Experience
Ron Lessoway President and Director	MRL REALTY CORP – O/A MAXWELL MRL MARKETING GROUP 2005- PRESENT Broker/Owner, manager of a real estate office operating under a MaxWell Realty franchise. The office consists of realtors providing general real estate services to clients. Specifically dedicated to marketing and operating in a market serving an investor niche. MRLC CORP. (887929 Alberta Corp.) (2000-2005) Associate-broker, realtor licensed under Alberta Real Estate Act through MaxWell South Star Realty and CIR Real Estate, providing real estate services to the public. Specific attention was paid to establishing a market, using a software program to analysis properties, to provide an enhanced return on investment for the market of clients looking for residential investment properties.
Ron Aitkens Vice President and Director	Ron Aitkens has been the President of Harvest Financial Services Inc. from 1994 until the present. In addition, Mr. Aitkens is currently the President of Harvest Capital Management Inc. and has been since the year 2000. Harvest Financial Services Inc. and Harvest Capital Management Inc. are involved in the offering of commercial real estate syndications through Limited Partnerships.

3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last ten (10) years against a Senior Officer, Director or Control Person of the Corporation or against a company of which any of the foregoing was a Senior Officer, Director or Control Person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency Legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was a Senior Officer, Director or Control Person at that time.

ITEM 4 - CAPITAL STRUCTURE

4.1 Share Capital

Description of Security	Number of authorized to be issued	Number outstanding as at July 1, 2006	Number outstanding assuming completion of minimum Offering	Number outstanding assuming completion of maximum Offering
Class A Shares	Unlimited	100,000	100,000	100,000
Class B Shares	Unlimited	Nil	Nil	Nil

(a) The Corporation is authorized to issue an unlimited number of Class A Common shares having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

Voting Rights – The holders of the Class A Shares shall be entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation. Each Class A Share shall confer on the holder thereof the right to one vote in person or by proxy at all meetings of shareholders of the Corporation.

Dividend Entitlement –The holders of Class "A" Shares are not entitled to participate in the profits of the Corporation and are not entitled to receive any dividends.

Entitlement on Dissolution or Winding-Up – In the event of a reduction of capital or the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs (a "Winding-Up Event"):

(i) Prior to the Class A shareholders receiving any consideration in the occurrence of a Winding-Up Event, any bondholders of the Corporation at the time of such Event shall be entitled to receive from the Corporation an amount equal to the face value of their bond together with any accrued interest thereon up to the date of payment (the "Redemption Amount") in priority to any distribution of any of the Corporation's assets or property to the Class A Shareholders. If the Corporation does not have sufficient property or assets to pay the aggregate of the Redemption Amount then each bondholder will be entitled to their pro rata share of the Corporation's property or assets in priority to the Class A shareholders; and

(ii) The holders of the Class A Shares shall be entitled to receive an amount equal to the aggregate amount paid up capital on the Class A Shares held by them respectively after repayment of the aggregate Redemption Amount and in the event that there is not sufficient property or assets to return the entire amount of paid up capital thereon to all shareholders, the amount available for distribution shall be distributed to the shareholders on a pro rata basis according to the number of Class A Shares owned by each shareholder.

(b) The Corporation is authorized to issue an unlimited number of Class B Common shares having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

Voting Rights – The holders of the Class B Shares shall be not be entitled to receive notice of, to attend or vote at any meetings of the shareholders of the Corporation.

Dividend Entitlement –The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when and if declared on the Class B Common shares by the Corporation. No dividend may be declared or paid on the Class B Common shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem any bonds issued by the Corporation then outstanding having attached thereto a right of redemption or retraction.

Entitlement on Dissolution or Winding-Up - The right, subject to any preferential rights attaching to any bonds issued by the Corporation, to share in the remaining property of the Corporation upon dissolution after all the Class A Shareholders have received payment of the aggregate amount of paid up capital held by each Class A shareholder.

4.2 Long Term Debt

As of July 1, 2006, The Corporation does not have any outstanding long- term debt. If the Corporation is successful in raising finds pursuant to this Offering, it will have the following debt obligations pursuant to the issue of Bonds offered by the Corporation:

Description of Security	Number authorized to be issued	Number outstanding as at July 1, 2006	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
15% cumulative, redeemable, bonds and; 12% fixed rate redeemable, bonds.	50,000	Nil	3500(1) Representing a debt obligation of $350,000 plus applicable interest thereon to subscribers under this Offering.	50,000(1) Representing a debt obligation of $5,000,000 plus applicable interest thereon to subscribers under this Offering.

(1) See Item **5.1 - Securities Offered** for the terms and conditions of the Bonds.

4.3 Prior Sales

As of July 1, 2006, there are 100,000 Class A Voting Shares of the Corporation issued and outstanding.

Date of issuance	Type of Security issued	Number of Securities issued	Price per Security	Total funds received
June 14, 2006	Class A Shares	40,000	$0.01 per 1 Common Voting Class A	$400
June 15, 2006	Class A Shares	60,000	$0.01 per 1 Common Voting Class A	$600

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities:

Securities: The Securities being offered pursuant to this Offering are:

- Series A 15% cumulative, redeemable, bonds and;.
- Series B 12% redeemable, bonds;

Series A Bonds will pay simple interest at a rate of 15% per annum during the term of the Series A Bonds. The Series A Bonds will mature on June 30, 2012 unless redeemed as provided for below (see the heading "Redemption"). Interest will accumulate, but not compound and be paid in lump sums on June 30, 2009 and June 30, 2012.

Series B Bonds will pay interest quarterly at a rate of 12% per annum during the term of the Series B Bonds other than for the first 120 days after the initial closing by the Corporation of this Offering. Interest will accumulate for 120 days following the initial closing by the Corporation of this Offering and be paid on the 121st day following that date. Thereafter interest will be paid quarterly on March 30, June 30, September 30, and December 31 until June 30, 2012 unless redeemed as provided for below (see the heading "Redemption").

Purchasers under this Offering may choose any combination of Bonds by indicating the number of each Series of Bonds to be purchased on the Subscription Agreement attached as Schedule A to this Offering Memorandum.

Maturity: Unless previously redeemed, the Corporation shall redeem the Bonds on June 30, 2012.

Redemption: The Corporation may redeem the Bonds at anytime during the term of the Bonds upon 90 days written notice to purchasers of its intention to do so and through payment of the face value of the Bonds and all interest then outstanding pursuant to the terms of the Bonds.

At any time during the term of the Bonds the Corporation shall redeem Bonds from a purchaser and pay all outstanding interest thereon pursuant to the terms of the Bonds on or before 120 days upon receiving written notice to the Corporation by a purchaser to do so.

At any time during the term of the Bonds the Corporation shall redeem 10% of the face value of the Bonds held by a purchaser upon 10 days written notice to the Corporation by a purchaser to do so. Any outstanding interest on the Bonds to be redeemed shall be paid in accordance with the terms of the Bonds.

Funding of Redemption: Management of the Corporation shall have sole discretion in how the Corporation will fund or finance the repurchase of the Bonds. Management may decide to use its existing cash on hand if any, raise additional capital or equity in the Corporation, or borrow money to accomplish the redemption of the Bonds or use a combination of the above methods. There is no assurance that any of the above methods of funding the redemption or retraction of the bonds will be successful or if accomplished will raise enough funds to redeem all of the Bonds. It is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity. In that event the provisions contained under the title "Entitlement on Liquidation, Dissolution and Winding Up" will apply. See Item 4.1 (a) Entitlement on Liquidation, Dissolution and Winding-Up of this Offering.

Limited Recourse: Recourse under the Bonds will be limited to the value of the security. There is no additional recourse by the Bondholder for any deficiency in value of the security in the event of non-payment or default by the Issuer of redemption or retraction of the Bonds at maturity. An investor in these Securities should understand that Eyelogic assets and management are not in any way committed to the activities of the Issuer and Eyelogic does not encourage or discourage participation in this Offering.

5.2 Subscription Procedure

The Bonds are being offered in accordance with applicable Securities Legislation to subscribers who are residents in the jurisdiction in which the Securities are being sold and who qualify under the Offering Memorandum exemption as such exemption is contained in NI-45-106 and may only be issued to subscribers who purchase the Securities as principal, and on the conditions that at the same time or before the purchaser signs the Subscription Agreement to purchase the Security, the Issuer delivers this Offering Memorandum to the purchaser in compliance with subsections (7) to (13) of section 2.9(1) and (2) of NI-45-106 and obtains a signed Risk Acknowledgement Form in the form in compliance with subsection (14) of section 2.9(1) of NI-45-106 and attached hereto as Schedule "B" from the purchaser and in the case of Alberta, residents, the purchaser is either (i) an eligible investor as defined in section 1.1 (Definitions) of NI-45-106 or (ii) the acquisition cost of the Bond(s) to the purchaser does not exceed $10,000. The Subscription Agreement will contain, among other things, representations by the subscriber to the Corporation. Reference is made to the Subscription Agreement attached as Schedule "A" hereto with this Offering Memorandum for the terms of these representations, warranties and covenants.

(a) Subscription Documents

Subscribers wishing to subscribe for Bonds will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties and covenants by the subscriber that it is duly authorized to purchase the Bonds, that it is purchasing the Bonds as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Bonds and that the Issuer is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell Securities through a person or company registered to sell Securities under the *Securities Act* (Alberta) and other applicable Securities laws, and, as a consequence of acquiring the Securities pursuant to this exemption, certain protections, rights and remedies, provided by the *Securities Act* (Alberta) and other applicable Securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

Reference is made to the Subscription Agreement attached as Schedule A to this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for Bonds, a purchaser must complete, execute and deliver the following documentation to Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, AB, T2G 0P6.

1. One (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. A cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "Olympia Trust Company, in Trust" ;
3. Completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:
4. If you are resident in British Columbia, you must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule "B";
5. If you are resident in Alberta or Saskatchewan and your investment is $10,000 or less, you must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule "B";
6. If you are resident in Alberta or Saskatchewan and your investment is $10,000 or more, you must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule "B" AND one (1) completed and signed copy of the Certificate of Eligible Investor attached to the Subscription Agreement as Schedule "C"; and
7. One (1) completed and signed copy of the Offering Memorandum Receipt attached to the Subscription Agreement as Schedule A.

Subject to applicable Securities laws, and the Purchaser's two-day cancellation right **(see Item 11 – Purchaser's Rights)**, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber.

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The final closing of the Offering is scheduled to occur on or before June 30, 2007. However, prior closings may occur periodically as determined by the Corporation. It is expected that certificates representing the Bonds will be available for delivery within a reasonable period of time after the relevant closing date (s). If the minimum offering is not met prior to the final closing date of June 30, 2007, collected funds will be returned to the respective parties by July 15, 2007.

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed and accepted by the Corporation.

(b) Distribution

Subscriptions are being solicited under exemptions from prospectus requirements of the applicable Securities Legislation.

The Securities offered hereunder have not been qualified for distribution in Canada by the filing of a prospectus with any Securities commission or other Securities Regulatory Authority. The Securities are being offered pursuant to certain exemptions from registration and prospectus requirements contained in the Securities Legislation of the Provinces of Alberta, British Columbia and Saskatchewan. Subscribers for Bonds are urged to consult their own legal advisors regarding the suitability of the Bonds as an investment and the exemptions from registration and prospectus requirements applicable to them. Set forth below is a summary of the exemptions, which may be relied upon.

Alberta and Saskatchewan Subscribers

Bonds are being offered in accordance with applicable Securities Legislation to subscribers who are residents of Alberta, and who qualify under the Offering Memorandum exemption as such exemption is contained in NI 45-106 by virtue of their having executed the "Risk Acknowledgment Form" attached as Schedule "B" to the Subscription Agreement referred to above and by virtue of their subscription being a maximum of $10,000, or the fact that they are "Eligible Investors", as such term is defined in NI-45-106 adopted by the Securities regulatory authorities of Alberta and as evidenced by their completion of the "Certificate of Eligible Investor" attached as Schedule "C" to the Subscription Agreement referred to above.

British Columbia Subscribers

Bonds are being offered in accordance with applicable Securities Legislation to subscribers who are residents in British Columbia and who qualify under the Offering Memorandum exemption by virtue of their having executed the "Risk Acknowledgment Form" identified as Schedule "B" to Subscription Agreement referred to above.

ITEM 6 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.1 Summary of Principle Federal Income Tax Consequences

Qualified Investments for RRSP and RRIF

The Income Tax Act (Canada) [the "Tax Act"] and Regulations provide generally that a bond or similar obligation of a Canadian corporation (as defined in the Tax Act) which is controlled directly or indirectly by one or more corporations whose shares are listed on a prescribed stock exchange in Canada will constitute a "qualified investment" for an RRSP or RRIF (each, a "Registered Plan").

The Corporation is a Canadian corporation. As a result, THE BONDS WILL CONSTITUTE A QUALIFIED INVESTMENT FOR REGISTERED PLANS provided the shares of Eyelogic are listed on a stock exchange referred to in section 3200 of the Regulations and as long as Eyelogic controls the Corporation. There is no agreement which restricts the ability of Eyelogic to vote its shares of the Corporation or appoint a majority of the Board of Directors of the Corporation. As such, Eyelogic should be considered to control the Corporation. The shares of Eyelogic are listed on Tier 2 of the TSX Venture Exchange.

The income tax information herein was provided by Collins Barrow Calgary LLP, Chartered Accountants, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and known administrative practices of the Canada Revenue Agency.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

The Corporation reserves the right, as allowed by applicable Securities Legislation, to retain agents to help affect sales of the Bonds. If an agent is retained, the agent will be paid aggregate fees and commissions of up to 10% of the gross proceeds realized on the Bonds sold by such agent. The Corporation may also compensate its employees and consultants up to 10% of the gross proceeds realized on the sale of the Bonds for soliciting subscriptions for the Bonds with respect to the Bonds not sold by an agent. The Corporation may also compensate its Directors up to 10% of the gross proceeds realized on the sale of the Bonds for soliciting subscriptions from Accredited Investors for the Bonds with respect to the Bonds not sold by an agent.

ITEM 8 - RISK FACTORS

Purchase of Bonds pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Bonds at this time is highly speculative due to the stage of the Corporation's development and requirement to raise financing to carry out the long-term business plan of the Corporation. Investors must rely on management of the Corporation. Any investment in the Corporation at this stage involves a high degree of risk.

Among the risks of purchasing Bonds in the Corporation are the following:

Investment Risk

An investment in Bonds is appropriate only for investors who are prepared to invest money for a long period of time and who have the capacity to absorb a loss of some or all of their investment.

1. The Corporation's short and long term objective is to raise capital to loan to REIP to facilitate the purchase of residential real estate in Alberta or other jurisdictions as REIP may determine. A return on investment for a purchaser is dependant upon REIP's ability to meet its obligations of principal and interest pursuant to the REIP Loan. As a result, there is no assurance or guarantee that the Corporation and, correspondingly, the purchasers of Securities pursuant to this Offering will earn a return on their investment.
2. The Corporation will have a limited amount of working capital, as the majority of the proceeds from this Offering will be used to make loans to REIP for purchase of real estate.
3. Future Capital Needs – There can be no assurance that any additional funding, if needed, will be available on terms attractive to the Corporation, or at all. Furthermore, any additional equity financing may dilute the value of the Security, and debt financing, if available, may involve restrictive covenants. The Corporation could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain covenants, which would restrict its operations. If adequate funds are not available on acceptable terms, the Corporation may be unable to develop or enhance its business, which could have a material adverse effect on its financial condition and operating results of the Corporation.
4. Real Estate Development – In the event that REIP acquires real estate for purposes resale (including the renovation of such properties), any return on the investment in the Bonds may be dependent on the success of REIP in such resale of properties. There are numerous risks associated with investments in real estate properties for renovation and resale any one or a combination of which could adversely impact such an investment. Some of these risks include: failure to obtain all necessary permits, licenses, consents, zoning and other like matters from the responsible municipalities and regional districts; natural and man-made disasters; cost over-runs; scheduling irregularities; faulty workmanship or design; unforeseen contingencies; and lack of market demand for the end product. The real estate properties acquired by REIP may become uneconomic in terms of resale in the event of a decline in price or demand for the type of use that REIP contemplates for the properties acquired.. These factors could adversely affect REIP's ability to repay the Corporation the REIP Loan.
5. The Loan by the Corporation to REIP will be secured by security instruments including mortgages registered against the title to the properties acquired by REIP. Acquisition or other financing obtained by REIP may be registered in priority to the Corporation's mortgages. See Item – 2.7.1. Material Agreements. In the event that REIP defaults in obligations under the Loan, the Corporation will have to enforce its security registered against REIP's assets. There may be intervening encumbrances or other interests held by third parties that may stand in priority to the Corporation's security and may prevent the Corporation from realizing on or enforcing some or all of its security against the assets of REIP. There may be principals at law or at equity that may prevent the Corporation from enforcing some or all of it security against REIP or its assets. The assets of REIP may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation.
6. An investment in Bonds of the Corporation is an illiquid investment. **There is currently no market through which the Bonds may be sold.** The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Securities. Accordingly, investors will be unable to sell the Securities of the Corporation, subject to some exceptions. **See Item 10, Resale Restrictions.**
7. Market conditions in the real estate industry may have a significant impact on the value of the Securities of the Corporation. The market has, from time to time, experienced extreme price fluctuations - particularly in the real estate sector- which have often been unrelated to the operating performance of particular companies.
8. Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.

Issuer Risk

1. The Corporation has no operational history and no history of earnings. Accordingly, there is a limited operating history upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stages of its business and therefore is subject to the risks associated with early stage companies, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.

2. The Corporation's business involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Purchasers of Bonds must rely on the ability, expertise, judgement, discretion, integrity and good faith of the management of the Corporation. This Offering is suitable for investors who are willing to rely solely upon the management of the Corporation and who could afford a total loss of their investment.

3. The success of the Corporation is dependent upon, among other things, the services of key personnel. The loss of any of these individuals, for any reason, could have a material adverse affect on the prospects of the Corporation. Failure to retain or to attract additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. The Corporation does not maintain key man insurance for any of its Directors, Officers or employees. The contributions of these individuals to the immediate future operations of the Corporation is likely to be of central importance and the loss of any one of these individuals could have a material affect on the business of the Corporation.

4. Conflicts of Interest - The Officers and Directors of the Corporation will not be devoting all of their time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. The Officers and Directors of the Corporation are engaged and will continue to be engaged in the search for business prospects on their own behalf and on the behalf of others. There are potential conflicts of interest to which the Officers and Directors of the Corporation will be subject in connection with the operations of the Corporation. Situations may arise where the Officers and Directors will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the ABCA.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Bondholders

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with the securities regulatory authorities and provide to Bondholders audited interim financial statements or audited year end financial statements. However, the Corporation intends to provide un-audited interim and annual financial statements to its Security holders.

Financial or other information relating to loans to REIP by the Corporation and provided to you in the future may not by itself be sufficient for your needs to enable you to prepare your income tax returns or to assess the performance of your investment.

ITEM 10 - RESALE RESTRICTIONS

10.1 For trades in Alberta, British Columbia and Saskatchewan.

These Securities are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restriction on trading expires, you will not be able to trade the Securities unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

Unless permitted under securities legislation, the holder of this Security must not trade the Securities before the date that is four (4) months and a day after the later of (i) the distribution date, and (ii) the date the issuer became a reporting issuer in any province or territory. The Issuer has no intention of becoming a reporting Issuer in any Province or Territory of Canada.

Unless permitted under securities legislation, you may be prohibited from trading the Bonds at all.

You should consult your own legal advisor to obtain advice on the resale of your Bonds.

ITEM 11 - PURCHASER'S RIGHTS

If you purchase these Securities you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

1. Two-Day Cancellation Right

You can cancel your agreement to purchase these Securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the Securities.

2. Statutory Rights of Action in the Event of a Misrepresentation

(a) Statutory Rights of Action of Purchasers in British Columbia, Alberta and Saskatchewan in the Event of a Misrepresentation

In the event of a misrepresentation (as defined below), Securities Legislation in Alberta, British Columbia and Saskatchewan provides that every purchaser of Securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the issuer, every Director of the issuer at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the issuer, in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the Securities Legislation in their Offering Jurisdiction for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below:

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

(i) The Corporation to cancel their agreement to buy the Bonds; or

(ii) For damages against the Corporation, its Directors and any person who signed the Offering Memorandum (collectively defined as the "**Insiders**")

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has the right to sue. In particular, the Corporation would have a defence if the purchaser knew of the misrepresentation when the subscriber purchased the Bonds.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a "**misrepresentation**") and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases Securities shall have a right of action for rescission or alternatively for damages against the Corporation, while still the owner of any of the Securities offered hereunder provided that if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a Security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

(i) The purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;

(ii) The Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the Securities with knowledge of the misrepresentation;

(iii) In an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the Security as a result of the misrepresentation relied on;

(iv) In no case shall the amount recoverable by the purchaser exceed the price at which the Securities were sold to the purchaser;

(v) The right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Limitation Periods for Statutory Rights of Action

Alberta and British Columbia

In these jurisdictions, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) In the case of rescission, on notice to the Corporation not later than 180 days; or

(b) In the case of damages, the earlier of:

  (i) Three years after the date of the transaction that gave rise to the cause of action; and

  (ii) 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action.

Saskatchewan

In Saskatchewan, no action shall be commenced for rescission or damages more than:

(a) In the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) In the case of action for damages, the earlier of:

  (i) Six years after the date of the transaction that gave rise to the cause of action; and

  (ii) One year after the purchaser first has knowledge of the facts giving rise to the cause of action.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.

Benchmark Capital Corporation

Interim un-audited Financial Statements

For the period from June 14, 2006 (date of incorporation) to July 1, 2006

EXPENSES		
Professional fees	$	9,416
NET LOSS	$	9,416
DEFICIT, beginning of period		-
DEFICIT, end of period	$	9,416

Benchmark Capital Corporation
Balance Sheet
July 1, 2006
Un-audited

ASSETS	
CURRENT	
Cash	$ 1,000
LIABILITY AND SHAREHOLDER'S DEFICIT	
CURRENT	
Due to related party (note 3)	$ 9,416
SHAREHOLDER'S DEFICIT	
SHARE CAPITAL (note 5)	$ 1,000
DEFICIT	($ 9,416)
	$ (8,416)
	$ 1,000

APPROVED BY THE BOARD:

________________________________ **Director**

Cash provided by (used in):	
Operations:	
Net loss for the period	($ 9,416)
Increase in due to related party	$ 9,416
	0
Financing:	
Issuance of Share capital	$ 1,000
Increase in cash for the period	$ 1,000
Cash, beginning of period	$ -
Cash, end of period	$ 1,000

1. Company Operations

Benchmark Capital Corporation was incorporated on June 14, 2006 pursuant to the ABCA. To date, the corporation (the "Corporation") has not commenced operations of any kind.

2. Significant Accounting Policies

The financial statements of the Corporation have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The financial statements have, in the opinion of management, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of significant policies described below.

