Form 49
[Rule 13.19]

COURT FILE NUMBER	1201- 08478
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 FOUNDATION MORTGAGE CORPORATION and FOUNDATION MORTGAGE "2" CORPORATION**
DOCUMENT	**AFFIDAVIT OF RONALD AITKENS**

CLERK OF THE COURT
Clerk's Stamp
JUL - 4 2012
JUDICIAL CENTRE OF CALGARY

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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AFFIDAVIT OF RONALD AITKENS

Sworn on July 4, 2012

I, Ronald Aitkens, of the City of Lethbridge in the Province of Alberta, businessman, SWEAR AND SAY THAT:

1. I am the sole director of each of Foundation Mortgage Corporation ("FM1") and Foundation Mortgage "2" Corporation ("FM2") (FM1 and FM2 are together sometimes referred to herein as the "Applicants") and have been a director of these corporations since their inception in 2007 and 2008, respectively. As such, based upon my personal involvement in the matters set out herein and based upon my review of books and records kept in the ordinary course of business, I have personal knowledge of the

matters and facts sworn to in this Affidavit, except where stated to be based on information and belief, and where so stated, I verily believe the same to be true.

2. Each of FM1 and FM2 are corporations duly incorporated pursuant to the laws of the Province of Alberta.

INTRODUCTION

3. My experience in the investment industry began in 1994 at which time I started selling life insurance and providing estate planning services to individuals in Southern Alberta, ultimately obtaining the designation of Chartered Financial Planner in 2000. Shortly thereafter, I expanded my business to include offering real estate investment opportunities to my clients.

4. My expansion into the real estate investment business led me to incorporate various companies, sometimes referred to as the Harvest Group of Companies, through which commercial real estate investment opportunities were offered to investors, either in the form of land based or mortgage based investments. Between the years 2001 and 2009, I was involved through various corporate entities in syndicating approximately 25 commercial and/or retail real estate development and other investment opportunities in Alberta and Ontario.

5. Unfortunately, some of the real estate projects have suffered financial difficulties. Legacy Communities Inc., Airdrie Country Estates Inc., Railside Industrial Park Inc. and Foundation Place Inc. are four examples of land-based investment projects that have already sought creditor projection pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") in Court of Queen's Bench action number 1101-17318.

6. Two mortgage-based investment projects funded through offerings by FM1 and FM2 have also suffered financial difficulty, the details of which projects are more particularly set out below.

7. By way of summary, FM1 and FM2 each raised money from investors through offering memoranda for the purposes of providing loans (the "FM Loans") to related parties to be used as deposits on raw land real estate acquisitions or to provide secured financing with respect to real estate development projects. The related parties receiving the FM Loans are comprised of private Canadian controlled corporations in which I am either an officer, director or a majority shareholder. The particulars of the FM Loans are set out in more detail, below.

FM1 OFFERING MEMORANDUM

8. In order to raise the monies for the FM Loans, FM1 issued an offering memorandum dated November 14, 2007 (the "FM1 OM"), soliciting funds from investors throughout the Province of Alberta and elsewhere in Canada.

9. Pursuant to the terms of the FM1 OM, bonds were offered to investors at a price of $100 per bond with a minimum subscription per investor of $10,000 or 100 bonds. The bonds offered pursuant to the FM1 OM were 11% fixed rate, redeemable and renewable bonds and constituted investments eligible for registered accounts, including Registered Retirement Savings Plan accounts ("RRSPs").

10. A total of $14,845,100 was raised pursuant to the FM1 OM from a total number of 341 investors. To the best of my knowledge, 77 investors with a total principal amount of $2,348,831 owing hold their bonds in RRSP accounts.

11. Interest at the rate of 11% was paid to the bondholders on an annual basis, until May 31, 2011 at which time the bondholders were advised by FM1 that the company did not have sufficient cash to make the interest payments. After this date, interest payments to bondholders ceased. A total of $4,723,876 representing annual interest payments was paid to the bondholders prior to May 31, 2011.

12. The bonds issued pursuant to the FM1 OM matured on the third anniversary date of the issuance of the bonds (the "Initial Term"). FM1 was required to redeem bonds upon the expiry of the Initial Term only in circumstances where a bondholder issued a redemption notice in writing to FM1 requesting that their bonds be redeemed. A small number of bondholders issued redemption notices upon the expiry of the Initial Term, and as a result, FM1 paid out a total of $286,500 to bondholders at that time. The bondholders who did not issue redemption notices by default pursuant to the terms of the FM1 OM, renewed their FM1 bonds on a demand basis (the "Renewal Term") on the same terms and conditions with respect to interest and the bondholders could require FM1 to redeem their bonds at any time by issuing a ninety-day redemption notice.

13. In July, 2011, the bondholders were advised by FM1 that effective June 1, 2011 all interest distributions has ceased and that they would receive monthly payments to reflect an annual return of 3.5% of the principal amount owed, whether or not their bonds had matured. FM1 advised the bondholders that this reduced payment was a result of the financial difficulty it was experiencing. Payments totalling $339,609 were made by FM1 to the bondholders between June 1, 2011 and January 31, 2012, representing payments of 2.3% of the principal amount owed to bondholders as at May 31, 2011.

14. When the remainder of the outstanding bonds mature FM1 will be liable to the bondholders for the purchase price originally paid for the bonds plus any accrued interest due and owing thereunder at the rate of 11% per annum, as per the terms of the FM1 OM. As of June 25, 2012, the principal plus interest due and owing to the bondholders pursuant to the bonds is $15,820,437.

15. The FM1 OM states that the debt obligations owed by FM1 to the bondholders constitute unsecured obligations and rank pari passu amongst themselves and with all other unsecured and unsubordinated obligations of FM1. Further, the FM1 OM states that recourse under the bonds is limited to the principal sum of the bonds plus any unpaid interest, and that there is no additional recourse by the bondholder for any deficiency in value of the bonds in the event of non-payment or default by FM1 at the maturity date.

16. The FM1 OM bonds were sold through sales agents throughout the Province of Alberta and elsewhere in Canada. The sales agents were paid a sales commission of up to 5% of the gross proceeds realized on the sale of the bonds, plus a further 1% commission on bonds that were renewed after the Initial Term.

FM1 LOANS

The Calaway Lands

17. On or about June 16, 2009, FM1 agreed to loan to 1356575 Alberta Ltd. ("135") the sum of $1,250,000 at an interest rate calculated at 12% per annum. I am the sole director of 135. 135 executed a promissory note evidencing the loan of $1,250,000 to 135 dated June 16, 2009.

18. As security for the loan by FM1 to 135 in the amount of $1,250,000, 135 granted a mortgage to FM1 over lands legally described as:

Parcel 1:
Meridian 5, Range 3, Township 24, Section 33, Quarter South West
Containing 64.7 Hectares (160) Acres) more or less
Excepting those portion 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

Parcel 2:
Meridian 5, Range 3, Township 24, Section 32, Quarter South East
Containing 64.7 Hectares (160 Acres) more or less
Excepting the #1 Highway on Plan 3850JK
Containing 10.64 Acres more or less

Excepting thereout all mines and minerals

(together, the "Calaway Lands")

19. The mortgage granted by 135 to FM1 over the Calaway Lands was registered with the Registrar of the Alberta Land Titles Office as instrument 091 212 937.

20. The Calaway Lands comprise 302 acres of land located in Rocky View County on the Trans Canada Highway 5 miles west of the City of Calgary boundary. One parcel is zoned future residential in the Springbank North Area Structure Plan (the "Springbank ASP") and the 2nd quarter is not included in the Springbank ASP. A node of commercial development has occurred adjacent to these lands and a major shopping centre is proposed in the immediate area.

The Calmar Lands

21. On or about June 16, 2009, FM1 agreed to loan to 1330075 Alberta Ltd. ("133") the sum of $2,727,402.18 at an interest rate calculated at 12% per annum. I am the sole director of 133, a company that has sought creditor protection under the CCAA pursuant to an initial order granted by the Court on June 7, 2012.

22. 133 executed a promissory note evidencing the loan in the amount of $2,727,402.18 granted to 133 dated June 16, 2009.