The Corporation has not commenced commercial activities and have not identified accounting policies or practices except as listed below:

(a) Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(a) Income Taxes

The Corporation uses the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on temporary differences (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or subsequently enacted tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

3. Due to Related Parties

During the period, the Corporation received a loan of $9,416 from the manager. The loan is payable on demand with no fixed terms of repayment or interest payments to be charged on the principal amount.

4. Income Taxes

At July 1, 2006, the Corporation has non-capital losses of $8,416 which can be carried forward to reduce future year's taxable income for Canadian tax purposes, the benefit of which has not been recognized in the financial statements. These losses expire commencing in 2013.

5. Share Capital

(a) Authorized

Unlimited Class A voting shares, non-participating

Unlimited Class B non-voting shares, participating

(b) Issued 100,000 Class A shares for $1000.00

6. Financial Instruments

The Corporation's financial statements consist of a loan payable to a related party whose book values approximate their fair values due to their short-term nature. It is management's opinion that the Corporation is not exposed to significant interest or credit risk arising from those financial statements.

ITEM 13 - DATE AND CERTIFICATE

Dated: July 1, 2006

This Offering Memorandum does not contain a misrepresentation.

Ron Lessoway, President	Ron Aitkens, Vice President

ON BEHALF OF THE BOARD OF DIRECTORS OF BENCHMARK CAPITAL CORPORATION

Ron Lessoway, Director	Ron Aitkens, Director

ON BEHALF OF THE PROMOTERS OF BENCHMARK CAPITAL CORPORATION

Ron Lessoway	Ron Aitkens

SCHEDULE A

SUBSCRIPTION FOR BONDS

TO: Benchmark Capital Corporation (the "Corporation")

The undersigned (hereinafter referred to as the "Subscriber") hereby irrevocably subscribes for and agrees to purchase the number of Bonds ("Bonds") of the Corporation set forth below for the aggregate subscription price set forth below, representing a subscription price of CDN $100.00 per Bond, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Bonds of Benchmark Capital Corporation" attached hereto (the "Subscription Agreement"). **In addition to this face page, the Subscriber must also complete all applicable schedules attached hereto.**

____
Full Legal Name of Subscriber (please print)

By: ______________________________
Signature of Subscriber or its Authorized Representative

____
Official Title or Capacity (please print)

____
Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)

____
____
Subscriber's Address (including postal code)

____
Telephone Number (including area code)

____
E-mail Address

Aggregate Subscription Amount: $ ______________

Number of Series A Bonds: ______________
Number of Series B Bonds: ______________

If the Subscriber is signing as agent for a principal and is not a trust corporation or, in Alberta or British Columbia, a portfolio manager, or, in Ontario, a portfolio adviser, in any case, purchasing as a trustee or an agent for accounts fully managed by it, complete the following and ensure that the applicable schedules attached hereto are completed in respect of such principal:

____
(Name of Principal)

____
____
Address (including postal code)

____
(Telephone Number) (E-mail Address)

Register the Bonds (if different from address above) as follows:

____
Name

____
Account reference, if applicable

____
____
____
Address (including postal code)

Deliver the Bonds (if different from address given) as follows:

____
Name

____
Account reference, if applicable

____
Contact Name

____
Address (including postal code)

____
Telephone Number (including area code)

NUMBER and type of Securities of the Corporation held directly or indirectly by Subscriber ______________________________

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

Benchmark Capital Corporation

______________, 2006

Per: ______________________________

No.:

This is the first page of an agreement comprised of 10 pages (excluding the Schedules hereto)

PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:

1. a signed copy of this Subscription Agreement;

2. a certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount, payable to "Olympia Trust Company, in trust"; and

3. a properly completed and duly executed copy of the appropriate investor qualification form(s):

   - **if resident in British Columbia**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B" (one copy may be retained for your records); and

   - **if resident in Alberta or Saskatchewan**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B" (one copy may be retained for your records) and, if subscribing for more than $10,000 in Bonds, one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C.

PLEASE DELIVER YOUR SUBSCRIPTION TO:

Olympia Trust Company

2300, 125 – 9^{th} Avenue S.E., Calgary, AB, T2G 0P6

TERMS AND CONDITIONS OF SUBSCRIPTION FOR BONDS OF BENCHMARK CAPITAL CORPORATION

Definitions. In this Subscription Agreement:

(a) "Aggregate Subscription Amount" means the aggregate dollar amount of the subscription under this Subscription Agreement;

(b) "Closing Date" means on or about June 30, 2007 or such other date(s) as the Corporation may determine;

(c) "Corporation" means Benchmark Capital Corporation, a corporation incorporated under the *Business Corporations Act* (Alberta);

(d) "Offering" means the offering of the Corporation's Bonds pursuant to the Offering Memorandum;

(e) "Offering Memorandum" means the Offering Memorandum of the Corporation dated July 1, 2006;

(f) "Bonds" means Bonds of the Corporation.

Acknowledgements of the Subscriber. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:

(b) this subscription is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;

(c) the Bonds subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Corporation of up to 50,000 Bonds at a subscription price of $100.00 per Bond (the "Offering");

(d) the Corporation reserves the right to pay a finder's fee in an amount up to 10% of the subscription proceeds to eligible persons seeking subscribers to the Offering; and

(e) **the Subscriber is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.**

Representations, Warranties and Covenants of the Subscriber. By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:

(a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;

(b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its Directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;

(c) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;

(d) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;

(e) if the Subscriber is acting as agent or trustee for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;

(f) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;

(g) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):

(i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Bonds;

(ii) is capable of assessing the proposed investment in the Bonds as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable Securities Legislation; and

(iii) is able to bear the economic risk of loss of its investment in the Bonds;

(h) the Subscriber understands that no Securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Bonds;

(i) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any Securities commission or similar Regulatory Authority in any jurisdiction in connection with the issuance of the Bonds and the issuance is exempted from the prospectus requirements available under the provisions of applicable Securities laws and as a result:

(iv) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable Securities laws;

(v) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable Securities laws; and

(vi) the Corporation is relieved from certain obligations that would otherwise apply under applicable Securities laws;

(j) the Subscriber confirms that neither the Corporation or any of its representative Directors, employees, Officers or affiliates, have made any representations (written or oral) to the Subscriber:

(vii) regarding the future value of the Bonds;

(viii) that any person will resell or repurchase the Bonds;

(ix) that the Bonds will be listed on any stock exchange or traded on any market; or

(x) that any person will refund the purchase price of the Bonds other than as provided in this Subscription Agreement;

(k) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Bonds as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Bonds, and the resale restrictions and "hold periods" to which the Underlying Securities are or may be subject under applicable Securities Legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation with respect to such suitability, tax consequences, and resale restrictions;

(l) except for the Subscriber's knowledge regarding its subscription for Bonds hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Alberta)) in the affairs of the Corporation that has not been generally disclosed;

(m) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Bonds, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;

(n) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable Securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Bonds and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Bonds as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;

(o) if the Subscriber is resident in or otherwise subject to the applicable Securities laws of Alberta or Saskatchewan, it is purchasing the Bonds as principal for its own account and not for the benefit of any other person and it has received or been provided with a copy of the Offering Memorandum and has duly completed and executed two (2) copies of the Risk Acknowledgement form in the form attached hereto as Schedule "B" (one copy for each of the Corporation and the Subscriber) and, if subscribing for more than $10,000 in Bonds, has duly completed and executed a copy of the Representation Letter in the form attached hereto as Schedule "C";

(p) **if the Subscriber is resident in or otherwise subject to the applicable Securities laws of British Columbia,** it is purchasing the Bonds as principal for its own account and not for the benefit of any other person and it has received or been provided with a copy of the Offering Memorandum **and has duly completed and executed two (2) copies of the Risk Acknowledgement form in the form attached hereto as Schedule "B" (one copy for each of the Corporation and the Subscriber);**

(q) **if the Subscriber is resident in or otherwise subject to the applicable Securities laws of Ontario,** it is purchasing the Bonds as principal for its own account and not for the benefit of any other person and it has received or been provided with a copy of the Offering Memorandum;

(r) the Subscriber understands that it will not resell the Bonds except in accordance with limited exemptions available under applicable Securities Legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber's compliance with applicable resale restrictions;

(s) the Subscriber acknowledges that it is aware that there is no market upon which the Bonds trade and there is no assurance that any of the Bonds will be listed and posted for trading on a stock exchange or dealer network in the future;

(t) the Subscriber understands that the sale of the Bonds is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, and the requirement to sell Securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Bonds pursuant to such exemptions, certain protections, rights and remedies provided by applicable Securities Legislation, including statutory rights of rescission or damages in the event of a misrepresentation may not be available to the Subscriber in connection with the purchase and sale of the Bonds;

(u) the Subscriber understands that any certificates representing the Bonds will bear a legend indicating that the resale of such Securities is restricted;

(v) other than the Offering Memorandum, the Subscriber has not received or been provided with, nor has it requested, nor does it have any need to receive any other document (other than the annual financial statements, interim financial statements or any other document (excluding offering memoranda, prospectuses or other offering documents) the content of which is prescribed by statute or regulation) describing the business and affairs of the Corporation, which has been prepared for delivery to and review by prospective purchasers in order to assist them in making an investment decision in respect of the purchase of Bonds pursuant to the Offering;

(w) the Subscriber has not become aware of any advertisement in printed media of general and regular paid circulation or on radio, television or other form of telecommunication or any other form of advertisement (including electronic display or the Internet) or sales literature with respect to the distribution of the Bonds;

(x) the Subscriber is not a "U.S. Person" (as that term is defined by Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Bonds for the account or benefit of a U.S. Person or a person in the United States;

(y) the Bonds have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Bonds and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;

(z) the Subscriber undertakes and agrees that it will not offer or sell any of the Bonds in the United States unless such Securities are registered under the U.S. Securities Act and the Securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;

(aa) the Subscriber acknowledges that, in addition to any other requirements under applicable Securities Legislation to which a disposition of any of the Bonds by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Bonds;

(bb) if required by applicable Securities Legislation, regulations, rules, policies or orders or by any Securities commission, stock exchange or other Regulatory Authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Bonds;

(cc) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring Securities of the Corporation;

(dd) the Subscriber is not a non-resident for the purposes of the *Income Tax Act* (Canada);

(ee) the Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (Alberta), will not become a "control person" of the Corporation by purchasing the number of Bonds subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;

(ff) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation except as expressly set forth herein or in the Offering Memorandum;

(gg) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) Act (Canada) (the "PCMLA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

(hh) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders, including the Subscriber; and

(ii) **the Subscriber acknowledges that an investment in the Bonds is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Bonds and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Bonds Resale of such Bonds will require the availability of exemptions from the prospectus requirements of applicable Securities Legislation, or the application for a discretionary order of the Securities commission or similar Regulatory Authority in the subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with the Securities Legislation of British Columbia, Alberta and Saskatchewan, and any other relevant Securities Legislation, orders or policies concerning the purchase, holding of, and resale of the Bonds.**

Timeliness of Representations, etc. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Underlying Securities and any subsequent disposition by the Subscriber of any of the Securities.

Indemnity. The Subscriber acknowledges that the Corporation and its counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a Securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Bonds) to purchase Bonds under the Offering, and hereby agrees to indemnify the Corporation and its Directors, Officers, employees, advisers, affiliates, shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at 12, 5918 – 5th Street SE, Calgary, AB, T2H 1L4, and the Corporation's subscription agent, Olympia Trust Company, 2300, 125 – 9th Avenue SE, Calgary, AB, T2G 0P6 of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.

Deliveries by Subscriber prior to Closing. The Subscriber agrees to deliver to Olympia Trust Company, subscription agent to the Corporation not later than 5:00 p.m. (Calgary time) on the day that is two business days before any Closing Date of which the Subscriber receives notice:

(a) this duly completed and executed Subscription Agreement;

(b) a certified cheque or bank draft made payable to "Olympia Trust Company, in trust" in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in such other manner as is acceptable to the Corporation;

(c) properly completed and duly executed copies of the appropriate investor qualification form(s) as described on page 2 of this Subscription Agreement; and

(d) such other documents as may be requested by the Corporation as contemplated by this Subscription Agreement.

Consent to Collection of Personal Information. If the Subscriber is an individual, the Subscriber acknowledges that the Subscriber has provided, in this Subscription Agreement, to the Corporation information (the "**Personal Information**") of a personal nature that may or may not be protected under applicable privacy Legislation. This information is being collected, used and may be disclosed by the Corporation for the following purposes (the "**Purposes**"):

(a) in order to complete the Offering;

(b) to be kept in the corporate records of the Corporation, on its Securities registers and Bondholders lists, maintained by the Corporation and/or the Corporation's transfer agent;

(c) to be disclosed to Securities/tax regulatory authorities or other government bodies as required and in accordance with applicable Securities laws and tax laws;

(d) as long as the Subscriber is a shareholder of the Corporation, to be disclosed to other third parties held to an obligation of confidentiality to the Corporation such as its legal counsel, its accountants, transfer agent, Securities depository, or any other entity for: (i) the purpose of sending financial statements and other disclosure documentation required to be sent by law to the shareholders of the Corporation, and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Corporation and such other third party; and

(e) to enforce the obligations contemplated by this Subscription Agreement.

The Subscriber or the person subscribing for the Bonds on behalf of a disclosed beneficial purchaser hereby consents to the collection, use and disclosure by the Corporation of the Personal Information for the Purposes.

Partial Acceptance or Rejection of Subscription. The Corporation may, in its absolute discretion, accept or reject the Subscriber's subscription for Bonds as set forth in this Subscription Agreement, in whole or in part, and the Corporation reserves the right to allot to the Subscriber less than the amount of Bonds subscribed for under this Subscription Agreement.

Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon among other things, the sale of the Bonds to the Subscriber being exempt from any prospectus and Offering Memorandum requirements of applicable Securities laws. The Corporation will be deemed to have accepted this Subscription Agreement upon the delivery at Closing of the certificates representing the Bonds to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

If this Subscription Agreement is rejected in whole, any certified cheque(s) or bank draft(s) delivered by the Subscriber to the Corporation on account of the Aggregate Subscription Amount for the Bonds subscribed for will be promptly returned to the Subscriber without interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Corporation exceeds the subscription price of the number of Bonds sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, will be promptly delivered to the Subscriber without interest.

Time and Place of Closing. The sale of the Bonds will be completed at the offices of Olympia Trust Company, subscription agent to the Corporation, in Calgary, Alberta at 10:00 a.m. (Calgary time) or such other time as the Corporation may determine (the "Closing Time") on the Closing Date. The Corporation reserves the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.

Subject to Regulatory Approval. The obligations of the parties hereunder are subject to all required regulatory approvals being obtained.

Representations and Warranties of the Corporation. The Corporation hereby represents and warrants to the Subscriber (and acknowledges that the Subscriber is relying thereon) that:

(a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Bonds to the Subscriber;

(b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;

(c) the Corporation has complied or will comply with all applicable corporate and Securities laws in connection with the offer and sale of the Bonds;

(d) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court; and

(e) the execution, delivery and performance of this Subscription Agreement by the Corporation and the issue of the Bonds to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound.

No Partnership. Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Corporation.

Governing Law. The contract arising out of acceptance of this Subscription Agreement by the Corporation shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

Time of Essence. Time shall be of the essence of this Subscription Agreement.

Entire Agreement. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

Facsimile Copies. The Corporation shall be entitled to rely on delivery of a facsimile copy of executed subscriptions, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.

Counterpart. This Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

Severability. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

Survival. The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

Interpretation. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.

Amendment. Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.

Costs. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Bonds to the Subscriber shall be borne by the Subscriber.

Withdrawal. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

Assignment. Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.

Language. The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Bonds be drawn up in the English language only. **Le souscripteur reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente des bons de souscription spéciaux soient rédigés en anglais seulement.**

SCHEDULE B

OFFERING MEMORANDUM EXEMPTION

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA and SASKATCHEWAN RESIDENTS

Risk Acknowledgement

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No Securities commission has evaluated or endorsed the merits of these Securities or the disclosure in the Offering Memorandum.
- The person selling me these Securities is not registered with a Securities commission and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these Securities except in very limited circumstances.
- I may never be able to sell these Securities..
- I could lose all the money I invest.

I am investing $__________ in total; this includes any amount I am obliged to pay in future. The agent selling these Securities will be paid aggregate fees and commissions of up to 10% of the gross proceeds realized on the Bonds sold by such agent. The Corporation may also compensate its employees and consultants up to 10% of the gross proceeds realized on the sale of the Bonds for soliciting subscriptions for the Bonds with respect to the Bonds not sold by an agent. The Corporation may also compensate its Directors up to 10% of the gross proceeds realized on the sale of the Bonds for soliciting subscriptions from Accredited Investors as such term is defined in NI-45-106 – Prospectus and Registration exemptions for the Bonds with respect to the Bonds not sold by an agent.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

____________________ ____________________

Date Signature of Purchaser

____

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to Benchmark Capital Corporation stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after the closing at which you agree to purchase the Securities. You can send the notice by fax or email or deliver it in person to Benchmark Capital Corporation at its business address. Keep a copy of the notice for your records.

Issuer Name and Address: Benchmark Capital Corporation
12, 5918 – 5 St .SE
Calgary, AB T2H 1L4
Telephone: (403) 214-2400
Fax: (403) 214-0020
E-Mail: ronlessoway@shaw.ca

You are buying *Exempt Market Securities*

They are called exempt market Securities because two parts of Securities law do not apply to them. If an issuer wants to sell *exempt market Securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and

- the Securities do not have to be sold by an investment dealer registered with a Securities commission.

There are restrictions on your ability to resell exempt market Securities. Exempt market Securities are more risky than other Securities.

You will receive an Offering Memorandum

Read the Offering Memorandum carefully because it has important information about the issuer and its Securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from an adviser or investment dealer registered with a Securities commission. Contact the Investment Dealers Association of Canada (website at www.ida.ca) for a list of registered investment dealers in your area.

For more information, call your local Securities commission.

Alberta Securities Commission
4th Floor, 300 - 5th Avenue S.W.
Calgary AB T2P 3C4
Phone: (403) 297-6454
Fax: (403) 297-6156
http://www.albertaSecurities.com

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver BC V7Y 1L2
Phone (604) 899-6500
Fax: (604) 899-6506
http://www.bcsc.bc.ca

Saskatchewan Securities Commission
800 – 1920 Broad Street
Regina, Saskatchewan S4P 3V7
Phone: (306) 787-5645
http://www.sfsc@gov.sk.ca/default.shtml

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

SCHEDULE C

OFFERING MEMORANDUM EXEMPTION

REPRESENTATION LETTER - 45-106 ELIGIBLE INVESTOR

TO BE COMPLETED BY ALBERTA AND SASKATCHEWAN RESIDENTS WHO ARE SUBSCRIBING FOR MORE THAN $10,000 IN BONDS.

The undersigned (the "Subscriber") hereby confirms and certifies to Benchmark Capital Corporation that the Subscriber is purchasing the Bonds as principal, that the Subscriber is resident in the jurisdiction set out on the execution page hereof, and that the Subscriber is: **[check appropriate boxes]**

- ☐ an "Eligible Investor", being a person or company whose **[circle one or more]**
  - (i) net assets, alone or with a spouse, exceed CDN $400,000,
  - (ii) net income before taxes exceeded CDN $75,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year, or
  - (iii) net income before taxes combined with that of a spouse exceeded CDN $125,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year,
- ☐ a person or company of which a majority of the voting Securities are beneficially owned by Eligible Investors or a majority of the Directors are Eligible Investors,
- ☐ a general partnership in which all of the partners are Eligible Investors,
- ☐ a limited partnership in which the majority of the general partners are Eligible Investors,
- ☐ a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are Eligible Investors,
- ☐ an Accredited Investor (as defined in NI-45-106),
- ☐ a person who is a family member, close personal friend or close business associate as described in Section 2.5 of NI-45-106; or
- ☐ person or company that has obtained advice regarding the suitability of the investment and if the person or company is in a jurisdiction of Canada that advice has been obtained from an Eligibility Adviser (as defined in NI-45-106).

EXECUTED by the Subscriber this ________ day of ________________, 2006.

If a corporation, partnership or other entity:	**If an individual:**
______________________________	______________________________
Signature of Authorized Signatory	Signature
______________________________	______________________________
Name and Position of Signatory	Print Name
______________________________	______________________________
Name of Purchasing Entity	Jurisdiction of Residence
______________________________	
Jurisdiction of Residence	

Exhibit F

This is Exhibit " F " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

LAND TITLE CERTIFICATE

B

LINC	SHORT LEGAL	TITLE NUMBER
0033 448 440	8321AF;37;8	101 256 378

LEGAL DESCRIPTION
PLAN 8321AF
BLOCK 37
LOT 8

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;19;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 081 322 851 +1

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
101 256 378	27/08/2010	TRANSFER OF LAND	$775,000	$775,000

OWNERS

JANELLE WATSON

AND
ADAM FROH
BOTH OF:
515 - 30TH STREET NW
CALGARY
ALBERTA T2N 2V4
AS JOINT TENANTS

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
4108AV .	22/09/1913	RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
101 256 378

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
081 322 895	28/08/2008	PARTY WALL AGREEMENT RE: LOTS 7 AND 8
101 256 379	27/08/2010	MORTGAGE MORTGAGEE - ALBERTA TREASURY BRANCHES. 100, 801-6TH AVENUE SW CALGARY ALBERTA T2P3W2 ORIGINAL PRINCIPAL AMOUNT: $750,075

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 17 DAY OF APRIL, 2013 AT 02:53 P.M.

ORDER NUMBER:23316260

CUSTOMER FILE NUMBER:

END OF CERTIFICATE

Exhibit G

This is Exhibit " G " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

LAND TITLE CERTIFICATE

B

LINC	SHORT LEGAL	TITLE NUMBER
0033 448 458	8321AF;37;7	131 013 707

LEGAL DESCRIPTION
PLAN 8321AF
BLOCK 37
LOT 7

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;19;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 121 135 576

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
131 013 707	15/01/2013	TRANSFER OF LAND	$750,000	CASH & MORTGAGE

OWNERS

DAVID SLAGHT

AND
SUSAN SLAGHT
BOTH OF:
517-30 ST NW
CALGARY
ALBERTA T2N 2V4
AS JOINT TENANTS

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
4108AV .	22/09/1913	RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
131 013 707

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
081 322 895	28/08/2008	PARTY WALL AGREEMENT RE: LOTS 7 AND 8
131 013 708	15/01/2013	MORTGAGE MORTGAGEE - THE TORONTO DOMINION BANK. 500 EDMONTON CITY CENTRE E EDMONTON ALBERTA T5J5E8 ORIGINAL PRINCIPAL AMOUNT: $487,500

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 17 DAY OF APRIL, 2013 AT 02:26 P.M.

ORDER NUMBER:23315690

CUSTOMER FILE NUMBER:

END OF CERTIFICATE

Exhibit H

This is Exhibit " H " to the Affidavit of
NEIL NARFASON sworn before
me this 23 day of JULY 2013

Lynda Huber
A Commissioner for Oaths in and for
the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 2014

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0033 949 124	8321AF;58;6	121 262 932 +1

LEGAL DESCRIPTION
PLAN 8321AF
BLOCK 58
LOT 6
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;19;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 091 177 390 +1

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
121 262 932	09/10/2012	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

DAVID WILLIAM DELAINEY
OF 42 HAMILTON DRIVE
CALGARY
ALBERTA T3R 1A2
AS TO AN UNDIVIDED 1/2 INTEREST

DINA LAVORATO
OF 3812 - 12 STREET SW
CALGARY
ALBERTA T2T 3P2
AS TO AN UNDIVIDED 1/2 INTEREST

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
091 177 412	23/06/2009	PARTY WALL AGREEMENT RE: LOTS 5 AND 6

TOTAL INSTRUMENTS: 001

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 17 DAY OF APRIL, 2013 AT 02:26 P.M.

ORDER NUMBER:23315690

CUSTOMER FILE NUMBER:

END OF CERTIFICATE

Exhibit I

This is Exhibit " I " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Linda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0033 949 132	8321AF;58;5	121 262 932

LEGAL DESCRIPTION
PLAN 8321AF
BLOCK 58
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;19;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 091 177 390

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
121 262 932	09/10/2012	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

DAVID WILLIAM DELAINEY
OF 42 HAMILTON DRIVE
CALGARY
ALBERTA T3R 1A2
AS TO AN UNDIVIDED 1/2 INTEREST

DINA LAVORATO
OF 3812 - 12 STREET SW
CALGARY
ALBERTA T2T 3P2
AS TO AN UNDIVIDED 1/2 INTEREST

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
121 262 932

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
091 177 412	23/06/2009	PARTY WALL AGREEMENT RE: LOTS 5 AND 6

TOTAL INSTRUMENTS: 001

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 17 DAY OF APRIL, 2013 AT 02:26 P.M.

ORDER NUMBER:23315690

CUSTOMER FILE NUMBER:

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).

Exhibit J

This is Exhibit " J " to the Affidavit of
NEIL NARFASON sworn before
me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for
the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

ALGER • ZADEIKS LLP

Douglas Alger & Ian Zadeiks
Barristers & Solicitors
#230, 719 - 4 Avenue South

Lethbridge, Alberta T1J 0P1

STATEMENT OF ADJUSTMENTS

Buyers: David W. Delainey and Dina Lavorato

Sellers: 1211951 Alberta Ltd.

Address: 931/933 - 33 Street NW, Calgary, Alberta T2N 2W9

Legal: Plan 8321AF
Block 58
Lots 5 and 6
Excepting thereout all mines and minerals.

Adjustment Date: Tuesday, October 2, 2012

	Credit Purchaser	Credit Vendor
Purchase Price		$571,428.57
GST		$28,571.43
RPR/Compliance	$799.25	
Tax Adjustment =4118.76X90/366		$1,012.81
Cash to Close	$600,213.56	
Totals	**$601,012.81**	**$601,012.81**

This statement has been prepared upon information provided to us and believed to be correct. However, its accuracy is not guaranteed. Any adjustments not contained in this statement are to be made directly between the Vendor and the Purchaser.

Unless otherwise expressly provided in writing, the parties to the transaction shall adjust rental payments, utilities, accounts and the like services themselves.

The parties shall arrange for their own insurance or assignment of the existing policy.

Any monies received after 12:00 P.M. shall be deemed to be received on the next business day. E. & E.O.

AlgerZadeiks LLP
CLIENT CENTRED

Our File: 8279
Writers Email:
Writers Assistant:
Assistants Email:

March 5, 2013

1211951 Alberta Inc.
c/oRonald Aitkens
#4, 4002 - 9 Avenue North
Lethbridge, Alberta T1H 6T8

Dear Sirs:

Re: 1211951 AB sale to Delaney & Lavorato
931/933 - 33 Street NW, Calgary, Ab

With respect to the above transaction, we are enclosing the following documents:

- Statement of Account for services rendered (which has been paid in full)
- Statement of Trust and Office Transactions
- Statement of Adjustments

The net sale proceeds of $212,987.85 were advanced to you on November 21, 2012.

I wish to take this opportunity to thank you for allowing me to be of assistance to you, and trust you have found my services to be satisfactory. Should you have any questions or concerns, please do not hesitate to contact me at your convenience.

Yours truly,
AlgerZadeiks LLP

per: DOUGLAS N. ALGER
Barrister and Solicitor

:rmk
Enc.

ALGER ZADEIKS LLP

BARRISTERS & SOLICITORS

230, 719 - 4th Avenue South
Lethbridge, Alberta T1J 0P1

Telephone
(403) 380-6005

Facsimile
(403) 380-6088

October 10, 2012
Invoice No. 1201542

1211951 Alberta Inc.
4, 4002 - 9 Avenue North
Lethbridge, Alberta T1H 6T8

For professional services in connection with:
Sale To Delaney & Lavorato
931/933 - 33 St Nw, Calgary

1211951: 8279

TO ALL PROFESSIONAL SERVICES RENDERED with respect to the above matter, including:
To receiving instructions and obtaining searches;
to preparing documents and attending to execution of same;
to obtaining Real Property Report and compliance;
to obtaining Statement from Bank;
to forwarding documents to purchasers solicitors;
to receiving cash to close monies and disbursing same;
all correspondence, telephone conversations and attendances;

OUR FEE HEREIN $750.00

Misc office expenses including photocopies, postage, faxes, long distance phone calls (if applicable), archiving costs, etc.

FEE $ 45.00

Fee for services performed	$795.00	
GST on services (fees)	$39.75	
<u>Subtotal of fees (including any taxes)</u>		$834.75

Disbursements and Other Charges:

September 20, 2012	Paid Land Titles Office for searches	$20.00	
	Total Cash Disbursements: $20.00	$20.00	
September 20, 2012	Paid for tax/property information	$32.00	
October 10, 2012	Paid for tax/property information update	$11.00	

Disbursements and Other Charges:	Subject to GST		GST
October 2, 2012	Paid Courier Charges Purolator to deliver Transfer document to purchasers lawyer	$25.08	$1.25
October 3, 2012	Paid Courier Charges Purolator to deliver amended documents to Sellers lawyer	$25.08	$1.25
	Total Cash Disbursements: $93.16	$93.16	

1211951/8279

Disbursement Totals:	$113.16	$2.50	
			$115.66

Our Account to You:	**$950.41**
Transferred from Trust:	*$950.41*
Balance Due:	**$0.00**

Douglas N. Alger

All accounts are due and payable when received. Prompt payment is sincerely appreciated. Late interest of 2% per month or 24% per annum will be charged on overdue accounts. INTERAC and VISA accepted.
GST Registration Number 818672883RT0001

ALGER ZADEIKS LLP

4 MAR 2013
Page 1

Client's Summary of Transactions for File from 20 Sep 2012 through 4 Mar 2013

1211951
1211951 ALBERTA INC..

8279
SALE TO DELANEY & LAVORATO
931/933 - 33 ST NW, CALGARY

Current Trust Balance: $0.00 Current Office Balance: $0.00

TRUST RECEIPTS AND PAYMENTS

Date	Description	Receipts	Withdrawals	Balance
4 OCT 2012	Received into trust from Blake Nichol Re: Cash to Close	219,644.36		219,644.36
10 OCT 2012	Trust Cheque/Payment, re: outstanding taxes - Roll #201483633 & #201483641: City Of Calgary		5,706.10	213,938.26
10 OCT 2012	Transferred from trust, for payment on account: Alger Zadeiks Llp		950.41	212,987.85
21 NOV 2012	Trust Cheque/Payment, re: net sale proceeds: 1211951 ALBERTA LTD.		212,987.85	0.00

OFFICE (ACCOUNTS) BILLED AND PAID

Date	Description	Receipts	Withdrawals	Balance
10 OCT 2012	Account Posted to G/L:	950.41		950.41
10 OCT 2012	Payment Received		950.41	0.00

Exhibit K

This is Exhibit " K " to the Affidavit of
NEIL NARFASON sworn before
me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for
the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0032 458 382	0725307;103	072 429 806

LEGAL DESCRIPTION
CONDOMINIUM PLAN 0725307
UNIT 103
AND 86 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;24;51;22;NW

MUNICIPALITY: CITY OF EDMONTON

REFERENCE NUMBER: 072 338 579 +10

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
072 429 806	19/07/2007	TRANSFER OF LAND	$154,187	$154,187

OWNERS

EMG HOLDINGS INC..
OF SUITE 810,639-14 AVE SW
CALGARY
ALBERTA T2R 1H9

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
872 008 104	14/01/1987	ZONING REGULATIONS BY - HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY DEPARTMENT OF TRANSPORT EDMONTON INTERNATIONAL AIRPORT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
042 498 595	15/11/2004	UTILITY RIGHT OF WAY GRANTEE - EPCOR DISTRIBUTION INC.. AS TO PORTION OR PLAN:0426325 AREA "B"
042 498 598	15/11/2004	RESTRICTIVE COVENANT
052 022 718	18/01/2005	ENCUMBRANCE ENCUMBRANCEE - SUMMERSIDE RESIDENTS ASSOCIATION. SUITE #1910 10303 JASPER AVENUE EDMONTON ALBERTA T5J3N6 AMOUNT: $250
052 253 695	25/06/2005	CAVEAT RE : RESTRICTIVE COVENANT
062 204 676	16/05/2006	UTILITY RIGHT OF WAY GRANTEE - EPCOR DISTRIBUTION INC..
082 093 541	29/02/2008	CAVEAT RE : BENEFICIAL OWNER CAVEATOR - 1211951 ALBERTA INC.. C/O 4-4002 9 AVE NORTH LETHBRIDGE ALBERTA T1H6T8 AGENT - PAUL S MULLEN (DATA UPDATED BY: CHANGE OF NAME 102357640)

* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 007

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 17 DAY OF APRIL, 2013 AT 03:47 P.M.

ORDER NUMBER:23317321

CUSTOMER FILE NUMBER:

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

(CONTINUED)

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).

Exhibit L

This is Exhibit " L " to the Affidavit of
NEIL NARFASON sworn before
me this 23 day of JULY 20 13

Linda Huber

A Commissioner for Oaths in and for
the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

COURT FILE NUMBER	1101-17318
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 THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF LEGACY COMMUNITIES INC., AIRDRIE CAPITAL CORPORATION, AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.
DOCUMENT	SEVENTH REPORT OF THE MONITOR (LEGACY, AIRDRIE, RAILSIDE & FOUNDATION PLACE SOURCES AND USES OF FUNDS ANALYSIS) JUNE 18, 2012
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Hern Telephone: 403-206-5067 / (403) 206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Hern@ca.ey.com <u>COUNSEL</u> McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone. 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca

Clerk's Stamp

CLERK OF THE COURT
FILED
JUN 18 2012
JUDICIAL CENTRE
OF CALGARY

TABLE OF CONTENTS OF THE SEVENTH REPORT

APPENDICIES TO THE SEVENTH REPORT

INTRODUCTION

1. On December 21, 2011, Legacy Communities Inc. ("Legacy") and Airdrie Capital Corporation ("ACC") and Airdrie Country Estates Inc. (collectively "Airdrie") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. Pursuant to the Initial Order. Ernst & Young Inc. was appointed monitor of Legacy and Airdrie (the "Monitor").

3. On March 21, 2012, under these same proceedings, Railside Capital Inc. and Railside Industrial Park Inc. (collectively "Railside") and Foundation Place Capital Inc. and Foundation Capital Inc. (collectively "Foundation Place") were granted an Order (the "Railside & Foundation Place Order") by this Honourable Court granting them protection from their creditors pursuant the CCAA.

4. Legacy, Airdrie, Railside and Foundation Place are sometimes collectively referred to as the "Companies" or the "Debtors".

5. On January 19, 2012 this Honourable Court granted an Order creating an Unsecured Creditors Committee ("UCC") in these proceedings.

6. On March 21, 2012 this Honourable Court granted an Order appointing Ernst & Young Inc. as inspector ("Inspector") of certain related entities, 1252064 Alberta Ltd. ("125"). 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI"). The Inspector now has full access to review the books and records of these entities as required.

7. On May 12, 2012 this Honourable Court granted an Order expanding the Monitor's powers as "co-manager" of the Companies.

8. On June 7, 2012 125, 133 and HCMI sought and obtained protection from their creditors under the CCAA pursuant to an order of this Honourable Court (the "125, 133 and HCMI Initial Order"). Pursuant to the 125, 133 and HCMI Initial Order. Ernst

& Young Inc. was appointed monitor of these entities. Ernst & Young Inc.'s role as Inspector of these entities was therefore replaced by its' role as the Monitor of these entities.

9. The purpose of this seventh report (the "Seventh Report") of the Monitor is to provide this Honourable Court with the Monitor's:

   a) Update in respect of the sources and uses of funds ("SUF") for both Legacy and Airdrie since the Monitor's Second Report; and

   b) Analysis of the SUF for both Railside and Foundation Place.

10. Capitalized terms not defined in this Seventh Report are as defined in the Initial Orders.

11. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

12. Background for the Debtors together with other information regarding these CCAA proceedings, have been posted by the Monitor on its website at: www.ey.com/ca/foundationgroup.

TERMS OF REFERENCE

13. In preparing this Seventh Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Company. The Monitor has not performed an audit, review or other verification of such information.

SOURCES & USES OF FUNDS SCOPE

14. The Monitor has reviewed the bank statements, cancelled cheques, deposit books and other source documents to determine the sources and uses of funds since the inception of Legacy, Airdrie, Railside, and Foundation.

15. Based on the review of the source documentation and with the assistance of management, the Monitor classified each transaction into categories including: funds raised, investments, operating costs, and payments to affiliated entities.

16. The Monitor then reviewed the respective offering memorandums ("OM") and formed expectations regarding the expected use of the capital raised through each OM. The actual receipts and disbursements flowing through the entities were then compared to those expectations.

17. Where variances were noted, additional information has been requested which may change the classification of certain transactions and the results of the Railside and Foundation Place SUF analysis presented below. The Railside and Foundation SUF's are substantially complete and are based both on underlying records/documentation and on the information provided by management and reviewed to date. Certain information remains outstanding which, when received, may result in a change in the classification of certain receipts and disbursements.

UPDATE ON LEGACY SUF

18. Since the Monitor's Second Report dated April 5, 2012, the Monitor has obtained additional information pertaining to Legacy.

19. The Monitor's SUF analysis is provided as Appendix "A". A high level summary of the Legacy SUF is outlined below:

Legacy Communities Inc.		
For the period of October 1, 2005 to November 30, 2011		
(\$Cdn, Unaudited)		
Cash Inflows		\$ 35,248,003
Cash Outflows		
Investments and Assets		
Purchased Lands	\$6,011,871	
Option and Option Lands	12,400,000	
1252064 Alberta Ltd. - Promissory Note 1 – Panama	4,664,880	
1252064 and 1330075 Alberta Ltd. - Promissory Note 2 – Balsam Lake, Ontario	2,723,766	
1252064 Alberta Ltd. - Promissory Note 3 – Liberty Crossing, Red Deer	1,350,000	
1252064 Alberta Ltd. - Promissory Note 4 – Liberty Crossing, Red Deer	590,000	
Water license	937,583	28,678,100
Operating and Administrive Costs		4,739,165
Payments to Affiliated Entities and Unknown Transactions		1,822,188
Net Cash Inflows/(Outflows)		\$ 8,551

Changes since the Second Report

20. It was confirmed that the unknown disbursement of approximately \$466,000 was related to the original purchase of the land, this amount related to interest charged on the vendor take back mortgage.

21. The Monitor received documentation for \$35,000 of additional commissions that were paid, therefore increasing the apparent over payment of commission to approximately \$96,000. This over payment can be added to the apparent over payment of management fees.

22. The Monitor received supporting documentation for approximately \$348,000 of pre-development costs, and \$11,000 of marketing costs relating to Legacy that were paid for by affiliated entities on behalf of Legacy, therefore reducing the apparent over payment of management fees by approximately \$359,000.

23. As shown in the Legacy SUF analysis, there is still an apparent over payment of management fees of approximately \$151,000. The Monitor has not been able to identify any more costs incurred by the affiliated entities that related directly to Legacy, although the Monitor does note that during the time the OMs were being

marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

24. Upon further review of the purchase of the water rights from 133, it was noted that 133 purchased land near the town of Granum, Alberta from an arm's length third party for $825,000 (the "Granum Land") concurrent with 133 acquiring the Granum Land. The Granum Land had water rights associated with it (the "Granum Water Rights"). 133 then sold the Granum Water Rights to Legacy for $950,000, creating the payable to 133 of $125,000. In other words, 133 used Legacy's money to complete the acquisition of the Granum Lands and then immediately sold the Granum Water Rights to Legacy which offset the loan of $825,000. The Granum Land remained with 133 and has since been moved to Harvest Group LP. Furthermore, Harvest Group LP mortgaged the Granum Lands in 2011 to a third party and a $1.0 million mortgage is on the Granum Lands title. The table below outlines the net effect of the Granum Land and Granum Water Rights transactions:

Immediately following the Granum Water Rights Transaction		
	Legacy	133
Granumn Lands	-	$ 825,000
Granum Water Rights	$ 950,000	-
Due to/from Legacy	(125,000)	125,000
Proceeds from sale of Granum Water Rights	-	825,000
Net assets	$ 825,000	#########

25. To determine what recoveries, if any, can be made from 125, 133 and HCMI in relation to the money borrowed from Legacy, the Monitor will need to determine the universe of creditors within these entities. The assets of the 125, 133 and HCMI need to be fully ascertained, net of secured creditor claims, to allow for these entities to potentially develop a realization plan for those assets in order to distribute any funds to creditors which would include Legacy. At this point, it is not known when or if any recovery of these funds will be made.

UPDATE ON AIRDRIE SUF

26. Since the Monitor's Second Report, the Monitor has obtained additional information pertaining to Airdrie.

27. The Monitor's SUF analysis is provided as Appendix "B". A high level summary of the Airdrie SUF is outlined below:

Combined Airdrie Capital Corporation and Airdrie Country Estates Analysis	
For the period of October 1, 2005 to November 30, 2011	
($Cdn, Unaudited)	
Cash Inflows	$ 14,686,482
Cash Outflows	
Land purchase and debt assumption - 1252064 Alberta Ltd.	12,000,000
Operating and Administrive Costs	1,591,875
Payments to Affiliated Entities and Unknown Transactions	1,088,108
Net Cash Inflows/(Outflows)	$ 6,498

Changes since the Second Report

28. The variance indicates that commissions were underpaid by approximately $74,500. Since all third party commissions have been paid, the variance relates to commissions that should have been paid to an affiliated entity, therefore reducing the apparent over payment of management fees.

29. Unknown deposits have been reduced to approximately $2,500. The reduction relates to deposits received from 125, therefore reducing the apparent over payment of management fees.

30. As shown in the Airdrie SUF analysis, there is still an apparent over payment of management fees of approximately $345,000 which is further reduced by the underpayment of commissions to approximately $270,000. The Monitor has not been able to identify costs incurred by the affiliated entities that related directly to Airdrie, although the Monitor does note that during the time the OM was being marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

RAILSIDE SUF

31. The Railside project raised approximately $34.2 million from approximately 1,482 investors through the Railside OM. The funds raised were to be used to acquire

approximately 304 acres of land in the town of Millet, Alberta (the "Railside Lands") and enter into development-related agreements.

32. The Monitor's SUF analysis is provided as Appendix "C". A high level summary of the Railside SUF is outlined below:

Combined Railside Capital and Railside Industrial Park Analysis	
For the period of March 1, 2008 to March 30, 2012	
($Cdn, Unaudited)	
Cash Inflows	$ 34,274,581
Cash Outflows	
Land purchase - 1252064 Alberta Ltd.	22,733,376
Operating and Administrive Costs	9,168,624
Payments to Affiliated Entities and Unknown Transactions	2,192,636
Net Cash Inflows/(Outflows)	$ 179,945

Overview

33. Based on the SUF analysis, the Monitor expected approximately $1.6 million more in Railside's bank account compared to actual ending cash. The variance is primarily a result of disbursements in respect of approximately:

a) $2.2 million of apparent over payment of management fees, potentially offset by a $1 million bank error;

b) $233,000 additional land purchase; and

c) $141,000 of unknown disbursements.

Receipts and Disbursements

34. Net funds received by Railside from investors after administrative and commissions total approximately $34.2 million.

35. The Railside Lands were purchased from 125 for $22.5 million. As disclosed in the OM, 125 purchased these lands for $15.1 million.

36. Included on the Railside Lands, is a small parcel of land adjacent to the rail line. It was advised by the project manager at the time, I.P.M. Consulting that this purchase would be the most cost effective method of gaining access to the rail line. In 2009 Railside purchased this parcel of land for approximately $233,000.

37. Attached as Appendix "D" are the titles for all Railside Lands. The Monitor notes that there are liens and pending lawsuit registrations ahead of the Railside Capital Inc. mortgage. There are builders' liens by Wedler Engineering LLP ("Wedler Liens") totalling $70,753 for unpaid services and a pending lawsuit by I.P.M. 3 Development Ltd. ("IPM") for $49,828 in relation to the onsite services provided by IPM and Wedler.

38. Management fees paid to affiliated entities were greater than expected by approximately $2.2 million. Expected management fees are calculated as 1% of total capital raised under the OM. Similar to the Legacy and Airdrie Management Agreements, the Monitor reviewed the Railside Management Agreement and confirmed that in addition to the 1% fee, Railside was to reimburse costs incurred for services provided by Management. The $2.2 million may potentially be offset by the $1 million banking error and an additional $965,000 of development costs paid by affiliated entities on behalf of Railside. The Monitor is waiting on supporting documentation for these two outstanding matters.

39. Similar to Legacy and Airdrie, during the time the Railside OM was being marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

40. Supporting documentation has not been provided in regards to unknown disbursements totalling approximately $141,000.

FOUNDATION PLACE SUF

41. The Foundation Place project raised approximately $8.5 million from approximately 440 investors through the Foundation Place OM. The funds raised were to be used to purchase a parcel of land located on the south west corner of 1st Street SE and 17th Avenue SE in the City of Calgary ("Foundation Place Lands").

42. The Monitor's SUF analysis is provided as Appendix "E". A high level summary of the Foundation Place SUF is outlined below:

Combined Foundation Place Capital and Foundation Place Analysis For the period of February 1, 2008 to February 28, 2012 ($Cdn, Unaudited)	
Cash Inflows	$8,514,105
Cash Outflows	
Land purchase - 1252064 Alberta Ltd.	4,420,000
Loan to 1252064 Alberta Ltd. - Haiku Management LP	1,562,500
Operating and Administrive Costs	1,885,181
Payments to Affiliated Entities and Unknown Transactions	618,542
Net Cash Inflows/(Outflows)	$ 27,882

Overview

43. Based on the SUF analysis, the Monitor expected approximately $1.3 million more in Foundation Place's bank account compared to actual ending balance. The variance is primarily related to an approximate $1.56 million loan to 125 to purchase 50 partnership units in Haiku Management Limited Partnership, partially offset by lower than anticipated management fees of approximately $344,000.