23. As security for the loan granted by FM1 to 133 in the amount of $2,727,402.18, 133 granted a mortgage to FM1 over lands legally described as:

Parcel 1:
Plan 0522859, Block 1, Lot 1
Containing 21.5 hectares (53.13 acres) more or less
Excepting thereout all mines and minerals

Parcel 2:
Plan 0522859, Block 1, Lot 2
Containing 30.9 hectares (76.36 acres) more or less
Excepting thereout all mines and minerals

(together, the "Calmar Lands").

The Calmar Lands are registered at the Alberta Land Titles Office as 49 separate and distinct titles. As such, due to the size, the certificates of title to the Calmar Lands are not attached hereto, however, will be made available upon request.

24. The mortgage granted by 133 to FM1 over the Calmar Lands was registered with the Registrar of the Alberta Land Titles Office against each certificate of title as instrument 092 227 537.

25. The Calmar Lands comprise 129 acres of lands located within the corporate limits of Calmar a town with a population of 2,000 located 10 miles west of Leduc. The land is zoned for mixed use development including commercial, highway commercial and residential uses with utility servicing to the property boundary. The property is subject to registration of liens by certain development consultants hired by 133. Additionally, there is environmental impairment arising from oil and gas production on the land. This impairment was not disclosed to 133 nor contained in the Environmental Site Assessment Reports provided to 133 by the Vendor at the time of land purchase.

The Airdrie II Lands

26. In 2009, FM1 agreed to loan to 1208215 Alberta Ltd. ("120") the sum of $1,500,000 plus interest. I am the sole director of 120.

27. As security for the loan by FM1 to 120 in the amount of $1,500,000, 120 granted a mortgage to FM1 over lands legally described as:

> 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
>
> (together, the "Airdrie II Lands")

28. The Airdrie II Lands were foreclosed by the original vendor in 2011 due to non-payment of the 1st mortgage. Appraisals prepared on behalf of 120 indicated that there was no equity in the property available for FM1. As a result, the property was transferred to the original owner and all claims to the property were released. FM1 received no compensation as a result of the foreclosure process.

The Windmill Harbour Lands

29. On or about March 15, 2011, FM1 agreed to loan to the Harvest Group GP Corporation ("Harvest GP") the sum of $3,340,000 at an interest rate calculated at 12% per annum. I am a director of Harvest GP. Harvest GP executed a promissory note evidencing the loan of $3,340,000 to Harvest GP dated March 15, 2011.

30. As security for the loan by FM1 to Harvest GP in the amount of $3,340,000, Harvest GP granted a mortgage to FM1 over lands legally described as:

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;
B) The most southerly 761.5 feet in perpendicular depth thereof of said river lot;
C) Plan 8922882 – Road
D) Plan 0126096 – Descriptive
E) Plan 0922536 – Condominium
Excepting thereout all mines and minerals

(together, the "Windmill Harbour Lands")

The certificates of title to the Windmill Harbour Lands are, due to their size, not attached hereto, however, will be made available upon request.

31. The mortgage granted by Harvest GP to FM1, over the Windmill Harbour Lands was registered with the Registrar of the Alberta Land Titles Office as instrument 112 087 709.

32. The Windmill Harbour Lands are comprised of a year round residential development project located on the south side of Lac Ste. Anne. Phase 1 of the development has 40 serviced lots which have been subdivided and made available for sale to the public. The entire site consists of approximately 100 acres with the capacity to accommodate over 200 finished lots.

Additional FM1 Loans

33. In addition to the loans listed above, FM1 granted various other loans to affiliated entities from the proceeds raised through the FM1 OM. These loans, also granted for the purpose of providing either deposits on raw land real estate acquisitions or secured financing for real estate development projects, will be more particularly described within the proposed CCAA proceedings, upon investigation and assistance from the proposed Monitor and Chief Restructuring Officer.

FM2 OFFERING MEMORANDUM

34. In order to raise further money to fund the FM Loans, FM2 issued an offering memorandum dated September 8, 2008 (the "FM2 OM"), soliciting funds from investors throughout the Province of Alberta and elsewhere in Canada.

35. Pursuant to the terms of the FM2 OM, bonds were offered at a price of $100 per bond with a minimum subscription per investor of $10,000 or 100 bonds. The bonds offered pursuant to the FM2 OM were 11% fixed rate, redeemable and renewable bonds and constituted RRSP eligible investments.