Receipts and Disbursements

44. Net funds received by Foundation Place from investors after administrative and commissions total approximately $8.5 million.

45. The Foundation Lands were purchased from 125 for $4.4 million. As disclosed in the OM, 125 purchased these lands for $3.06 million.

46. Attached as Appendix "F" are the titles for the Foundation Place Lands. The Monitor notes that there are caveats and pending lawsuit registrations ahead of the Foundation Place Capital Inc. mortgage. There are caveats on the title by Mylonas Enterprises Ltd. ("Mylonas") and by Landstar Project Management Ltd. ("Landstar"). The Monitor understands that the original land vendor, Mylonas, and future project manager, Landstar, retained certain rights under the Purchase and Sales Agreement to develop

and manage the site and to acquire rights to the main floor retail space, this is now in dispute. The Landstar caveat for management fees has a maximum for project management fees and expenditures of $750,000.

47. The Monitor understands that Foundation Place loaned 125 approximately $1.56 million to purchase 50 partnership units in Haiku Management Limited Partnership, an apartment complex in the city of Calgary. The Monitor has yet to determine what priority, if any, Foundation Place has to these partnership units and any recoveries there may be.

48. To determine what recoveries, if any, can be made from 125 in relation to the money borrowed from Foundation Place, the Monitor will need to determine the universe of creditors within these entities. The assets of the 125 need to be fully ascertained, net of secured creditor claims, to allow for 125 to potentially and develop a realization plan for those assets in order to distribute any funds to creditors. At this point, it is not known when or if any recovery of these funds will be made.

49. Management fees paid to affiliated entities were less than expected by approximately $344,000. Expected management fees are calculated as 1% of total capital raised under the OM. Similar to the Legacy and Airdrie Management Agreements, The Monitor reviewed the Foundation Place Management Agreement and confirmed that in addition to the 1% fee, Foundation Place was to reimburse costs incurred for services provided by Management.

50. Similar to Legacy and Airdrie, during the time the Foundation OM was being marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

51. Supporting documentation has not been provided in regards to unknown disbursements totalling approximately $134,000.

MONITOR'S NEXT STEPS

52. The Monitor continues to work with management to fully complete the Railside and Foundation Place SUF analysis and will provide relevant updates to the Court as required. The remaining work is not considered significant given the Railside and Foundation Place SUF's are considered to be substantially complete.

53. The Monitor of 125, 133 and HCMI has taken over from the Inspector with respect to an analysis of sources and uses of funds for these entities and will continue to complete that analysis.

Dated at Calgary, this 18th day of June, 2012.

ERNST & YOUNG INC.
in its capacity as
Monitor of Legacy, Airdrie
Railside and Foundation Place

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

Cassie Hern, CA
Manager

APPENDIX A

Legacy Communities Inc.
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2005 to November 30, 2011
($Cdn, Unaudited)

	Notes	Actual	Expected	Variance
Cash Inflows				
Gross investment from Bondholders per Affidavit of Ron Aitkens	1	35,361,800.10	35,361,800.10	-
Less: various costs	2	125,188.50	125,188.50	-
Net investments deposited per bank statement		35,236,611.60	35,236,611.60	-
Interest earned	3	11,391.78	11,391.78	-
Total Cash Inflows		35,248,003.38	35,248,003.38	-
Cash Outflows				
Investments and Assets				
Purchased Lands	4	6,011,871 30	5,600,000.00	411,871.30
Option and Option Lands	5	12,400,000.00	21,400,000.00	(9,000,000.00)
1252064 Alberta Ltd. - Promissory Note 1 – Panama	6, 8	4,864,880.00	-	4,664,880.00
1252064 and 1330075 Alberta Ltd. - Promissory Note 2 – Balsam Lake, Ontario	7, 8	2,723,765.98	-	2,723,765.98
1252064 Alberta Ltd. - Promissory Note 3 – Liberty Crossing, Red Deer	7, 8	1,350,000.00	-	1,350,000.00
1252064 Alberta Ltd. - Promissory Note 4 – Liberty Crossing, Red Deer	7, 8	590,000.00	-	590,000 00
Water license	9	937,582.72	-	937,582.72
		28,678,100.00	27,000,000.00	1,678,100.00
Operating and Administrive Costs				
Commissions	10	3,632,394 12	3.536,180.01	96,214.11
Olympia Trust		29,467.52	29,467.52	-
Eyelogic - Administration Fees		226,142.37	226,142.37	-
Pre-development costs - Project Management	11	680,201.12	500,000.00	180,201.12
Alberta and BC securities commission		8,475 90	8,475.90	-
Legal costs		74,831.91	74,831.91	-
Insurance		7,750.00	7,750.00	-
Property taxes		12,231.22	12,231 22	-
Bank charges		941.87	941.87	-
Advertising	12	52,704.37	-	52,704.37
Appraisals	12	9,580.85	-	9,580.85
Other costs	12	4,443.44	-	4,443.44
		4,739,164.69	4,396,020.80	343,143.89
Payments to Affiliated Entities and Unknown Transactions				
FCC or affiliated entity - Management Fees	13	1,632,152.69	1,481,416.01	150,736.68
Unknown disbursements	14	190,035.00	-	190,035.00
		1,822,187.69	1,481,416.01	340,771.68
Total Cash Outflows		35,239,452.38	32,877,436.81	2,362,015.57
Net Cash Inflows/(Outflows)		8,551.00	2,370,566.57	(2,362,015.57)
Opening Cash balance as at October 1, 2005		(20.17)		
Ending Cash balance as at November 30, 2011		8,530.83		

Legacy Communities Inc.
Notes to the Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2005 to November 30, 2011
(\$Cdn, Unaudited)

1. Total investments as noted in the Affidavit of Ron Aitkens ("Affidavit") agrees to the bondholder listing provided to the Monitor.
2. Closing costs associated with the funds raised
3. Interest earned on funds invested in GICs.
4. The variance is a result of interest charged on the vendor take back mortgages.
5. The Monitor has identified two payments totalling \$11.3 million relating to the option and land purchase and has requested supporting documentation for one payment totalling \$1.1 million. Based on the timing of the payments, it appears the payment may relate to the purchase of the shares of 1109211 Alberta Ltd. who is the entity that is a party to the Option to Purchase Agreement. The Monitor has recently received a copy of the share certificate of 1109211 Alberta Ltd. to confirm that Legacy is a shareholder of the entity and a copy of the Purchase and Sale Agreement which confirms the total purchase price for the options and lands are \$27 million. The breakdown of the Purchase Price is noted below. The Monitor understands from Ron Aitkens that 1109211 Alberta Ltd. has no bank accounts, assets, or liabilities.

	Amount (\$)	Acres
Purchased Lands	5,600,000	103.00
Shares of 1109211 Alberta Ltd.	8,900,000	
Option Lands	3,500,000	100.00
Outstanding Option Lands	9,000,000	297.64
Total Purchase Price	27,000,000	500.64
Land and Option disbursements	(18,000,000)	(203.00)
Outstanding balance	9,000,000	297.64

The Option Lands for which Legacy paid \$3.5 million relates to Meridian 5, Range 3, Township 24, Section 10, Quarter SW which comprises a total of 151.83 acres. Legacy and the Pointen's are joint tenants to an undivided 34.14% or 51.83 acres. The remaining 100 acres are owned by Legacy.
6. Per the Promissory Note, a total of \$4,924,880 was to be paid to Harvest Capital Management, however, actual funds were paid to the designated affiliate 1252064 Alberta Ltd. ("125") totalling \$4,664,880. These funds were paid on September 24, 2007 and on September 25, 2007, \$4,664,880 was wired to Castro & Berguido International Inc. in Panama.
7. The Monitor was able to confirm that payments were made to 125 and affiliated entities. The Monitor has assumed that the amounts were used as noted in the Promissory Notes. Refer to note 8.
8. Since the Monitor's second report, Ernst & Young Inc. has been appointed the Monitor of 125, 133, and HCM. It is our intention to obtain a list of all creditors, form a realization plan of assets, and distribute the funds based on the priority rankings of creditors. This process will determine the recoverable amounts to investors.
9. Legacy has purchased two water licenses and paid a total of \$937,582. The balance outstanding on the licenses totals \$1,012,500 plus interest. One of the water licenses was purchased from 1330075 Alberta Ltd ("133"), an affiliated entity and \$125,000 remains outstanding. The purchase and sale agreements have been reviewed and amounts paid for the water licenses agree to the purchase price noted in the agreements.

	Total	1330075 Alberta Ltd.	Allen's Trout Farm Inc.
Purchase Price	1,950,000	950,000	1,000,000
Payments	(937,500)	(825,000)	(112,500)
Outstanding Payments	1,012,500	125,000	887,500

As the Monitor of 133, we obtained documentation indicating that 133 purchased land from a third party for \$825,000. In order to obtain the funds to purchase the lands, 133 and Legacy entered into a purchase and sale agreement whereby Legacy would purchase the water rights associated with the land in the amount of \$950,000. It appears the purpose of purchasing the water rights was to fund 133's purchase of the lands. The lands remained with 133 and were subsequently transferred to Harvest Group LP. The lands are secured by a mortgage to a third party.
10. Commissions are calculated as 10% of total capital raised. The variance indicates there is an overpayment of commissions. It is likely that Foundation Capital Corp. who earns commissions was overpaid. This overage can be combined with the overpayment of management fees. Refer to note 13.
11. The expected pre-development costs as noted in the OM were understated.
12. The Management Agreements between Legacy and FCC were reviewed by the Monitor. The terms of the agreement state that FCC is to provide marketing, advertising, sales services and management services.

Legacy is to compensate FCC by reimbursing FCC for out of pocket expenses incurred in providing the services in addition to an annual fee of 1% of capital raised.

13. Expected management fees were calculated for each OM separately as management fees may have been limited to a specific amount depending on the OM. As a result, the calculations for each OM is slightly different. Total fees calculated are from July 15, 2005 to November 30, 2011 Fees are calculated at 1% of capital raised and are due on an annual basis. Payments were made to the following affiliated entities:

Foundation Capital Corporation	233,467.95
Harvest Capital Management Inc.	70,348.63
Harvest Group LP	(62,106.45)
Harvest Water Inc.	1,758.54
1252064 Alberta Ltd.	1,328,750.00
1330075 Alberta Ltd.	59,934.02
	1,632,152.69

Marketing invoices were provided by FCC and affiliated entities for the period of January 2005 to September 2009. Actual marketing costs incurred spanning the period of Legacy's OMs. totalled approximately $1 3 million. Approximately $400,000 could be allocated to Legacy based on the number of OMs being marketed by Harvest/Foundation during the same time frame. As a result, the overpayment of $246,950.79 which consists of $150,736.68 (management fee overage) and $96,214.11 (overpayment of commissions) may be considered to be supported. The Monitor does not see the need to pursue this variance any further.

14. Unknown payments represent payments made by Legacy to unknown recipients. To date, no supporting documentation has been provided by Legacy.

APPENDIX B

Combined Airdrie Capital Corporation and Airdrie Country Estates Analysis
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2006 to November 30, 2011
($Cdn, Unaudited)

	Notes	Actual	Combined Expected	Variance
Cash Inflows				
Gross investment from Bondholders	1	14,723,762.00	14,723,762.00	-
Equity investment	1	14,738.50	14,738.50	-
Less: various costs		54,468.64	54,468.64	-
Net investments deposited per bank statement	2	14,684,031.86	14,684,031.86	-
Loan from ACC	3	11,413,150.00	11,942,231.40	(529,081.40)
Net loan to ACE	3	(11,413,150.00)	(11,942,231.40)	529,081.40
Unknown transactions - Deposits	4	2,450.00	-	2,450.00
Total Cash Inflows		14,686,481.86	14,684,031.86	2,450.00
Cash outflows				
Land purchase and debt assumption - 1252064 Alberta Ltd.	3	12,000,000.00	12,000,000.00	-
Operating and Administrive Costs				
Commissions	5	1,397,880.00	1,472,376.20	(74,496.20)
Eyelogic	6	96,476.24	156,674.05	(60,197.81)
Alberta and BC securities commission		6,939.61	6,939.61	-
Olympia Trust		78,756.36	78,756.36	-
Legal fees		9,667.64	9,667.64	-
Bank charges		1,324.42	1,324.42	-
Other minor costs		830.95	830.95	-
		13,591,875.22	13,726,569.23	(134,694.01)
Payments to Affiliated Entities and Unknown Transactions				
FCC or affiliated entity - Management Fees	7	1,087,793.35	743,258.87	344,534.49
Unknown transactions - Payments	4	315.00	-	315.00
		1,088,108.35	743,258.87	344,849.49
Total Cash Outflows		14,679,983.57	14,469,828.10	210,155.48
Net Cash Inflows/(Outflows)		6,498.29	214,203.76	(207,705.48)

Combined Airdrie Capital Corporation and Airdrie Country Estates Analysis
Notes to the Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2006 to November 30, 2011
($Cdn, Unaudited)

1. Total investments as noted in the Affidavit of Ron Aitkens ("Affidavit") agrees to the bondholder listing provided to the Monitor.
2. Represents net funds raised through the Offering Memorandums ("OM").
3. The loan transaction is between Airdrie Capital Corporation ("ACC") and Airdrie Country Estates ("ACE"). Pursuant to the Affidavit, ACE was to purchase the Lands from 1252064 Alberta Ltd. ("125") with the loan proceeds from ACC. Our review of the bank transactions indicate that funds loaned to ACE was less than expected by approximately $530,000. The Monitor is currently waiting for a response regarding the variance as it suggests the ACE did not have the funds necessary to make the purchase. Upon review of the ACC bank account, 125 was the recipient of funds. As a result, the Monitor has assumed that the shortfall of funds paid to 125 by ACE was paid by ACC directly.
4. The sources of the receipts and the recipients of the disbursements are unknown. As the amount is minimal, the Monitor has not pursued this further.
5. The variance reflects an underpayment of commissions. As third parties have likely been paid their fees, the Monitor assumes the underpayment is to FCC and should be offset against the overpayment of management fees. Refer to note 6.
6. Fees owing to Eyelogic have not been paid in full. The outstanding balance has been agreed to the December 1, 2011 Statement of Account.
7. Consists of management fees calculated at 1% of capital raised which are due on an annual basis and funds due to Harvest Capital Management Inc. for working capital. Payments were made to the following affiliated entities:

Foundation Capital Corporation	132,701.00
Harvest Group LP	(23,407.65)
1252064 Alberta Ltd.	978,500.00
	1,087,793.35

Marketing invoices were provided by FCC and affiliated entities for the period of January 2005 to September 2009. Actual marketing costs incurred spanning the period of Airdrie's OMs, totalled approximately $1 million. Approximately $285,000 could be allocated to Airdrie based on the number of OMs being marketed by Harvest/Foundation during the same time frame. As a result, the overpayment of $270,038.29 which consists of $344,534.49 (management fee overage) less $74,496.20 (underpayment of commissions) may be considered to be supported. The Monitor does not see the need to pursue this variance any further.

APPENDIX C

Railside Capital Inc. and Railside Industrial Park Inc.
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of March 1, 2008 to March 30, 2012
($Cdn, Unaudited)

	Notes	Actual	Expected	Variance
Cash Inflows				
Gross investment from Bondholders	1	34,233,299.10	34,233,299.10	-
Less: various costs	2	69.00	69.00	-
Net investments deposited per bank statement	2	34,233,368.10	34,233,368.10	-
Loan to Railside Industrial Park Inc.		(30,192,504.00)	(30,192,504.00)	-
Loan from Railside Capital Inc.		30,192,504.00	30,192,504.00	-
Eyelogic share purchase		600.00	600.00	-
GST Refunds		40,612.70	40,612.70	-
Total Cash Inflows		34,274,580.80	34,274,580.80	-
Cash Outflows				
Investments and Assets				
Purchase of Railside Lands from 1252064 AB Ltd.	3	22,500,000.00	22,500,000.00	-
Purchase of Hegedus Lands from Chris Hegedus	4	233,376.27	-	(233,376.27)
Operating and Administrive Costs				
Commissions		3,414,812.36	3,419,829.91	5,017.55
KMC Capital Inc.		112,760.04	112,760.04	-
Development costs		5,104,586.03	5,104,586.03	-
Management fees - IBM 3 Developments Ltd.		165,521.14	165,521.14	-
Alberta and BC securities commission		19,955.14	19,955.14	-
Legal costs		32,068.58	32,068.58	-
Insurance		2,222.00	2,222.00	-
Property taxes		146,954.81	146,954.81	-
Bank charges		1,795.29	1,795.29	-
Advertising		167,948.11	167,948.11	-
		31,901,999.77	31,673,641.05	(228,358.72)
Payments to Affiliated Entities and Unknown Transactions				
Non-arms length parties				
Foundation Capital Corp.		229,053.00	800,000.00	570,947.00
Harvest Capital Management Inc.		-	7,500.00	7,500.00
Harvest Group LP		18,317.00	-	(18,317.00)
1252064 AB Ltd.		2,830,140.73	-	(2,830,140.73)
1330075 Alberta Ltd.		(25,500.00)	-	25,500.00
FCC or affiliated entity - Management Fees	5, 8	3,052,010.73	807,500.00	(2,244,510.73)
RCI - Unknown disbursements	6	90,625.72	-	(90,625.72)
RIP - Unknown disbursements	6	50,000.00	-	(50,000.00)
RIP - Deposit	7, 8	(1,000,000.00)	-	1,000,000.00
		2,192,636.45	807,500.00	(1,385,136.45)
Total Cash Outflows		34,094,636.22	32,481,141.05	(1,613,495.17)
Net Cash Inflows/(Outflows)		179,944.58	1,793,439.75	1,613,495.17

Railside Capital Inc. and Railside Industrial Park Inc.
Notes to Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of March 1, 2008 to March 30, 2012
($Cdn, Unaudited)

1. Gross investments from bondholders agree to the creditor listing as at March 21, 2012.
2. The net investment deposited in the RCI bank account is greater than the gross investment raised by $69.00. It is possible that one of the unknown payments is a return of investment to a bondholder which would reduce net investments and increase various costs. The Monitor has requested an explanation for this variance on June 11, 2012.
3. The purchase price agrees to the Purchase and Sale Agreement dated February 11, 2008 between Railside Industrial Park Inc. ("RIP") and 1252064 Alberta Ltd. ("125"). This is consistent with the information provided in the Offering Memorandum ("OM").
4. RIP was advised by the Project Manager, IPM Consulting that the purchase of the lands would be the most cost effective method of gaining access to the CPR rail line. This purchase would be to the benefit of potential owners who would have access to the rail line for delivery and drop offs. The Purchase and Sale agreement dated October 14, 2009 was between IPM Consulting or Assignee and Chris Hegedus.
5. Consists of repayment of working capital and management fees. Expected management fees are calculated at 1% of capital raised and are due on an annual basis. It appears that actual fees paid are higher than expected. On June 12, 2012, a schedule of Railside invoices paid by affiliated entities was provided. $4,374,859.27 was supported by copies of invoices and the Monitor was able to verify that the funds were paid from the affiliated entities bank account. However, $964,739.87 remains unsupported. The Monitor has requested copies of invoices to verify the schedule. Payments made to the following affiliated entities are noted below:

Management fees to FCC or affiliated entities	229,053
Harvest Group LP	18,317
1252064 AB Ltd.	2,830,141
1330075 Alberta Ltd.	(25,500)
	3,052,011

Payments to 125 are as follows:

28-Oct-08	2,500,000.00
10-Nov-08	1,000,000.00
20-Nov-08	1,000,000.00
21-Nov-08	1,000,000.00
15-Dec-08	500,000.00
23-Dec-08	50,000.00
07-Jan-09	300,000.00
13-Jan-09	225,000.00
23-Feb-09	150,000.00
24-Feb-09	250,000.00
31-May-11	230,000.00

	7,205,000.00
Less development costs paid by affiliated entities	(4,213,538.13)
Less IPM fees paid by affiliated entities	(161,321.14)
	2,830,140.73

6. Unknown payments represent payments made by Railside to unknown recipients. Supporting documentation was requested on May 10, 2012. The Monitor has not received support for these disbursements.
7. There is an unknown deposit of $1 million on November 20, 2008. According to Ron Aitkens ("Aitkens"), 125 made the deposit. Our review of 125's bank statement indicates there was a $1 million payment on November 24, 2008 to an unknown recipient. Aitkens claims that the discrepancies in respect of the dates was a banking error that was corrected several days later. Aitkens has requested supporting documentation from the banking institution to support his claim on June 12, 2012.
8. Our analysis indicates there is an overpayment of management fees of $2,244,510.73. However, if supporting documentation of $964,739.87 in respect of the development costs paid by affiliated entities, and the banking institution is available to provide supporting documentation that confirms that 125 deposited $1 million to Railside, the overpayment of management fees would be reduced as follows:

Current overpayment of management fees	2,244,510.73
Less: development costs paid by affiliated entities	(964,739.87)
Less: deposit by 125	(1,000,000.00)
	279,770.86

APPENDIX D

CERTIFIED COPY OF
Certificate of Title

S

LINC	SHORT LEGAL
0026 105 990	4;24;47;33;SE

TITLE NUMBER: 092 104 603
TRANSFER OF LAND
DATE: 06/04/2009

AT THE TIME OF THIS CERTIFICATION

RAILSIDE INDUSTRIAL PARK INC..
OF #4 4002 9 AVE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

THE SOUTH EAST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS.
EXCEPTING THEREOUT:

		HECTARES	(ACRES) MORE OR LESS
A) THE MOST NORTHERLY SIXTY SIX (66) FEET THROUGHOUT OF THE SAID QUARTER SECTION FOR ROADWAY		1.62	4.00
B) PLAN 3446NY	ROAD	1.84	4.54
C) PLAN 9422421	ROAD	0.395	0.98

EXCEPTING THEREOUT ALL MINES AND MINERALS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
812 145 267	19/06/1981	UTILITY RIGHT OF WAY GRANTEE - ICG UTILITIES (PLAINS-WESTERN) LTD.
082 173 131	25/04/2008	UTILITY RIGHT OF WAY GRANTEE - BATTLE RIVER RURAL ELECTRIFICATION ASSOCIATION LIMITED.
122 071 556	08/03/2012	MORTGAGE MORTGAGEE - RAILSIDE CAPITAL INC.. #4, 4002 - 9TH AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $34,199,100

(CONTINUED)

Certificate of Title

TITLE NUMBER: 092 104 603

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS [illegible] DAY OF MARCH ,2012

SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: COUNTY OF WETASKIWIN NO. 10
REFERENCE NUMBER:
072 687 868
TOTAL INSTRUMENTS: 003

CERTIFIED COPY OF

Certificate of Title

S

LINC	SHORT LEGAL
0026 105 982	4;24;47;33;SW

TITLE NUMBER: 092 104 603 +1
TRANSFER OF LAND
DATE: 06/04/2009

AT THE TIME OF THIS CERTIFICATION

RAILSIDE INDUSTRIAL PARK INC..
OF #4 4002 9 AVE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

THE SOUTH WEST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN,
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS.
EXCEPTING THEREOUT:

		HECTARES	(ACRES) MORE OR LESS
A) ROADWAY DESCRIBED IN C.OF T. 79-E-2		1.62	4.00
B) PLAN 2633KS	ROAD (NUISANCE GR.)	0.837	2.07
	ROAD (ACCESS)	0.125	0.31
C) PLAN 3446NY	ROAD	2.04	5.06
D) PLAN 9422421	ROAD	0.090	0.22

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
812 123 931	28/05/1981	CAVEAT RE : EASEMENT CAVEATOR - ICG UTILITIES (PLAINS-WESTERN) LTD.
102 048 766	11/02/2010	BUILDER'S LIEN LIENOR - WEDLER ENGINEERING LLP. ATTN: BRUCE E. MINTZ C/O MINTZ LAW 400 THE DORCHESTER 10357 - 109 STREET EDMONTON ALBERTA T5J1N3 AGENT - GLEN DARYCHUK AMOUNT: $38,500
112 055 339	28/02/2011	BUILDER'S LIEN LIENOR - WEDLER ENGINEERING LLP. C/O LIEN PRO INC. 201-11062 156 ST

(CONTINUED)

CERTIFIED COPY OF

Certificate of Title

SHORT LEGAL 4;24;47;33;SW
NAME RAILSIDE INDUSTRIAL PARK INC.
NUMBER 092 104 603 +1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		EDMONTON ALBERTA T5P4M8 AGENT - LIEN-PRO INC.. AMOUNT: $32,253
112 211 059	13/07/2011	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 112055339
112 290 954	15/09/2011	CERTIFICATE OF LIS PENDENS BY - I.P.M. 3 DEVELOPMENTS LTD.. COURT FILE NUMBER 1112000311
122 071 556	08/03/2012	MORTGAGE MORTGAGEE - RAILSIDE CAPITAL INC.. #4, 4002 - 9TH AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $34,199,100

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 08 DAY OF MARCH ,2012

SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: COUNTY OF WETASKIWIN NO. 10
REFERENCE NUMBER:
072 687 868 +1
TOTAL INSTRUMENTS: 006

CERTIFIED COPY OF

Certificate of Title

S

LINC
0017 303 561

SHORT LEGAL
4;24;47;32;SE

TITLE NUMBER: 092 410 920
TRANSFER OF LAND
DATE: 16/11/2009

AT THE TIME OF THIS CERTIFICATION

RAILSIDE INDUSTRIAL PARK INC..
OF 4, 4002-9TH AVE N
LETHBRIDGE
ALBERTA T1H 6T8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION THIRTY TWO (32)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN
DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF A LINE DRAWN EAST OF, PARALLEL WITH, AND FIFTY (50) FEET PERPENDICULARLY DISTANT FROM THE CENTRE LINE OF THE CALGARY AND EDMONTON RAILWAY, AS SHOWN ON RAILWAY PLAN 7257BF WITH A LINE DRAWN EASTERLY AT RIGHT ANGLES FROM THE SAID CENTRE LINE OF SAID RAILWAY FROM A POINT THEREON WHICH IS DISTANT NORTHERLY EIGHT HUNDRED AND NINETY SEVEN (897) FEET FROM ITS INTERSECTION WITH THE SOUTH LIMIT OF THE SAID QUARTER SECTION MEASURED ALONG SAID CENTRE LINE, THENCE EASTERLY AND AT RIGHT ANGLES FROM SAID CENTRE LINE OF SAID RAILWAY AND ALONG THE SOUTHERLY LIMIT OF THE SATION GROUNDS OF THE CALGARY AND EDMONTON RAILWAY, A DISTANCE OF ONE HUNDRED (100) FEET; THENCE SOUTHERLY PARALLEL WITH THE SAID CENTRE LINE OF SAID RAILWAY A DISTANCE OF TWO HUNDRED (200) FEET, THENCE WESTERLY AT RIGHT ANGLES TO THE SAID CENTRE LINE OF SAID RAILWAY A DISTANCE OF ONE HUNDRED (100) FEET TO THE EASTERLY LIMIT OF THE SAID RIGHT OF WAY; THENCE ALONG THE EASTERLY LIMIT OF THE SAID RIGHT OF WAY A DISTANCE OF TWO HUNDRED (200) FEET, MORE OR LESS TO THE POINT OF COMMENCEMENT

EXCEPTING THEREOUT ALL MINES AND MINERALS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
122 071 556	08/03/2012	MORTGAGE MORTGAGEE - RAILSIDE CAPITAL INC.. #4, 4002 - 9TH AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $34,199,100

(CONTINUED)

Certificate of Title

TITLE NUMBER: 092 410 920

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 08 DAY OF MARCH ,2012

REGISTRAR OF LAND TITLES

SUPPLEMENTARY INFORMATION
VALUE: $225,000
CONSIDERATION: $225,000
MUNICIPALITY: TOWN OF MILLET
REFERENCE NUMBER:
012 225 795
TOTAL INSTRUMENTS: 001

APPENDIX E

Foundation Place Capital Inc. and Foundation Place Inc.
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of February 1, 2008 to February 28, 2012
($Cdn, Unaudited)

	Notes	Actual	Expected	Variance
Cash Inflows				
Gross investment from Bondholders	1	8,513,505.00	8,513,505.00	-
Less: various costs		-	-	-
Net investments deposited per bank statement		8,513,505.00	8,513,505.00	-
Loan to Foundation Place Inc.		(5,625,700.00)	(6,541,255.28)	(915,555.28)
Loan from Foundation Place Capital Inc.		5,625,700.00	6,541,255.28	915,555.28
Eyelogic share purchase		600.00	600.00	-
Total Cash Inflows		8,514,105.00	8,514,105.00	-
Cash Outflows				
Investments and Assets				
Purchase of Foundation Land from 1252064 Alberta Ltd.	2	4,420,000.00	4,500,000.00	(80,000.00)
Loan to 1252064 - Haiku Management LP	3	1,562,500.00	-	1,562,500.00
Operating and Administrive Costs				
Commissions		852,000.00	850,500.00	1,500.00
KMC Capital Inc.		47,032.23	47,032.23	-
Project Management - Landstar Teamworks		405,177.17	405,177.17	-
Development costs		559,988.67	559,988.67	-
Alberta and BC securities commission		7,725.76	7,725.76	-
Legal costs		12,089.50	12,089.50	-
Bank charges		1,167.83	1,167.83	-
		7,867,681.16	6,383,681.16	1,484,000.00
Payments to Affiliated Entities and Unknown Transactions				
Non-arms length parties		-	-	
Foundation Capital Corp.		97,540.00	813,461.70	(715,921.70)
Harvest Capital Management Inc.		-	15,000.00	(15,000.00)
1330075 Alberta Ltd.		387,000.00	-	387,000.00
FCC or affiliated entity - Management Fees	4	484,540.00	828,461.70	(343,921.70)
FPI - Unknown disbursements	5	134,001.65	-	134,001.65
		618,541.65	828,461.70	(209,920.05)
Total Cash Outflows		8,486,222.81	7,212,142.86	1,274,079.95
Net Cash Inflows/(Outflows)		27,882.19	1,301,962.14	(1,274,079.95)

Foundation Place Capital Inc. and Foundation Place Inc.
Notes to Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of February 1, 2008 to February 28, 2012
($Cdn, Unaudited)

1. Agrees to bondholderlisting provided to the Monitor.
2. The Monitor requested a copy of the statement of adjustments and statement of receipts and disbursements on May 16, 2012 to confirm the actual price paid by Foundation. The Monitor has not received these supporting documentations.
3. Based on the limited information provided by Foundation, it appears that Foundation loaned 1252064 Alberta Ltd. ("125") $1,562,500 via payment to Schinnour Matkin Law for the purchase of 50 units of Haiku Management Limtied Partnership. It is our understanding that the units are in the name of 125. The Monitor has requested a complete copy of the Limited Partnership agreement dated January 30, 2009 and an explanation of the transaction. This documentation has not been provided to the Monitor.
4. Expected management fees are calculated at 1% of capital raised and are due on an annual basis. It appears that actual fees paid are less than expected. On April 3, 2008, 1330075 Alberta Ltd. ("133") receives $387,000. Our review of 133's bank statement indicates that on the same day the funds are transferred, a total of $1,629,616 is transferred to an unknown recipient. The Monitor requested supporting documentation on June 4, 2012. The Monitor has not received support for this disbursement.
5. There are three unknown payments paid by FPI which are listed below. The Monitor requested supporting documentation on May 10, 2012. The Monitor has not received support for these disbursements.

31-Mar-10	123,501.65
13-May-11	10,500.00
	134,001.65

APPENDIX F

LAND TITLE CERTIFICATE

S
LINC: 0034 298 034
SHORT LEGAL: 1011477;4;41
TITLE NUMBER: 101 106 898

LEGAL DESCRIPTION
PLAN 1011477
BLOCK 4
LOT 41
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;10;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 101 093 838
081 313 561

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
101 106 898	15/04/2010	PLAN OF SURVEY - NEW TITLE		

OWNERS

FOUNDATION PLACE INC..
OF #4,4002 9TH AVE NORTH
LETHBRIDGE
ALBERTA T1H 6T6

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 290 476	05/08/2004	CAVEAT RE : RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
101 106 898

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 390 677	05/08/2004	CAVEAT RE : RESTRICTIVE COVENANT
071 434 678	30/08/2007	CAVEAT RE : AGREEMENT OF PURCHASE & SALE , ETC. CAVEATOR - MILOMAS ENTERPRISES LTD.. 5 201 GRAND BLVD COCHRANE ALBERTA T4C2G4 AGENT - SHELLEY E MARRIOTT.
091 091 720	06/04/2009	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - LANDSTAR TEAMWORKS PROJECT MANAGEMENT LTD.. C/O MARRIOTT & COMPANY, #5, 201 GRAND BOULEVARD COCHRANE ALBERTA T4C2G4 AGENT - RANDY MARRIOTT
091 191 225	07/07/2009	MORTGAGE MORTGAGEE - FOUNDATION PLACE CAPITAL INC.. 4, 4003-9 AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $8,900,000
121 031 424	06/02/2012	CERTIFICATE OF LIS PENDENS BY - LANDSTAR TEAMWORKS PROJECT MANAGEMENT LTD..

TOTAL INSTRUMENTS: 006

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 15 DAY OF MARCH, 2012 AT 09:17 A.M.

ORDER NUMBER:20816442

CUSTOMER FILE NUMBER: 444-V.Smith

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

(CONTINUED)

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).

Exhibit M

This is Exhibit " M " to the Affidavit of
NEIL NARFASON sworn before
me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for
the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

FORM 10
[RULE 3.25]

CLERK'S STAMP

COURT FILE NUMBER	1301-
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFFS	JAMES ROEMMICH, BARRIE REAGAN, ADRIEN JOLY, SHAWNA JOLY, RODNEY COPPOCK, LUCIENNE ROMAN, BILL DICKSON, JOE OVERWATER, BARBARA DICKSON, TIMOTHY FAST, and KEN SMITH as Representative Plaintiffs
DEFENDANTS	RONALD JAMES AITKENS, LUCILLE AITKENS, TERRESSA MOORE, ROY JUERGEN BEYER, BEYER CONSULTING LTD., FRANK LONARDELLI, TOM STAN, SCOTT ROHRER, MARK McCARTHY, RALPH BENNETSEN, NOEL WINTER, WAYNE TINKER, FOUNDATION HOMES INC., HARVEST DIVERSIFIED INVESTMENTS "2" LTD., HARVEST DIVERSIFIED CAPITAL "2" LTD., HARVEST DIVERSIFIED INVESTMENTS I LTD., HARVEST DIVERSIFIED CAPITAL I LTD., FOUNDATION MORTGAGE "3" CORPORATION, HARBOUR VIEW CAPITAL INC., HARBOUR VIEW LANDING INC., FOUNDATION CAPITAL CORPORATION, 1379599 ALBERTA LTD., EYELOGIC SYSTEMS INC., EXEMPT EXPERTS INC., TARGET CAPITAL INC., FOUNDATION RESOURCES TRUST or FOUNDATION GROUP CAPITAL TRUST d/b/a FOUNDATION RESOURCES OIL & GAS, NEO EXPLORATION INC., CORVAL ENERGY LTD., FOUNDATION GROUP DEVELOPMENT TRUST, FOUNDATION RESOURCES LIMITED PARTNERSHIP, FOUNDATION RESOURCES GP CORPORATION, FOUNDATION GROUP CAPITAL TRUST, 1236120 ALBERTA LTD., 1277169 ALBERTA LTD., 1330073 ALBERTA LTD., HARVEST WATER LTD., FOUNDATION SECURITIES CORP., and FOUR SQUARED MANAGEMENT INC. ***Brought under the Class Proceedings Act***
DOCUMENT	**STATEMENT OF CLAIM**

WSLegal\069767\00001\8697412v2

Statement of facts relied on:

THE PARTIES

1. The Representative Plaintiffs are residents of Alberta. They bring this action on their own behalf and on behalf of all persons who invested in or with, or loaned money to any of the Defendants and who were defrauded, misled, harmed or not repaid in full or in part by any of the Defendants, with respect to the Investment Scheme described below (the "Class Members").

2. The Defendants Ronald James Aitkens ("Aitkens"), Terressa Moore, Roy Juergen Beyer, Frank Lonardelli, Tom Stan, Scott Rohrer, Mark McCarthy, Noel Winter, Wayne Tinker and Ralph Bennetsen (collectively, the "Personal Defendants") are, to the best of the Plaintiffs' knowledge, residents of Alberta. The Personal Defendants controlled, directed, and benefited from the Investment Scheme described below.

3. The Defendants Beyer Consulting Ltd., 1379599 Alberta Ltd., 1236120 Alberta Ltd., 1277169 Alberta Ltd., 1588803 Alberta Ltd., 1330073 Alberta Ltd., Foundation Homes Inc., Harvest Diversified Investments "2" Ltd., Harvest Diversified Capital "2" Ltd., Harvest Investments I Ltd., Harvest Diversified Capital I Ltd., and Four Squared Management Inc. ("Four Squared") are all Corporations utilized by the Personal Defendants to shelter and convert Investor Funds (collectively, the "Personal Defendant Corporations").

4. The Defendants Foundation Mortgage "3" Corporation ("FM3"), Harbour View Capital Inc., Harbour View Landing Inc., Foundation Resources Trust or Foundation Group Capital Trust d/b/a Foundation Resources Oil & Gas ("FROG"), Corval Energy Ltd., Foundation Group Development Trust, Foundation Resources Limited Partnership, Foundation Resources GP Corporation, Neo Exploration Inc., and Harvest Water Ltd. (collectively, the "Project Companies") are, to best of the Plaintiffs' knowledge, entities which carry on business and are headquartered in Alberta.

5. The Project Companies were organized, incorporated and employed by the Personal Defendants, or by some other combination of the Defendants, for the purpose of

implementing and perpetrating the Investment Scheme described below, and they are the vehicles by which it was carried out and perpetrated. At all material times, the Project Companies:

(a) were under the common control and direction of Aitkens and the other Personal Defendants;

(b) were operated in a non-arms' length manner;

(c) were operated at the direction of Aitkens and other the Personal Defendants for the purpose of implementing the Investment Scheme;

(d) were used interchangeably when dealing with third parties for whatever purpose suited the Defendants at any particular point in time;

(e) failed to maintain their individual, corporate or business identity or purpose; and

(f) were operated and held out as part of a single, integrated enterprise called "The Harvest Group of Companies".

6. Each of the Project Companies and the Personal Defendant Corporations is a body corporate incorporated pursuant to the laws of Alberta.

7. It is the Plaintiffs' current intention to seek leave of this Honourable Court to name the following corporations, also used by the Personal Defendants in the Investment Scheme, as additional Defendants, if and only if stays in place pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, are lifted or varied: 1252064 Alberta Ltd., 1330075 Alberta Ltd., Harvest Capital Management Inc., 1357686 Alberta Ltd., and 1610822 Alberta Ltd.

8. The Defendants Foundation Capital Corporation and Foundation Securities Corp. (collectively, the "Dealer Defendants") were used by the other Defendants, or certain of them, as exempt market dealers to market and sell securities in the Project Companies to investors. They are bodies corporate incorporated pursuant to the laws of Alberta.

9. The Defendants Eyelogic Systems Inc. ("Eyelogic"), Exempt Experts Inc., and Target Capital Inc. (collectively, the "Eyelogic Defendants"), are Alberta corporations. They are bodies corporate incorporated pursuant to the laws of Alberta. The Eyelogic Defendants assisted in the perpetration of the Investment Scheme described below.

10. Although the Project Companies are named parties, the only relief sought in respect of them is relief available for their benefit under the oppression provisions of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "*ABCA*").

THE INVESTMENT SCHEME GENERALLY

11. Commencing in or about 2001, the Defendants, or certain of them, conspired and acted jointly to mislead the Plaintiffs and Class Members and to defraud them of funds by means of an investment scheme (the "Investment Scheme"). In particular, the Defendants agreed to, and they did:

(a) solicit and convert funds from investors by promoting land development and other "projects" in various jurisdictions through misleading, illegal and improper means;

(b) use funds from one group of investors not for the purposes communicated to the investors, but rather to pay "returns" to other investors in pyramid or ponzi scheme fashion to create a false impression of prosperity and validity; and

(c) convert certain of the investors' funds to their own use for the purpose of enriching themselves.

12. As described below, the Investment Scheme was a fraudulent means designed and carried out by the Defendants, or certain of them, to acquire and convert to their own benefit the Plaintiffs' and Class Members' money.

13. The Defendants, or certain them, solicited, raised and spent funds from investors in a manner that contravened the *Securities Act* (Alberta), including, but not limited to parts 17 and 17.01 thereof, and equivalent legislation in other provinces.

14. Since approximately 2001, the Defendants have illegally solicited funds from hundreds of investors in connection with approximately 16 purported real estate development, resource development, or financial investment projects (the "Projects"), none of which was genuine or as represented. In total, the Defendants raised approximately $500,000,000.00 in connection with the Projects, none of which ever came to fruition or produced any meaningful or genuine returns to investors.

15. The Defendants promoted the Projects through presentations, seminars, word of mouth, handouts and, in most cases, through "Offering Memoranda" (the "OMs"). The OMs were conceived, created and employed to circumvent certain public protection provisions of securities legislation. The OMs, the other promotional material, and the information communicated verbally to investors were rife with falsehoods and misrepresentations concerning the Projects, including express and implied representations that:

(a) the investments were safe, risk-free, and that returns were guaranteed;

(b) investor funds would be used solely for the purposes stated;

(c) investors would be updated regularly and provided with financial statements; and

(d) such further or other misrepresentations as will be proved at the trial of this Action.

16. For most Projects, the Defendants created separate Project Companies, raised funds in respect of each Project through the means described in paragraph 15, and represented to investors that they would receive a "unit" consisting of a bond paying interest at a set annual rate, plus a share entitling the holder to significant eventual profits. For other Projects, the Defendants offered a bond that was to pay a high rate of interest. Once funds were thereby raised from investors, the Defendants commingled and misappropriated the funds (often via improvident and fraudulent transactions with non-arms' length entities) for their own benefit. The Defendants failed to cause the Project Companies to use investors' funds as represented in the OMs.

17. The Personal Defendants conspired and worked together to perpetrate the Investment Scheme. They retained agents to help promote the Projects, in each case providing such agents with false information about the Projects with the intention that prospective investors would in turn be misled by the agents.

THE DEFENDANTS

18. The Plaintiffs do not yet know the exact role played by each of the Defendants in the Investment Scheme. Aitkens is an officer, director and shareholder of most of the Project Companies, and in every case he was the directing or controlling mind. Aitkens conceived of and formed "The Harvest Group of Companies", described below, and he authorized, directed, permitted or acquiesced in the creation and use of promotional materials to market the Projects to investors. Aitkens personally moved the scheme forward, made misrepresentations as described above to investors, and received benefit from investors' funds. Aitkens was the "face" of The Harvest Group of Companies and of the Investment Scheme.

OVERVIEW: HARVEST GROUP OF COMPANIES

19. Each of the Defendants other than the Eyelogic Defendants held itself out as belonging to and operating under a common structure and organization known as "The Harvest Group of Companies." The stated purpose of The Harvest Group of Companies was to introduce commercial real estate investment to thousands of investors. Under the name and style of The Harvest Group of Companies, the Defendants promoted investments in the Project Companies, most of which were purported real estate developments, but some of which involved oil and gas or financial investments.

20. The Project Companies operated at the control and direction of Aitkens and the other Personal Defendants. Each was merely a shell, sham, or captive company formed and/or incorporated for the purpose of obscuring this common purpose and organization. Although ostensibly in the business of providing legitimate real estate investments and developments, The Harvest Group of Companies was really in the business of improperly enriching the Personal Defendants.

21. Aitkens and the other Personal Defendants used two non arms'-length entities, the Dealer Defendants, to market and sell exempt market securities in the various Projects. Often the Dealer Defendants solicited such investments by conducting free "educational seminars" about financial well-being and investment strategies, so as to provide a veneer of respectability for the fundraising activities of Aitkens and the other Personal Defendants. The seminars were designed to encourage attendees to invest in the Projects, and sometimes to mortgage their homes or use their TFSA or RRSP accounts to do so. To strengthen this veneer of respectability, the Defendants structured the investments to be eligible for registered savings plans, they prepared documents styled as OMs (but which are not in fact OMs as that term is used in the *Securities Act*, R.S.A. 2000, c.5-4 (the "*Securities Act*")) designed to suggest that the investments were sophisticated and complied with securities legislation, they represented that the investments were "safe", risk-free, and "guaranteed", and they highlighted and emphasized the relative safety of investing in land, such as by the following proclamation:

> Real Estate cannot be lost or stolen, nor can it be taken away. Purchased with common sense, paid for in full, and managed with reasonable care, it's the safest investment in the world.

22. But the Defendants marketed no interests in land – they marketed securities.

23. The Defendants solicited investments in the following Projects:

    (a) Speculative real estate developments, including:

        (i) Railside Industrial Park;

        (ii) Foundation Place;

        (iii) Legacy Communities;

        (iv) Airdrie Country Estates;

        (v) Spruce Ridge Estates;

        (vi) Rocky View Estates;

(vii) Stoney View Crossing;

(viii) Harbour View Landing; and

(ix) Cimarron.

(b) FROG, a speculative oil and gas project;

(c) Bond investments known as Benchmark Capital, FM1, FM2, and FM3; and

(d) Retail complexes known as Liberty Crossing and West Springs.

24. The Defendants falsely emphasized the supposed safety and relatively risk free nature of each of the investments, guaranteeing or assuring investors of both steady cash flow and capital appreciation.

25. However, the investments were in fact high-risk, speculative investments, on which positive returns were made nearly impossible by the conduct of the Defendants including:

(a) the high and improper "lift" at which the investments were sold to investors. This "lift" provided substantial benefits to the Personal Defendants and their Personal Defendant Corporations and others, but had to be overcome before any returns to investors could be generated;

(b) improper, improvident, and nonsensical "management fees" charged by related entities despite those entities providing little or no actual management or oversight;

(c) the use of funds raised from investors for unrelated, undisclosed purposes, including "loans", "investments" and transfers to other related entities, often supported or documented by sham agreements or promissory notes, all of which diverted investor funds away from the stated purpose of each investment such that the Defendants were enriched while insufficient funds were left to actually carry out the promised investment objectives; and

(d) the use of the Project Companies as vehicles for enriching the Personal Defendants at the expense of investors.

THE PROJECTS

Real Estate Developments

26. The Defendants behaved in largely the same way for each real estate development project. Generally, investors were sold "units", which consisted of a bond issued by one corporation (the "BondCo") and non-voting common shares of another corporation (the "ShareCo"). The bulk of the purchase price of each unit went to the BondCo. The BondCo was to then loan investor funds to the ShareCo, purportedly to carry out the development activities and to hold the land being developed. The Defendants, or any of them, told investors that this investment structure:

(a) allowed for registered plan eligibility; and

(b) allowed for investors to benefit from both cash flow from the BondCo and capital gains from the ShareCo.

27. In every instance, the developments were sold using documents styled as OMs which stated that investor funds would be used only to purchase and develop land. In fact, this was a misrepresentation. The real estate developments were nothing more than attempts to benefit the Personal Defendants at the expense of investors. This was accomplished by:

(a) purchasing land from non arms'-length parties at inflated and improper valuations to give gains or "lift" to the Personal Defendants;

(b) using money raised from investors to pay "fees" and make "loans", which were nothing more than thinly disguised transfers of funds to non arms'-length entities for the purpose of commingling and concealing the flow of investor funds out of the Projects, and ultimately diverting those funds to the benefit of the Personal Defendants;

(c) not using funds as represented in the OMs and, in fact, not engaging in any or any substantial development activities;

(d) denying the investors financial and other information with respect to the Projects, to which investors were properly entitled as shareholders, creditors, or owners of partnership/trust units; and

(e) failing to manage the investments of the Plaintiffs with reasonable care. The Investment Scheme was an abject failure for investors. Only the Defendants benefitted.

28. As outlined with specific respect to each Project below, not a single real estate development marketed by the Defendants has moved past even the most preliminary conceptual planning stages. The Defendants, or certain of them, have improperly taken so many funds from each of the Projects that there are no longer funds sufficient to undertake any development.

Purported Real Estate Development – Railside Industrial Park

29. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Railside Capital Inc. and Railside Industrial Park Inc., purportedly for the purpose of purchasing land to develop, and then developing, an industrial park near Millet, Alberta to be known as the Railside Industrial Park, the legal description of which is set out in Schedule "A" to the Statement of Claim.

30. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Railside Capital Inc., and non-voting common shares in Railside Industrial Park Inc. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 7% per annum.

31. On the basis of representations made by the Defendants, or certain of them, and/or their said agents, the Representative Plaintiff James Roemmich purchased 250 units for a total price of $25,000.00, in or around March 6, 2008.

32. The Defendants, or certain of them, raised $35,000,000.00 from investors in the Railside Industrial Park Project. Of that, only $22,700,000.00 was used towards the purchase of land, which purchase was made from another member of The Harvest Group of Companies, 1252064 Alberta Ltd. ("1252064"), at an inflated and improvident value.

33. In truth, and contrary to representations made by the Defendants and their said agents, the Defendants, or certain of them, improperly paid themselves $9,100,000.00 in operating and administration costs, and made further improper payments totaling $2,200,000.00 to affiliated entities and unknown parties.

34. 1252064 also apparently owes Railside Industrial Park Inc. in excess of $6,200,000.00 due to an improvident and improper "loan" from Railside Industrial Park Inc. to 1252064 for reasons unknown and which is apparently unsecured.

35. Few if any development activities have taken place with respect to the Railside Industrial Park Project. Bonds were to be redeemed April 30, 2012. They were not. The said Representative Plaintiff has lost the vast majority of the value of his investment.

36. The said Representative Plaintiff and the other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the Representative Plaintiffs and the other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Foundation Place

37. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Foundation Place Capital Inc. and Foundation Place Inc., purportedly for the purpose of purchasing land to develop, and then developing, an office building complex in downtown Calgary, Alberta to be known as Foundation Place, the legal description of which is set out in Schedule "A" to the Statement of Claim.

38. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Foundation Place Capital Inc., and non-voting common shares in Foundation Place Inc. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 7% per annum.

39. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff James Roemmich purchased 750 units for a total price of $75,000.00, in or around August 8, 2008.

40. The Defendants, or certain of them, raised $8,500,000.00 from investors in the Foundation Place Project. Of that, only $4,400,000.00 was used towards the purchase of land, which purchase was made from 1252064 at an inflated and improvident value.

41. In reality, and contrary to representations made by the Defendants and their said agents, the Defendants, or certain of them, improperly paid themselves $1,900,000.00 in operating and administration costs, and made further improper payments totaling $618,000.00 to affiliated entities and unknown parties.

42. The Defendants, or certain of them, caused Foundation Place Capital Inc. and/or Foundation Place Inc. to make undisclosed, unauthorized, secret loans to 1252064 for purposes unknown, at unknown terms. Such a use of funds was not disclosed in the OMs issued for the Foundation Place Project. One such "loan" was made by either Foundation Place Capital Inc. or Foundation Place Inc. to 1250564 for an investment to be made in a corporation called Haiku Management Inc. in the amount of $1,562,500.00, $700,000.00 of which was improperly transferred by Haiku Management Inc. to Aitkens.

43. Few if any development activities have taken place with respect to the Foundation Place Project. Bonds were to be redeemed March 31, 2012. They were not. The said Representative Plaintiff has lost the vast majority of the value of his investment.

44. The said Representative Plaintiff and the other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the

said Representative Plaintiff and the other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Legacy Communities

45. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Legacy Communities Inc. ("Legacy"), purportedly for the purpose of purchasing land to develop, and then developing, a community to be known as Legacy Communities near the Glencoe Golf & Country Club and Elbow Valley Estates in Calgary, Alberta the legal description of which is set out in Schedule "A" to the Statement of Claim.

46. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Legacy and non-voting common shares in Legacy at a price of $100.00 per unit. The bonds were to pay interest at a rate of 6% per annum.

47. On the basis of the representations made by the Defendants and/or their said agents, the Representative Plaintiff Rodney Coppock purchased 200 units for a total price of $20,000.00, in or around June 15, 2007.

48. The Defendants, or certain of them, raised $35,400,000.00 from 1,746 investors in the Legacy Communities Project. Of that, only $17,900,000.00 was used towards the purchase of land.

49. In truth, and contrary to representations made by the Defendants, or certain of them, and their agents, the Defendants, or certain of them, improperly paid the bulk of the funds raised by Legacy to related entities, including 1252064, 1330075 Alberta Ltd. ("1330075"), and Harvest Capital Management Inc. The Defendants, or certain of them, transferred $4,700,000.00 of investor funds to 1252064, through a law firm in Panama. In exchange, with no plausible explanation, Legacy was granted an unsecured Promissory Note by Harvest Capital Management Inc. (not 1252064), which Promissory Note remains unpaid.

50. The Defendants, or certain of them, caused Legacy to make further unapproved and improper payments to a variety of other related entities, including to Foundation Capital Corporation in the amount of approximately $233,000.00, to Harvest Capital Management Inc. in the amount of $121,000.00, to Harvest Water Inc. in the amount of $1,758.00, to 1252064 in the amount of $1,046,000.00, and to 1330075 in the amount of approximately $276,000.00, contrary to the terms of the OMs and contrary to representations made to investors.

51. These "investments" were later claimed by the Defendants to have been made pursuant to an unwitnessed "Investment Agreement" which was purportedly executed by Aitkens on behalf of both Legacy and Harvest Capital Management Inc. Neither the supposed "Investment Agreement", nor such a use of funds was ever disclosed to existing or prospective investors. The "investments" were made on commercially unreasonable terms, they were improperly or insufficiently documented, and they were unsecured and unprotected.

52. The Defendants, or certain of them, caused Legacy to make additional improper payments of $549,000.00 by way of alleged management fees to unknown affiliated entities, and a further nearly $664,000.00 was improperly paid to unknown related entities in The Harvest Group of Companies. Further, 1330075 improperly utilized Legacy investor funds to purchase land near Granum, Alberta (the "Granum Land") from an arm's length third party for $825,000.00. The Granum Land had water rights associated with it which rights alone 1330075 sold to Legacy for $950,000.00 purportedly creating a payable from Legacy to 1330075. The Granum Land was then transferred from 1330075 to Harvest Group LP, which consented to the placement of a mortgage on the Granum Land. The entire transaction was a sham designed to enrich the Defendants, or certain of them, and was improper and contrary to the use of funds as represented in the OMs.

53. All of the above transactions were shams improperly designed to divert investor funds to the benefit of the Personal Defendants.

54. The OMs for the Legacy Communities Project represented that 503 acres would be purchased with investor funds, but no such purchase was made. Only 203 acres were purchased; while an option to purchase the remaining 297 acres existed, the numerous improper transfers described above have left no funds to exercise the option. Further, and also undisclosed to investors, a large majority of the lands under option are located in an undevelopable flood plain.

55. Few if any development activities have taken place with respect to the Legacy Communities Project. Bonds were to be redeemed December 31, 2011. They were not. The said Representative Plaintiff has lost the vast majority of the value of its investment.

56. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Airdrie Country Estates

57. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Airdrie Capital Corporation and Airdrie Country Estates Inc., purportedly for the purpose of purchasing land to develop, and then developing, land southeast of Airdrie, Alberta to be known as Airdrie Country Estates, the legal description of which is set out in Schedule "A" to the Statement of Claim.

58. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Airdrie Capital Corporation, and non-voting common shares in Airdrie Country Estates Inc. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 7% per annum.

59. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff Rodney Coppock purchased 150 units for a total price of $15,000.00, in or around March 29, 2007.

60. The Defendants, or certain of them, raised $14,700,000.00 from investors in the Airdrie Country Estates Project. Of that, only $12,000,000.00 was used towards the purchase of land, which purchase was made from 1252064, at an inflated and improvident value.

61. In truth, the Defendants, or certain of them, improperly paid inflated fees and costs:

(a) to Foundation Capital Corporation in the amount of $132,000.00;

(b) to Harvest Capital Management Inc. in the amount of $71,000.00;

(c) to 1252064 in the amount of $1,039,000.00;

none of which was as represented to investors.

62. Further, management fees to related entities were overpaid in the amount of $475,000.00.

63. Few if any development activities have taken place with respect to the Airdrie Country Estates Project. Complicating development efforts is the existence of a sour gas well on the Airdrie Country Estates Project lands, not disclosed to investors, which will make development difficult and which significantly lowers the value of the lands. Bonds were to be redeemed December 31, 2011. They were not. The said Representative Plaintiff has lost the vast majority of the value of his investment.

64. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Spruce Ridge Estates

65. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Spruce Ridge Capital Inc. and Spruce Ridge Estates Inc., purportedly for the purpose of purchasing land to develop, and then developing, land located just south of the City of Calgary in the Municipal District of

Foothills to be known as Spruce Ridge Estates, the legal description of which is set out in Schedule "A" to the Statement of Claim.

66. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Spruce Ridge Capital Inc., and non-voting common shares in Spruce Ridge Estates Inc. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 6% per annum.

67. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff Adrien Joly purchased 270 units for a total price of $27,000.00, in or around December 13, 2007.

68. The Defendants, or certain of them, raised approximately $49,000,000.00 from investors with respect to the Spruce Ridge Project. The Defendants purchased the lands from 133 for an inflated and improvident value of $42,700,000.00. The Defendants then misused investor funds by, for example, making an improvident, unauthorized, and unsecured loan in the amount of $340,000.00 to 125.

69. Few if any development activities have taken place with respect to the Spruce Ridge Estates Project. Bonds were to be redeemed December 31, 2012. They will not be redeemed because of the CCAA Proceedings. The said Representative Plaintiff has lost the vast majority of the value of his investment.

70. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Rocky View Country Estates

71. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants solicited investments in Rocky View Capital Corp. and Rocky View Estates Corp., purportedly for the purpose of purchasing land to develop, and then developing, land near

Balzac, Alberta, to be known as Rocky View Estates, the legal description of which is set out in Schedule "A" to the Statement of Claim.

72. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Rocky View Capital Corp., and non-voting common shares in Rocky View Estates Corp. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 7% per annum.

73. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff Rodney Coppock purchased 100 units for a total price of $10,000.00, in or around July 5, 2007.

74. The Defendants raised over $18,000,000.00 from investors with respect to the Rocky View Project. The Rocky View Lands were purchased from 1277169 Alberta Ltd., a company of which Mr. Aitkens is the sole director and shareholder. The lands were purchased for $625,000.00 more than set out in the Rocky View OM. As at November 1, 2011, the Rocky View Estate Lands were appraised as being worth $4,050,000.00.

75. Few if any development activities have taken place with respect to the Rocky View Estates Project. Bonds were to be redeemed December 31, 2012. They will not be because of the CCAA Proceedings. The said Representative Plaintiff has lost the vast majority of the value of his investment.

76. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Stoney View Crossing

77. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Stoney View Capital Inc. and Stoney View Crossing Inc., purportedly for the purpose of purchasing land to develop, and then

developing, land in the City of Calgary, to be known as Stoney View Crossing, the legal description of which is set out in Schedule "A" to the Statement of Claim.

78. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Stoney View Capital Inc., and non-voting common shares in Stoney View Crossing Inc. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 6% per annum.

79. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff Lucienne Roman purchased 750 units for a total price of $75,000.00, in or around May 21, 2010.

80. The Defendants, or any of them, raised over $32,000,000.00 from investors with respect to the Stony View Crossing Project.

81. Few if any development activities have taken place with respect to the Stoney View Crossing Project. Bonds are to be redeemed November 30, 2013. Because of the CCAA Proceedings, that is unlikely to happen. The said Representative Plaintiff has lost the vast majority of the value of her investment.

82. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the Plaintiffs and Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Harbour View Landing

83. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Harbour View Capital Inc. and Harbour View Landing Inc., purportedly for the purpose of purchasing land to develop, and then developing, land in Comox, British Columbia, to be known as Harbour View Landing, the legal description of which is set out in Schedule "A" to the Statement of Claim.

84. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase "units" comprised of bonds issued by Harbour View Landing Capital Inc., and non-voting common shares in Harbour View Landing Inc. The units were priced at $100.00 each. The bonds were to pay interest at a rate of 6% per annum.

85. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff Bill Dickson purchased 250 units for a total price of $25,000.00, in or around February 26, 2009.

86. The Defendants, or certain of them, raised $14,000,000.00 with respect to the Harbour View Landing Project. Of that, only a small portion went to purchase the lands. The Defendants, or certain of them, caused Harbour View Landing Inc. to purchase the Harbour View Landing lands from a company controlled by Aitkens, 0757618 B.C. Ltd. ("0757618"), for $9,075,000.00; 0757618 had purchased the lands for only $4,600,000.00.

87. Few if any development activities have taken place with respect to the Harbour View Landing Project. In fact, Comox City Council recently rejected the Harbour View development plan. The development will now likely be impossible. Bonds are to be redeemed April 30, 2014. There is no realistic possibility of that happening. The said Representative Plaintiff will likely lose the entirety of his investment.

88. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Purported Real Estate Development – Cimarron

89. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in Cimarron Development Limited Partnership ("Cimarron LP"), the general partner of which is 1610822 Alberta Ltd., and limited partners of which include Harvest Group Limited Partnership and Harvest Group Real

Estate Development Trust. Harvest Group GP Corporation is the general partner of Harvest Group Limited Partnership. The limited partners of the Harvest Group Limited Partnership are all family and friends of the Aitkens. These investments were purportedly for the purpose of purchasing land to develop, and then developing, a residential community in Medicine Hat, Alberta, to be known as Cimarron, the legal description of which is set out in Schedule "A" to the Statement of Claim.

90. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase partnership units in Cimarron LP.

91. On the basis of representations made by the Defendants and/or other agents hired or instructed by the Defendants, or certain of them, investors purchased partnership units in Cimarron LP.

92. The Defendants, or certain of them, raised approximately $3,000,000.00 from investors with respect to the Cimarron Project.

93. Few if any development activities have taken place with respect to the Cimarron Project. Cimarron LP in fact owes approximately $10,800,000.00 to various parties, including FM2. Of the 3 Cimarron lots listed in Schedule "A", one is in foreclosure, one is encumbered by over $4,000,000.00 in mortgages (including one mortgage in favour of FM2), and one is not yet purchased and Cimarron LP has no funds available to purchase the lot. Cimarron LP is not listed as the registered owner of any of the three Cimarron lots.

94. Given the sizable debts owed by Cimarron LP there is no possibility of the Cimarron LP Bonds being redeemed for any value. Investors will likely lose the entirety of their investment.

OTHER PURPORTED INVESTMENTS – MORTGAGES, BONDS, OIL & GAS PROJECTS, AND SHOPPING CENTRES

Purported Investment – Mortgages

95. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in FM1, FM2 and FM3, purportedly to allow

FM1, FM2, and FM3 to lend funds and take mortgages to allow other companies to finance property purchases and developments.

96. The Representative Plaintiff Joe Overwater invested $35,000.00 in FM1 in or around February 28, 2008. FM1 raised approximately $14,845,100.00 from investors who purchased bonds at $100.00 per bond.

97. The Representative Plaintiff Timothy Fast invested $56,000.00 in FM2 in or around September 30, 2009. FM2 raised approximately $16,567,300.00 from investors who purchased bonds at $100.00 per bond.

98. The Representative Plaintiff Barbara Dickson invested $42,500.00 in FM3 in or around April 2011. FM3 raised an unknown amount from investors. It is unknown how much money was raised by FM3, which were sold at $100.00 per bond.

99. The money raised from investors in FM1, FM2, and FM3 was used to make improper "loans" to certain of the Project Companies, the Personal Defendant Companies, and companies currently involved in the CCAA Proceedings. These supposed "loans" were improperly or negligently secured, or were not secured at all, against properties held by the related companies, the legal descriptions of which are set out in Schedule "A" to the Statement of Claim, and they were also improvident - they were made without obtaining independent valuations of the subject lands (despite assurances to investors that no funds would be placed without first obtaining such independent valuations. Where mortgages were obtained they were placed with little or no regard for proper documentation or legal agreements, and thus may be unenforceable.

100. Further, the Defendants, or certain of them, represented that the FM1, FM2 and FM3 bonds would pay interest to investors at a rate of 11%. But FM1, FM2 and FM3 all made loans to related entities at interest rates that were too low to generate returns which could pay bondholders at such rates.

101. While investors in FM1, FM2 and FM3 received payments for a period of time pursuant to their bonds, such payments were illusory. In truth, FM1, FM2 and FM3 paid investors

with money from other investors, sometimes even from other Projects, in a ponzi-like fashion.

102. By either fraudulent design or extraordinary incompetence, the Defendants, or certain of them, thereby ensured that bondholders would never be repaid. The said Representative Plaintiff and the other bondholders have not been paid in full, even though their bonds have come due for payment.

103. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Management of FM1 and FM2 – Four Squared Management Inc.

104. Four Squared was appointed manager of FM1 and FM2 in or around 2011. The Directors of Four Squared were some of the Personal Defendants, namely Ralph Bennetsen, Frank Lonardelli, Wayne Tinker, and Noel Winter.

105. As manager of FM1 and FM2, Four Squared and its Directors owed a duty to the investors in FM1 and FM2 to operate and manage FM1 and FM2 to the standard of a reasonably competent manager, and to inform investors of any material matters that may have impacted their investments.

106. In breach of that duty and standard of care, Four Squared failed to operate FM1 or FM2 in a prudent manner, or to properly inform investors of material facts which impacted their investments.

107. In particular, Four Squared and its Directors, Bennetsen, Lonardelli, Tinker and Winter, knew or ought to have known that:

(a) the business conducted by FM1 and FM2 did not generate sufficient revenues to pay investors according to the terms of their bonds;

(b) in order to pay investors, funds were advanced to FM1 and FM2 from other projects, and the funds so advanced were from investors in those projects; and

(c) the improper provision of investor funds to FM1 and FM2 from other projects meant that returns to FM1 and FM2 investors were illusory, unsustainable, and payments to investors in FM1 and FM2 were being made in a ponzi-like fashion.

108. In breach of their duty and standard of care, Four Squared and its Directors failed or refused to either recognize that FM1 or FM2 were paying returns to investors in a ponzi-like fashion, or to advise investors as such.

109. Alternatively, Four Squared and its Directors were complicit in, or were active participants in, the scheme by which FM1 and FM2 were operated in a ponzi-like manner.

110. Further, payments were made by FM1 and FM2 to Four Squared and its Directors at a time when FM1 and FM2 were insolvent or unable to pay their debts as they came due, with intent to prefer Four Squared over other creditors of FM1 and FM2. As such, payments made to Four Squared are void as against the Plaintiffs and Class Members.

Purported Investment – Bonds Issued by Benchmark

111. The Defendants, or certain of them, solicited investors to purchase bonds issued by Benchmark Capital Corporation ("Benchmark"), at either 12% or 15% per annum, depending on the bond "series". Benchmark raised at least $5,782,700.00 from investors. Funds raised from investors were purportedly to be used to purchase properties in or around Calgary, Alberta, renovate those properties, and then "flip" them for profit.

112. Despite being promised repeatedly that bond purchasers would be provided with financial statements for Benchmark, no such financial statements were ever provided.

113. In or around September 25, 2011, Benchmark issued investors an "Investor Update" which advised that payments on bonds could no longer be made, and advised for the first time of a significant and inexplicable "principal deficit" of $950,000.00 that could not be overcome. Benchmark offered investors two "options": to roll their principal into a new

offering being made by Foundation Securities, or to take a payout of reduced principal. As a condition of acceptance of either option, Benchmark purported to compel investors to waive any and all claims against Benchmark and its officers.

114. Investors in Benchmark have incurred significant losses on their investments.

Purported Oil & Gas Investment – FROG

115. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in FROG. Some combination of Foundation Group Development Trust, Foundation Resources Limited Partnership, and Foundation Resources GP Corporation are also affiliated with FROG. These entities recently completed a Plan of Arrangement to form Corval Energy Ltd., now their legal successor.

116. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase trust units at a price of $10.00 each, with a minimum purchase of 400 units or $4,000.00. The represented target cash flow distribution was at an 8% annual rate as a mix of return of capital, capital gains and regular income.

117. On the basis of representations made by the Defendants and/or their said agents, the Representative Plaintiff Barrie Reagan purchased 500 units for a total price of $5,000.00, in or around 2010.

118. The Defendants, or certain of them, raised over $68,000,000.00 from investors purchasing units of FROG. However, as at September 30, 2011, the assets owned by FROG were valued at only $24,000,000.00. Of the $68,000,000.00 raised, $10,500,000.00 had been improperly paid to agents and as fees, and those payments were unearned and unjustified. A further $4,840,000.00 had been loaned to certain Project Companies on an unsecured basis, contrary to the terms of the OMs, of which $4,320,000.00 had been loaned were made to a single as yet unknown entity.

119. FROG purchased shares of Neo Exploration Inc. for a price of $16,600,000.00, which investment is now worthless. The shares of Neo Exploration Inc. were purchased at an

inflated value, based on little or no due diligence, well above their true worth, and contrary to representations made in the OMs.

120. Further, the affairs of FROG were conducted beneath the standard expected of an oil and gas corporation. As but one example of mismanagement, FROG purportedly authorized the expenditure of $15,000,000.00 to drill 3 wells, which wells yielded a limited value of less than 30% of the drilling costs, thus resulting in a significant loss to investors. The work was conducted in a way that failed to meet good oilfield practice.

121. The FROG OM was not completed in compliance with the *Securities Act*, and a Cease Trade Order was issued by the Alberta Securities Commission on December 21, 2011.

122. As a result of all of the above, the said Representative Plaintiff and the other investors in FROG have lost substantially all of the value of their investments.

123. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or certain of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

Improperly Managed Shopping Complexes – Liberty Crossing and West Springs

124. Pursuant to the Investment Scheme, through Aitkens and/or other agents, the Defendants, or certain of them, solicited investments in two shopping complexes, "West Springs" and "Liberty Crossing", the legal descriptions of which are set out in Schedule "A" to the Statement of Claim. .

125. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase units in West Springs Limited Partnership for $10,000.00 per unit. The general partner of West Springs Limited Partnership is West Springs Village General Partner Inc., and the founding limited partner was Harvest Capital Management Inc. The Defendants raised approximately $13,500,000.00 from investors with respect to the West

Springs Project. The Representative Plaintiff Ken Smith purchased 2 units in West Springs Limited Partnership for a total of $20,000.00, in or around December 1, 2009.

126. Through Aitkens and/or other agents, the Defendants, or certain of them, solicited investors to purchase units in Liberty Crossing Limited Partnership for $10,000.00 per unit. The general partner of Liberty Crossing Limited Partnership is Liberty Crossing General Partner Inc., and the founding limited partner was Harvest Capital Management Inc. The Defendants, or certain of them, raised approximately $7,500,000.00 from investors with respect to the Liberty Crossing Project. The Representative Plaintiff Adrien Joly and Shawna Joly jointly purchased 5 units in Liberty Crossing Limited Partnership for a total of $50,000.00, in or around November 25, 2008.

127. In respect of both the West Springs and Liberty Crossing Projects, the applicable Limited Partnership Agreements obligate the general partner thereunder:

(a) to provide financial statements to the limited partners;

(b) to call meetings;

(c) to allow reviews of the books and records; and

(d) to act honestly, in good faith, and in the best interests of the limited partners.

128. West Springs Village General Partner Inc. and Liberty Crossing General Partner Inc. (the "General Partners") have done none of these things.

129. The General Partners are in a position of power and influence with respect to the limited partners of the said Limited Partnerships, and as such they owe fiduciary obligations to the limited partners thereof or, alternatively, they owe a duty to such limited partners to act to a standard expected of a reasonably competent general partner.

130. Contrary to those obligations, the General Partners have:

(a) entered into improvident and improper loan agreements with parties closely related to the Defendants;

(b) attempted to sell or sold buildings at a loss;

(c) failed or refused to update the limited partners as to the financial status of the shopping complex;

(d) failed to establish a debt service reserve;

(e) sub-contracted out the majority of their work with respect to the management of the properties, but not reduced the fees they charge to the limited partners correspondingly or at all (which actions also constitute unjust enrichment); and

(f) sought to sell the properties simply to earn a turn-over fee of 4% while allowing the investors to take unnecessary and unreasonable losses.

131. The said Representative Plaintiff and other affected Class Members have suffered damage and loss as a result of the Project. Alternatively, the Defendants, or of them, have been enriched by receipt of investor funds in connection with the project, the said Representative Plaintiff and other affected Class Members have been deprived, and there is no juristic reason for either the enrichment or the deprivation.

The Eyelogic Defendants

132. Eyelogic holds itself out as being in the business of marketing products for the eye care profession, but more substantially it serves as the purported controlling shareholder of a number of the Project Companies. Eyelogic's role, according to the Personal Defendants and various of the OMs referred to above, is to ensure that the investments solicited from Class Members qualify as RRSP investments.

133. This gambit works because Eyelogic is a publicly traded corporation. Under applicable law, if Eyelogic is the controlling shareholder of an entity, securities of that entity may arguably be purchased by an investor's registered accounts, such as an RRSP, RRIF, or RESP, a feature which enhances the marketability of the securities and increases the pool of prospective investors for every Project. Further, eligibility for a registered account provides each investment with a further veneer of respectability and an appearance of low levels of risk.

134. Eyelogic was at all times aware, or might reasonably to have been aware, that the Project Companies in which it is the controlling shareholder would market securities to the public in part on the apparent legitimacy of Eyelogic's name, credibility and status as a publicly traded entity. Eyelogic receives a fee directly proportional to the investments raised from investors in each project, and therefore receives a share of investors' subscribed funds and is indirectly paid by them, for acting as a controlling shareholder. Accordingly, Eyelogic stands in a fiduciary position or otherwise has a duty of care to the investors to act reasonably and exercise appropriate diligence, oversight and control to protect the investors' investments. In particular, Eyelogic's duties include but are not limited to:

(a) ensuring that any OMs for Project Companies in which it has voting control are accurate, truthful and in compliance with securities legislation;

(b) ensuring that such Project Companies are operated legitimately, honestly, in accordance with corporate and securities legislation, and in the best interests of the investors;

(c) providing reasonable diligence and on-going oversight to ensure that securities of such Project Companies are marketed and promoted honestly and in compliance with all applicable legislation; and

(d) removing management and directors of Project Companies when and if reasonably appropriate to do so.

135. Eyelogic breached its duties of care to the Plaintiffs and Class Members, and thereby caused or materially contributed to their losses. Further, or alternatively, Eyelogic has been willfully blind to the improper actions of the other Defendants.

136. In particular, Eyelogic made insufficient or no effort to ensure or determine that the Project Companies and their principals were legitimate, that the OMs were accurate and compliant with securities laws, or that the Projects were being properly managed. Further, it did not remove the Personal Defendants from positions of control in the Project Companies upon becoming aware of reasons to do so.

137. The other Eyelogic Defendants are affiliated with Eyelogic through common ownership and direction. In some combination, they work with Eyelogic and receive some or all of said fees, or fees in turn from Eyelogic, for recruiting, finding and dealing with companies such as the Project Companies, which they know will in turn be soliciting funds from the public. They share Eyelogic's duties described herein and have themselves been unjustly enriched at the Plaintiff's and the other Class Members' expense.

MISREPRESENTATION

138. Unbeknownst to the Plaintiffs and Class Members, the Investment Scheme and the resulting investments were illegitimate. The Projects were created and designed by the Defendants, or any of them, for the purpose of converting the Plaintiffs' and Class Members' funds to the Defendants' benefit. The precise mechanism and extent of the Investment Scheme is not yet fully known to the Plaintiffs and Class Members but, as described above, a component of the Investment Scheme is using funds from one investor to make interest, dividend or other interim payments to earlier investors in the nature of a ponzi or pyramid scheme. Funds from the various Projects have been intermingled or distributed in a manner contrary to what was represented to the Plaintiffs and Class Members.

139. The said representations made and authorized by the Defendants, or any of them, to the Plaintiffs and Class Members regarding the Investment Scheme were untruthful and inaccurate. The Defendants, or any of them, knew that such representations were untrue and inaccurate or, alternatively, they were willfully blind as to their truth or accuracy. Such representations were made by the Defendants, or any of them, or their authorized representatives to the Plaintiffs and Class Members solely for the improper purpose of inducing them to participate in the Investment Scheme.

140. Alternatively, the Defendants, or any of them, were negligent as to the truth or accuracy of the representations they made or authorized to be made to the Plaintiffs and Class Members regarding the Investment Scheme.

141. The Plaintiffs and Class Members relied on the said representations to their detriment and, had they known the representations were untrue or inaccurate, they would not have participated in the Investment Scheme or invested any funds. In the result, they have suffered losses consisting of the amounts of their respective investments and the opportunity to earn a return on such monies.

CONVERSION

142. By means of the Investment Scheme, the Defendants, or any of them, have converted the Plaintiffs' and Class Members' funds to their own use and thereby deprived the Plaintiffs and Class Members of the benefit of such funds.

143. The Plaintiffs and Class Members are entitled to restitution of the entire amounts fraudulently converted.

BREACH OF TRUST AND BREACH OF FIDUCIARY DUTY

144. In receiving funds from the Plaintiffs and Class Members, the Defendants stood as trustees or, alternatively, constructive trustees, and fiduciaries with respect to such funds, and they owed duties to the Plaintiffs and Class Members in that regard.

145. The Defendants, or any of them, breached their duties by:

(a) Converting the funds to their own use;

(b) Failing to protect the funds from conversion or misuse by others;

(c) Failing to fully inform the Plaintiffs and Class Members of the illegitimate nature of the Investment Scheme;

(d) Such further and other particulars as may be proven at the trial of this action.

146. As a result of the Defendants' breaches of trust and breaches of fiduciary duties, the Plaintiffs and Class Members have suffered losses, including the loss of their investments.

147. All lands or interest in land obtained by any of the Defendants in connection with the Projects or using any funds received from any Plaintiff or Class Member (excluding those lands which have been the subject of the CCAA Proceedings, or owned or secured by companies who are the subject of CCAA Proceedings) are held in trust for the Plaintiffs and Class Members, and should be conveyed to the Plaintiffs, Class Members or their authorized agent or receiver forthwith. An interest is claimed in all such lands or interests, the legal descriptions of which are set out in paragraph 170(j) to the Statement of Claim.

UNJUST ENRICHMENT

148. The Defendants have received the benefit of the Plaintiffs' and Class Members' funds to the detriment of Plaintiffs and Class Members, in the absence of any juristic reason, and have thereby been unjustly enriched.

OPPRESSION

149. By reason of the aforesaid, the affairs of the Project Companies in which the Plaintiffs or Class Members subscribed for or were issued units have been carried on or conducted in a manner that is oppressive, unfairly prejudicial to, and which unfairly disregarded the interests of the Plaintiffs and Class Members. The Plaintiffs and Class Members claim relief under s. 242 of the *ABCA*.

CONSPIRACY

150. In engaging in the foregoing conduct, the Defendants have acted jointly and unlawfully with the common purpose and malicious intent of injuring the Plaintiffs and Class Members. Alternatively, the Defendants have acted jointly, their conduct was directed at the Plaintiffs and Class Members, and the Defendants knew or ought to have known that the Plaintiffs and Class Members would suffer harm as a result of the Defendants' actions.

151. By virtue of the Defendants' conspiracy, the Plaintiffs and Class Members have suffered losses. By conspiring as aforesaid, the Defendants are liable jointly and severally to the Plaintiffs and Class Members for the entirety of the Plaintiffs and Class Members'

collective losses, notwithstanding that a particular Defendant may not have conducted a particular described act or even known of such an act.

KNOWING OR DISHONEST ASSISTANCE

152. Each of the said actions of the Defendants was contrary to normal acceptable standards of honest conduct. The Defendants have participated in transactions involving conversion, breach of trust, breach of contract and breach of fiduciary duty in circumstances whereby they knew or ought to have known that they could not or ought not honestly to participate (or, alternatively, they participated in such transactions when they were or ought to have been suspicious about the validity and propriety thereof), yet they made conscious decisions not to inquire or reasonably to satisfy themselves about the validity and propriety of such transactions.

153. By acting to assist, facilitate and allow the transactions and matters set out herein to proceed notwithstanding their said knowledge and/or suspicions set out above, each of the Defendants facilitated and allowed the Plaintiffs' and Class Members' losses and are therefore liable to the Plaintiffs and Class Members for such dishonest assistance in the full amount of the claims.

FRAUDULENT CONVEYANCES, TRACING, FREEZING ASSETS, ACCOUNTING AND DISGORGEMENT

154. The Defendants have wrongfully, improperly or fraudulently conveyed property and funds to delay, defeat or hinder the claims of creditors, or to prefer certain creditors. As one example, the Defendants Ron Aitkens and Lucille Aitkens owned as joint tenants the land legally described as:

> PLAN 0612885
> BLOCK 5
> LOT 28
> EXCEPTING THEREOUT ALL MINES AND MINERALS
> (the "Home").

155. The Home was purchased by Mr. and Mrs. Aitkens on January 21, 2010, for $318,000.00.

156. On January 23, 2012, the Home was transferred to Lucille Aitkens for $1.00. The Home is now listed as having a value of $1,500,000.00.

157. The purpose of the transfer of the Home was to delay, defeat, or hinder the claims of creditors, including the Plaintiffs and Class Members herein. Further, funds invested in the various Projects by the Plaintiffs and Class Members herein were used either directly or indirectly by the Defendants Ron Aitkens and Lucille Aitkens to pay for the purchase, construction, maintenance, and financing of the Home. As such, the Plaintiffs and Class Members claim an interest in the Home.

158. The Plaintiffs and Class Members claim the imposition of a constructive trust over all such property wrongfully, improperly or fraudulently conveyed or used to improperly prefer certain creditors over others or, in the alternative, a declaration that all such transfers are void or voidable.

159. Further, as a result of the Defendants' wrongful conduct as set out above, the Plaintiffs and Class Members are entitled to trace all amounts received or disbursed by the Defendants or their agents as part of or as a result of the Investment Scheme and to recover same. The Plaintiffs and Class Members are also entitled to an accounting of the monies belonging to the Plaintiffs and Class Members that have come in to the possession of any of the Defendants or their agents, and to an accounting of any benefit received by any of the Defendants as a result of the Investment Scheme.

160. The Plaintiffs and Class Members are entitled to interlocutory and permanent injunctions restraining the Defendants from disposing of any of their assets wheresoever located, and to an accounting of all of the Defendants' assets, effects and property, including any trust account or jointly held assets, any improper disposition thereof, and all money had or received by the Defendants or anyone on their behalf.

161. The Plaintiffs and Class Members require and seek the appointment of a Receiver or an Inspector over the business, undertaking and assets of the Defendants in order to trace, locate and freeze funds received from the Plaintiffs and Class Members.

162. The Plaintiffs and Class Members claim an interest in any lands in respect of which any of the Defendants has an interest, including Project lands and any lands acquired or paid for (in whole or in part) with funds received directly or indirectly from the Plaintiffs or Class Members, excluding those lands which have been the subject of the CCAA Proceedings or owned or secured by companies who are the subject of the CCAA Proceedings. Any interest of the Defendants in such lands should be transferred to the Plaintiffs, Class Members, a Receiver or ordered sold by the Court, or by another Court with appropriate jurisdiction. The Plaintiffs and Class Members are entitled to orders setting aside any transfers or transactions made in respect of any of the Projects, and they claim an interest in any lands or interests therein acquired by the Defendants (or entities controlled by them) with the Plaintiffs and Class Members' money, the legal descriptions of certain of which are set out in paragraph 170(j) of the Statement of Claim.

163. The Defendants are liable to make restitution to the Plaintiffs and Class Members and to disgorge any benefits or amounts they have received from the Investment Scheme. Further, they are obliged to execute documents and conveyances, transfer shares and do whatever else is required to transfer lands or interests in land to the Plaintiffs or a Receiver.

164. The Plaintiffs and Class Members have incurred special damages in their detection, investigation and quantification of the fraud perpetuated by the Defendants, and they are entitled to recover these expenses and damages in an amount to be proven at the trial of this action.

PUNITIVE DAMAGES AND COSTS

165. The Plaintiffs and Class Members are entitled to punitive and/or exemplary damages in the amount of $1,000,000.00 as a result of the acts of the Defendants described above.

166. In the circumstances, the Defendants ought to pay costs of this action on a solicitor and his own client basis.

STATUTES

167. The Plaintiffs and Class Members plead and rely upon the provisions of the *Statute of Elizabeth*, 1571, 13 Eliz 1, c 5, the *Securities Act*, applicable National and Multilateral Instruments approved by the Canadian Securities Administrators, the *ABCA*, the *Judicature Act*, R.S.A. 2000, c. J-2, the *Fraudulent Preferences Act*, R.S.A. 2000, c. F-24, the *Class Proceedings Act*, S.A. 2003, c. C-16.5 and the securities legislation of other provinces.

TRIAL OF THE ACTION

168. The Plaintiffs and Class Members propose that the trial of this action be held at the Calgary Courts Centre, in Calgary, Alberta. In the opinion of the Plaintiffs, this action will likely take more than 25 days to try.

Remedy Sought

169. The Plaintiffs and Class Members seek an Order certifying this action as a class proceeding and appointing the Plaintiffs as Representative Plaintiffs of the Class(es).

170. The Plaintiffs and Class Members seek as against the Defendants (other than the Project Companies), jointly and severally:

(a) Judgment or restitution in the amount of $500,000,000.00, or such other amount as is proved at the trial of this Action, representing the amounts invested by the Plaintiffs and Class Members;

(b) Further or in the alternative, damages for breach of contract, debt, misrepresentation, breach of trust, breach of fiduciary duty, unjust enrichment, conversion and/or conspiracy, in the amounts invested by the Plaintiffs and Class Members;

(c) Special damages and out-of-pocket expenses incurred in connection with the detection, investigation, quantification and recovery of the Defendants fraud, and all further losses and consequential losses suffered by the Plaintiffs and Class Members, in an amount to be proven at the trial of this action;

(d) The appointment of an interim and permanent Receiver or Inspector of the business, undertaking and property of the Defendants;

(e) A declaration that any funds or benefits received by the Defendants from the Investment Scheme are held in trust for the Plaintiffs and Class Members;

(f) A declaration that the Plaintiffs and Class Members are entitled to trace the monies that the Defendants received or disbursed as part of or as a result of the Investment Scheme;

(g) A declaration that the Defendants must account to Plaintiffs and Class Members for all monies received by them or taken from the Plaintiffs and Class Members and for any benefits received by the Defendants;

(h) An order setting aside any fraudulent or reviewable conveyances perpetrated by the Defendants or those acting on their behalf;

(i) A declaration that any real property or interests therein owned in whole or in part by the Defendants or anyone acting under their direction in furtherance of or in connection with the Investment Scheme be sold with the proceeds delivered up to the Plaintiffs and Class Members;

(j) An Order that the following lands and others that may come to light hereafter, are held in a constructive trust for the Plaintiffs, and directing the Defendants to take such steps and execute such conveyances and documents as may be necessary to convey such property or interests, wherever situate:

<u>HARBOUR VIEW LANDING</u>

LOT 2
DISTRICT LOT 216
COMOX DISTRICT
PLAN 31808
EXCEPT THOSE PARTS IN PLANS 36029 AND 39408
CONTAINING 9.68 HECTARES (23.92 ACRES) MORE OR LESS

<u>THE HOME</u>

PLAN 0612885
BLOCK 5
LOT 28
EXCEPTING THEREOUT ALL MINES AND MINERALS

SULLIVAN LANDING

PLAN EPS169
DISTRICT LOT 9876
KOOTENAY LAND DISTRICT 0612885

(k) Interlocutory and permanent injunctions attaching the Defendants' assets and restraining the Defendants from disposing of any of their assets, including those held by other persons on their behalf and wherever situated;

(l) Punitive and/or exemplary damages in the amount of $1,000,000.00;

(m) Interest on all amounts awarded to the Plaintiffs and Class Members at such rate or rates that may be ordered by the Court pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1 or otherwise;

(n) Cost of this action on a solicitor and his own client basis; and

(o) Such further and other relief as may be just and proper.

171. The Plaintiffs and Class Members seek in respect of the Project Companies Orders pursuant to s. 242 of the *ABCA*, including:

(a) An order restraining any conduct complained of;

(b) An order appointing a receiver or receiver-manager;

(c) An order appointing directors in place of or in addition to all or any directors currently in office;

(d) An order varying or setting aside transactions or contracts, and restoring to the Project Companies money and assets which are properly theirs;

(e) An order requiring the production of financial statements in the form required by s. 155 of the *ABCA* or in any other form the Court may determine;

(f) An order compensating the Class Members;

(g) An order directing an investigation under Part 18 of the *ABCA*;

(h) An order granting leave to the Plaintiffs to bring actions in the names of the Project Companies; and

(i) Such further and other relief as may be just and proper.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at 601 – 5th Street S.W., Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.

SCHEDULE "A"

RAILSIDE INDUSTRIAL PARK

THE SOUTH WEST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN,
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS.

EXCEPTING THEREOUT:		HECTARES	(ACRES)	MORE OR LESS
A) ROADWAY DESCRIBED IN C. OF T. 79-E-2		1.62	4.00	
B) PLAN 2633KS	ROAD (NUISANCE GR.)	0.837	2.07	
	ROAD (ACCESS)	0.125	0.31	
C) PLAN 3446NY	ROAD	2.04	5.06	
D) PLAN 9422421	ROAD	0.090	0.22	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

FOUNDATION PLACE

PLAN 1011477
BLOCK 4
LOT 41
EXCEPTING THEREOUT ALL MINES AND MINERALS

LEGACY COMMUNITIES

MERIDIAN 5 RANGE 3 TOWNSHIP 24
SECTION 9
QUARTER NORTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
A) THAT PORTION OF SAID QUARTER SECTION WHICH LIES NORTH OF THE ELBOW RIVER

B) PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
SUBDIVISION	9710690	8.10	20.02	

EXCEPTING THEREOUT ALL MINES AND MINERALS

MERIDIAN 5 RANGE 3 TOWNSHIP 24
SECTION 10
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING: THE PORTION OF
THE SAID QUARTER SECTION WHICH LIES TO THE NORTH EAST
OF THE ELBOW RIVER AS SHOWN ON THE TOWNSHIP PLAN
DATED 16 FEBRUARY 1920 CONTAINING

WSLegal\069767\00001\8697412v2

3.24 HECTARES (8.00 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

MERIDIAN 5 RANGE 3 TOWNSHIP 24
SECTION 10
QUARTER SOUTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS

A) PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
ROAD	8111542	1.027	2.54	

B) THAT PORTION OF ROAD PLAN 6863JK WHICH LIES OUTSIDE THE LIMITS OF ROAD PLAN 8111542 CONTAINING 0.178 HECTARES (0.44 ACRES) MORE OR LESS
C) THAT PORTION OF THE SOUTHERLY 33 FEET IN PERPENDICULAR WIDTH THROUGHOUT OF
SAID QUARTER SECTION WHICH LIES EAST OF ROAD PLAN 6863JK
CONTAINING 0.287 HECTARES (0.71 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

<u>AIRDRIE COUNTRY ESTATES</u>

MERIDIAN 4 RANGE 29 TOWNSHIP 26
SECTION 26
QUARTER SOUTH EAST
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

<u>SPRUCE RIDGE ESTATES</u>

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 12
QUARTER SOUTH EAST
EXCEPTING THEREOUT ALL MINES AND MINERALS

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
ROAD	0211467	1.64	4.04	

EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 0312506
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MIENS AND MINERALS
AREA: 10.661 HECTARES (26.34 ACRES) MORE OR LESS

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 1
QUARTER NORTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
SUBDIVISION	0312506	10.661	26.34	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

PLAN 731677
BLOCK 'B'
EXCEPTING THEREOUT:
A) THAT PORTION OF BLOCK 'B' WHICH LIES WITHIN THE SOUTH EAST QUARTER OF SECTION 1 IN TOWNSHIP 22 RANGE 3 WEST OF THE FIFTH MERIDIAN

B) PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
SUBDIVISION	9511591	4.99	12.33	
ROAD	0211467	0.604	1.49	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 12
QUARTER SOUTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
ROAD	0211467	1.62	3.99	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

PLAN 731577
BLOCK 'B'
THAT PORTION OF BLOCK 'B' WHICH LIES INSIDE
THE SOUTH EAST QUARTER OF SECTION 1
TOWNSHIP 22
RANGE 3
WEST OF THE 5TH MERIDIAN
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
SUBDIVISION	9010273	7.78	19.2	
SUBDIVISION	9711174	9.45	23.35	
SUBDIVISION	0412066	18.019	44.5	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

ROCKY VIEW ESTATES

MERIDIAN 5 RANGE 1 TOWNSHIP 26
SECTION 22
QUARTER NORTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT
THE NORTHERLY 134 METRES OF THE
WESTERLY 302.239 METRES OF THE SAID NORTH EAST QUARTER
CONTAINING 4.05 HECTARES (10 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

STONEY VIEW CROSSING

MERIDIAN 4 RANGE 28 TOWNSHIP 24
SECTION 20
QUARTER SOUTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT 0.809 OF A HECTARE (2 ACRES) MORE OR LESS
BEING THE SOUTH 33 FEET OF SAID QUARTER SECTION
EXCEPTING THEREOUT ALL MINES AND MINERALS

HARBOUR VIEW LANDING

LOT 2
DISTRICT LOT 216
COMOX DISTRICT
PLAN 31808
EXCEPT THOSE PARTS IN PLANS 36029 AND 39408
CONTAINING 9.68 HECTARES (23.92 ACRES) MORE OR LESS

CIMARRON

MERIDIAN 4 RANGE 6 TOWNSHIP 12
SECTION 13
QUARTER SOUTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

	HECTARES	(ACRES)	MORE OR LESS
A) PLAN 0810982 SUBDIVISION	13.16	32.5	
B) PLAN 0614556 SUBDIVISION	12.95	32.00	

EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 0810982
BLOCK 1

LOT 2
CONTAINING 30.72 ACRES
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 12.43 HECTARES (30.72 ACRES) MORE OR LESS

PLAN 0614556
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 11.84 HECTARES (29.26 ACRES) MORE OR LESS

LIBERTY CROSSING

PLAN 8121555
BLOCK 7
LOT 10
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.91 HECTARES (4.72 ACRES) MORE OR LESS

WEST SPRINGS

PLAN 0715024
BLOCK 38
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 2.216 HECTARES (5.48 ACRES) MORE OR LESS

OTHER

FM1, FM2, and FM3 Loans/ Mortgaged Lands:

Calaway

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

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

Calmar

PLAN 0522859 BLOCK 1 LOT 1
CONTAINING 21.5 HECTARES (53.13 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 0522859 BLOCK 1 LOT 2
CONTAINING 30.9 HECTARES (76.36 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

Airdrie II

MERIDIAN 4 RANGE 28 TOWNSHIP 27
SECTION 6
QUARTER NORTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

Windmill Harbour

UNITS A, B, 1-10, 12, 16, 18-21, 23-28, 30-40
OF CONDOMINIUM PLAN 0922536
EXCEPTING THEREOUT ALL MINES AND MINERALS

LAC STE. ANNE SETTLEMENT
ALL OF RIVER LOT 15 AND THE GOVERNMENT ROAD ALLOWANCE
CROSSING SAID LOT 15; CONTAINING WITHIN RIVER LOT 15, 63.1
HECTARES (156 ACRES) MORE OR LESS AND WITH THE ROAD ALLOWANCE
1.22 HECTARES (3.02 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
A) ALL THAT PORTION INCLUDED WITHIN THE LIMITS OF THE SAID
ROAD ALLOWANCE AND WHICH LIES TO THE EAST OF THE EAST LIMIT OF
ROAD PLAN 8922882

	HECTARES	(ACRES)	MORE OR LESS
CONTAINING	0.285	0.70	
B) THE MOST SOUTHERLY 761.5 FEET IN PERPENDICULAR DEPTH THEREOF OF SAID RIVER LOT	12.1	30.0	
C) PLAN 8922882 – ROAD	0.869	2.15	
D) PLAN 0126096 – DESCRIPTIVE	9.33	23.05	
E) PLAN 0922536 – CONDOMINIUM	31.130	76.92	

EXCEPTING THEREOUT ALL MINES AND MINERALS

Sullivan Landing

Plan EPS169, District Lot 9876, Kootenay Land District

Telford Lake

PLAN 1026379
BLOCK B
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 19.3 HECTARES (47.69 ACRES) MORE OR LESS

PLAN 7921548
BLOCK B
CONTAINING 53.5 HECTARES (132.2 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

		HECTARES	(ACRES)	MORE OR LESS
A) PLAN 1026379	SUBDIVISION	19.7	48.68	

EXCEPTING THEREOUT ALL MINES AND MINERALS

Lethbridge

PLAN 7710509
BLOCK 6
LOT 2
EXCEPTING THEREOUT

PLAN	NUMBER	HECTARES	ACRES	MORE OR LESS
SUBDIVISION	1210907	2.47	6.10	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

PLAN 1210907
BLOCK 6
LOT 22
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 2.47 HECTARES (6.1 ACRES) MORE OR LESS

Priddis

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 2
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	ACRES	MORE OR LESS
ROADWAY	11191	0.142	0.35	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 2
QUARTER NORTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
ROAD	0211467	1.70	4.21	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

MERIDIAN 3 RANGE 3 TOWNSHIP 22
SECTION 2
QUARTER NORTH EAST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

A) PLAN	NUMBER	HECTARES	(ACRES)	MORE OR LESS
ROAD	0211467	1.66	4.11	

B) THAT PORTION OF ROAD PLAN 9411091 WHICH LIES WEST OF ROAD PLAN 0211467 CONTAINING 0.786 HECTARES (1.94 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

MERIDIAN 5 RANGE 3 TOWNSHIP 22
SECTION 2
QUARTER SOUTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

		HECTARES	(ACRES)	MORE ORE LESS
A) PLAN 9411091	ROAD	0.833	2.06	

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

<u>Fish Creek</u>

THE SOUTH EAST QUARTER OF SECTION 10
TOWNSHIP 22
RANGE 3
WEST OF THE FIFTH MERIDIAN
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	ACRES	(MORE OR LESS)

DESCRIPTIVE	8910119	6.96	17.2

EXCEPTING THEREOUT ALL MINES AND MINERALS

HCMI

CONDOMINIUM PLAN 0414358
UNIT 19
AND 672 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

Highfield

CONDOMINIUM PLAN 0712941
UNIT 10
AND 190 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

Exhibit N

This is Exhibit " N " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 2013

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 2014

Benchmark Capital Corporation
Balance Sheet
As of 30 April 2013

	30 Apr 13
ASSETS	
Current Assets	
Chequing/Savings	
Benchmark - RBC BankAccount	3,976.17
Total Chequing/Savings	3,976.17
Other Current Assets	
Due from 1211951 Alberta Inc	3,626,261.89
Due from1211951 Alberta Inc(MRL	858,357.67
Total Other Current Assets	4,484,619.56
Total Current Assets	4,488,595.73
TOTAL ASSETS	4,488,595.73
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	3,194.10
Total Accounts Payable	3,194.10
Other Current Liabilities	
Accrued Int- Series A Bonds	473,263.00
Due to ???	10,000.00
Due to 1252064 Alberta Ltd.	765,500.00
Due to 1379599 Alberta	625,100.00
Due to Foundation Capital Corp	1,000.00
Due to Harvest Group LP	601,238.67
Series A Bonds - 15% cumulative	2,089,800.00
Series B Bonds Payable 12% rede	1,578,500.00
Total Other Current Liabilities	6,144,401.67
Total Current Liabilities	6,147,595.77
Total Liabilities	6,147,595.77
Equity	
Common Shares	1,000.00
Retained Earnings	-1,659,976.04
Net Income	-24.00
Total Equity	-1,659,000.04
TOTAL LIABILITIES & EQUITY	4,488,595.73

Exhibit O

This is Exhibit " O " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

11:04 AM
23/05/13
Accrual Basis

1211951 Alberta Inc.
Balance Sheet
As of 30 April 2013

	30 Apr 13
ASSETS	
Current Assets	
Chequing/Savings	
1211951 Chequing	6,147.63
Total Chequing/Savings	6,147.63
Other Current Assets	
Accounts Receivable ?	6,538.01
Deposits -Re Utility accounts	1,011.00
Due from ???	145,855.00
Due from Planet Panels	320,000.00
Held in Trust - Norton Rose	212,987.85
Held in Trust -Dan Baxter Law	-2,000.00
Held in Trust Douglas N. Alger	3,000.00
Mtg receivable - re 17 Everwood	646.25
Total Other Current Assets	688,038.11
Total Current Assets	694,185.74
Fixed Assets	
#21, 3040 Spence Wynd	124,817.60
517 - 30 Street N.W.	358,770.48
931 - 33 Street N.W.	692,113.21
931/933 - St N.W. Sale?	-212,987.85
933 - 33 Street N.W.	692,113.21
Accum.Amort- Computer Equip & S	-1,593.87
Computer Equipment & Software	9,751.80
Property Carrying Costs	15,898.35
Software	703.80
Total Fixed Assets	1,679,586.73
TOTAL ASSETS	2,373,772.47
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	19,241.78
Total Accounts Payable	19,241.78
Other Current Liabilities	
Due to ??	19,446.56
Due to 1379599 Alberta Ltd.	28,000.00
GST/HST Payable	-49,977.79
Mtg due to Secure Fund 931/933	320,000.00
Trusts Payable	1,200.00
Total Other Current Liabilities	318,668.77
Total Current Liabilities	337,910.55
Long Term Liabilities	
Benchmark Capital Corp-Loans	3,626,261.89
BenchmarkCapita lCorp- Interest	858,357.67
Total Long Term Liabilities	4,484,619.56
Total Liabilities	4,822,530.11
Equity	
Opening Balance Equity	1,770.00
Retained Earnings	-324,973.14
Retained Earnings - Opening Bal	-2,125,530.50
Net Income	-24.00
Total Equity	-2,448,757.64
TOTAL LIABILITIES & EQUITY	2,373,772.47

Exhibit P

This is Exhibit " P " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z04835372

<u>Transmitting Party</u>
MCCARTHY TETRAULT LLP

3300 421 7 AVE SW
CALGARY, AB T2P 4K9

Party Code: 50087121
Phone #: 403 260 3500
Reference #: 027052-444385

Search ID #: Z04835372 **Date of Search:** 2013-Jul-16 **Time of Search:** 14:59:45

<u>Business Debtor Search For:</u>

BENCHMARK CAPITAL CORPORATION

Inexact Result(s) Only Found

<u>NOTE:</u>

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Personal Property Registry
Search Results Report

Search ID#: Z04835372

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Debtor Name / Address	Reg. #
BENCHMARK ASSESSMENT CONSULTANTS LTD #101 444 5 AVE S LETHBRIDGE, AB T1J 0T5	02010326680

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK AUTOMATION INC 5740 Burbank Cres SE Calgary, AB T2H 1Z6	11012008755

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK CONSTRUCTION & DEVELOPMENTS LTD. Po Box 55052 Edmonton, AB T6K4C5	09090116707

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK CONSTRUCTION & DEVELOPMENTS LTD. 17518-105 Avenue Edmonton, AB T5S 1G4	12091916101

WRIT OF ENFORCEMENT

Debtor Name / Address	Reg. #
BENCHMARK ELECTRICAL LTD 14 HIDDEN VALLEY MANOR NW CALGARY, AB T3A 5V4	06021423881

SECURITY AGREEMENT

Personal Property Registry
Search Results Report

Search ID#: Z04835372

Debtor Name / Address	Reg. #
BENCHMARK ENVIROMENTAL INC PO BOX 3380 STN MAIN SHERWOOD PARK, AB T8H 2T3	11022403404

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK ENVIRONMENTAL (2003) INCORPORATED BOX 3690 HIGH LEVEL, AB T0H 1Z0	08073114003

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK ENVIRONMENTAL (2003) INCORPORATED 7 GLACIER CRES SHERWOOD PARK, AB T8A 2Y1	10050716147

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK ENVIRONMENTAL (2003) INCORPORATED P.O. BOX 3380 SHERWOOD PARK, AB T8H 2T3	12082719849

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK ENVIRONMENTAL (2003) INCORPORATED PO BOX 3380 STN MAIN SHERWOOD PARK, AB T8H2T3	12112124304

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
	13051635338

BENCHMARK ENVIRONMENTAL 2003
INCORPORATED
C/O 9721 101A STREET
EDMONTON, AB T5K 2R5

SECURITY AGREEMENT

Debtor Name / Address	Reg. #
BENCHMARK EXTERIORS INC. 7620 ELBOW DR SW UNIT 184 CALGARY, AB T2V1K2 **SECURITY AGREEMENT**	12031510116

Debtor Name / Address	Reg. #
BENCHMARK INSTRUMENTATION & ANALYTICAL SERVICES INC. 18 CHIPPEWA ROAD SHERWOOD PARK, AB T8A 3Y1 **SECURITY AGREEMENT**	08040931164

Debtor Name / Address	Reg. #
BENCHMARK INSTRUMENTATION & ANALYTICAL SERVICES INC. 18 CHIPPEWA RD SHERWOOD PARK, AB T8A 3Y1 **SECURITY AGREEMENT**	10092728307

Debtor Name / Address	Reg. #
BENCHMARK INTERIORS LTD 148 Sierra Madre Cres SW Calgary, AB T3H 3G8 **WRIT OF ENFORCEMENT**	11122928641

Debtor Name / Address	Reg. #
BENCHMARK OILFIELD SUPERVISION LTD. 396 11 AVE SW,SUITE 810 CALGARY, AB T2R 0C5 SECURITY AGREEMENT	12051712451

Personal Property Registry
Search Results Report

Search ID#: Z04835372

Debtor Name / Address	**Reg. #**
BENCHMARK OILFIELD SUPERVISION LTD. 396 11 AVE SW, SUITE 810 CALGARY, AB T2R 0C5	12051724159

LAND CHARGE

Debtor Name / Address	**Reg. #**
BENCHMARK UPHOLSTERY LTD. 15393 117 AVE EDMONTON, AB T5M 3X4	99052120708

SECURITY AGREEMENT

Result Complete

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z04837643

Transmitting Party
MCCARTHY TETRAULT LLP

3300 421 7 AVE SW
CALGARY, AB T2P 4K9

Party Code: 50087121
Phone #: 403 260 3500
Reference #: 027052-444385

Search ID #: Z04837643 **Date of Search:** 2013-Jul-17 **Time of Search:** 10:32:19

Business Debtor Search For:

1211951 ALBERTA INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z04837643

Business Debtor Search For:

1211951 ALBERTA INC.

Search ID #: Z04837643 **Date of Search:** 2013-Jul-17 **Time of Search:** 10:32:19

Registration Number: 12020325443 Registration Type: SECURITY AGREEMENT

Registration Date: 2012-Feb-03 Registration Status: Current

Expiry Date: 2017-Feb-03 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	1211951 ALBERTA INC. 12, 5918 5 Street S.E. Calgary, AB T2H 1L4	Current

Secured Party / Parties

Block		Status
1	SECURFUND DEVELOPMENT CORPORATION PROJECT 16 INC. 200, 2120 4th Street S.W. Calgary, AB T2W 3H6	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR INCLUDING, WITHOUT LIMITATION, IN ALL GOODS (INCLUDING ALL PARTS, ACCESSIONS, ATTACHMENTS, ADDITIONS AND ACCESSIONS THERETO), CHATTEL PAPER, DOCUMENTS OF TITLE (WHETHER NEGOTIABLE OR NOT), INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF 1211951 ALBERTA INC. (INCLUDING SUCH AS MAY BE RETURNED TO OR REPOSSESSED BY 1211951 ALBERTA INC.) AND IN ALL RENEWALS THEREOF, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR.	Current
2	Proceeds: All Goods, Inventory, Chattel Paper, Investment Properties, Documents of Title, Instruments, Money, Intangibles and Accounts (All as defined in the Personal Property Security Act, any Regulations thereunder and any amendments thereto) and Insurance Proceeds.	Current

Result Complete

Exhibit Q

This is Exhibit " Q " to the Affidavit of NEIL NARFASON sworn before me this 23 day of JULY 20 13

Lynda Huber

A Commissioner for Oaths in and for the Province of Alberta

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 20 14

ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE

IMAGE OF DOCUMENT REGISTERED AS:

052022718

ORDER NUMBER: 23974345

ADVISORY

This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.

Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.

SUMMERSIDE ENCUMBRANCE
(Standard)

To secure an annual rent charge of TWO HUNDRED FIFTY DOLLARS ($250.00) plus the Adjustment Amount (as hereinafter defined) per Unit (as hereinafter defined), pursuant to the *Land Titles Act* (Alberta), Carma Developers Ltd., a body corporate with an office at Suite 1910, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3N6, as Encumbrancer (hereinafter called the "Owner") being registered as owner of an estate in fee simple in possession, subject however, to such encumbrances, liens and interests as are notified by memorandum endorsed hereon or expressed or implied in the existing certificate(s) of title of that land situate in the Province of Alberta, Canada, being legally described as:

PLAN 0426324
BLOCK 6
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter called the "Lands") which Lands will be subdivided into condominium units and common property pursuant to the *Condominium Property Act* (Alberta) (each such condominium unit together with its corresponding share of the common property being hereinafter called a "Unit" and collectively called the "Units"), and desiring to render each of the Units available for the purpose of securing the rent charge hereinafter mentioned to and for the benefit of Summerside Residents Association (hereinafter called the "Association"), as Encumbrancee, does hereby encumber the Lands and each Unit in favour of and for the benefit of the Association with the annual rent charge of TWO HUNDRED FIFTY DOLLARS ($250.00) plus the Adjustment Amount (as hereinafter defined), per Unit, for each twelve (12) consecutive months commencing the 1st day of January, 2005 to be paid to the Association in lawful money of Canada, at the Association's office at Suite 1910, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3N6, (or such other place in the said City as the Association may from time to time or at any time designate in writing) on or before the 1st day of January in each and every year thereafter. The "Adjustment Amount" as used herein shall mean, in respect of each calendar year after 2000, that sum of money equal to the product obtained by multiplying [the sum of TWO HUNDRED FIFTY DOLLARS ($250.00) plus the cumulative total of all prior years' Adjustment Amounts if any] by the percentage increase, if any, in the "all items" consumer price index (or its equivalent from time to time) for the City of Edmonton as issued by Statistics Canada, for that year over the previous year. There shall be no adjustment for any decrease from time to time in such index. For greater certainty, the intent of the Adjustment Amount is to reflect the cumulative and compounded increase in the consumer price index as aforesaid, year by year.

And the Owner does hereby covenant, acknowledge and agree that:

1. The true consideration for the granting of this Encumbrance and for the covenant to pay the rent charge hereby secured is the sale by the previous registered owner of the Lands to the Owner or the payment by the Association to the Owner of One Dollar ($1.00) and other good and valuable consideration (the receipt or sufficiency of which by the Owner being hereby acknowledged);

2. The Owner shall pay the said rent charge at the times and place hereinbefore set forth without deduction or defalcation; and that any amount in default shall bear interest at the rate of five (5%) percent per annum in excess of the prime rate of interest charged by The

Toronto-Dominion Bank and being a variable per annum reference rate of interest (as announced and adjusted by The Toronto-Dominion Bank from time to time) for loans made by The Toronto-Dominion Bank in Canada in Canadian dollars, calculated yearly not in advance and payment of such rent charge and such interest is secured by these presents;

3. The Association shall be entitled to and is hereby granted the right of distress together with all powers and remedies of an Encumbrancee under the *Land Titles Act* (Alberta);

4. Any discretion, option, decision or opinion hereunder on the part of the Association shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the manager, acting manager or an executive officer of the Association or any officer or agent appointed by the Association for such purpose;

5. Any notice to be given by the Association to the Owner may either be delivered to the Owner's address or be forwarded by ordinary mail addressed to the Owner at the civic address of said Unit or to the last post office address of the Owner known to the Association and shall be deemed to have been received by the Owner when delivered or three (3) business days following the letter being deposited, postage prepaid, in a post office;

6. If any provision of this Encumbrance shall be determined by a Court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Encumbrance shall not be affected thereby and each provision hereof shall be enforced to the fullest extent permitted by law;

7. All legal costs, as between a solicitor and his own client, and taxable court costs, incurred in respect to the enforcement of this Encumbrance are secured hereby, and shall constitute a charge on the Lands and the Units;

8. The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Owner which import the singular number shall be read and construed as applied to each and every Owner male or female and to his or her executors, administrators and assigns, and in the case of a corporation, to such corporation and its successors and assigns, and that in case of more than one Owner, the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint;

9. These presents shall enure to the benefit of the Association its successors and assigns and shall be binding upon the Owner and the Owner's assigns and successors in title, PROVIDED HOWEVER that on conveyance of its interest in the entire Lands or in some Units, provided it is not in default of these presents as regards the Lands or Units, the Owner without any further written agreement, shall be freed and released of liability under its covenants and obligations contained herein in respect of the conveyed Lands or Units, as the case may be.

10. The Owner shall require any purchaser or transferee of the Lands or of a Unit to execute in favour of the Association an encumbrance in the form of this Encumbrance, as a condition to any such purchase or transfer; and

11. The Owner shall not negative the implied covenants and conditions contained in section 58(1) of the *Land Titles Act* (Alberta), it being agreed that this provision shall run with the Lands and each Unit, binding the Lands and each Unit and each and every part thereof, and each successor in title to the Lands and each Unit from time to time.

IN WITNESS WHEREOF the Owner has subscribed, affixed the Owner's seal and delivered these presents as the Owner's deed, this 17th day of January, 2005.

CARMA DEVELOPERS LTD.

Per: ______________________

Per: ______________________ c/s

{E0246886.DOC;1}

052022718 REGISTERED 2005 01 18
ENCU - ENCUMBRANCE
DOC 2 OF 2 DRR#: 2205692 ADR/MMACH
LINC/S: 0030793244