36. A total of $16,547,300 was raised pursuant to the FM2 OM from a total number of 375 investors. To the best of my knowledge, 148 investors with $4,750,783 hold their bonds in RRSP accounts.

37. Interest at the rate of 11% was paid to the bondholders on an annual basis, until May 31, 2011 at which time the bondholders were advised by FM2 that the company did not have sufficient cash to make the interest payments. After this date, interest payments to bondholders ceased. A total of $3,542,761 representing annual interest payments was paid to the FM2 bondholders prior to May 31, 2011.

38. The bonds issued pursuant to the FM2 OM matured on the third anniversary date of the issuance of the bonds (the "Initial Term"). Like FM1, FM2 was required to redeem bonds upon the expiry of the Initial Term only in circumstances where a bondholder issued a redemption notice in writing to FM2 requesting that their bonds be redeemed. A very small number of bondholders issued redemption notices upon the expiry of the Initial Term, and as a result, FM2 paid out a total of $20,000 to bondholders at that time.

39. The bondholders who did not issue redemption notices pursuant to the terms of the FM2 OM, by default renewed their FM2 bonds on a demand basis (the "Renewal Term") on the same terms and conditions with respect to interest and the bondholders could require FM2 to redeem their bonds at any time by issuing a ninety-day redemption notice. In July, 2011, the bondholders were advised by FM2 that effective June 1, 2011 all interest distributions had ceased and that they would receive monthly payments to reflect an annual return of 3.5% of the principal owed as opposed to a full payout of the bonds, as a result of the financial difficulties being experienced by FM2. Various payments totalling $337,841 were made by FM2 to the bondholders between June 1, 2011 and December 31, 2011, representing 2.0% of the principal amount owed to bondholders as at May 31, 2011.

40. When the remainder of the outstanding FM2 bonds mature FM2 will be liable to its bondholders for the purchase price originally paid for the bonds plus any accrued interest due and owing thereunder at the rate of 11% per annum, as per the terms of the FM1 OM. As of June 25, 2012, the principal plus interest due and owing to the bondholders pursuant to the bonds is $18,029,662.

41. The FM2 OM states that the debt obligations owed by FM2 to the bondholders constitute unsecured obligations and rank pari passu amongst themselves and with all other unsecured and

unsubordinated obligations of FM2. Further, the FM2 OM states that recourse under the bonds is limited to the principal sum of the bonds plus any unpaid interest, and that there is no additional recourse by the bondholder for any deficiency in value of the bonds in the event of non-payment or default by FM2 at the maturity date.

42. The FM2 OM bonds were sold through sales agents throughout the Province of Alberta and elsewhere in Canada. The sales agents were paid a sales commission of up to 5% of the gross proceeds realized on the sale of the bonds, plus a further 1% commission on bonds that were renewed after the Initial Term.

FM2 LOANS

The Windmill Harbour Lands

43. On or about March 15, 2011, FM2 agreed to loan to Harvest GP the sum of $3,266,500 at an interest rate of 12% per annum. Harvest GP executed a promissory note evidence the loan in the amount of $3,100,000 to Harvest GP dated March 15, 2011.

44. As security for the loan by FM2 to Harvest GP in the amount of $3,266,500, Harvest GP granted a mortgage to FM2 over the Windmill Harbour Lands securing the total amount of $3,100,000. The mortgage granted by Harvest GP to FM2 over the Windmill Harbour Lands was registered with the Registrar of the Alberta Land Titles Offices as instrument 112 096 264.

The Calaway Lands

45. On or about November 8, 2011, FM2 agreed to loan to 135 the sum of $4,450,000 at an interest rate calculated at 11% per annum. 135 executed a promissory note evidencing the loan of $4,450,000 to 135 dated November 8, 2011.

46. As security for the loan by FM2 to 135 in the amount of $4,450,000, 135 granted a mortgage to FM2 over the Calaway Lands. The mortgage granted by 135 to FM2 over the Calaway Lands was registered with the Registrar of the Alberta Land Titles Office as instrument 111 332 899.

The Cimarron Lands

47. On or about May 10, 2010, FM2 agreed to loan to the Harvest Group GP Corporation ("Harvest GP") the sum of $3,200,000 at an interest rate calculated at 12% per annum. I am a director of Harvest

GP. Harvest GP executed a promissory note evidencing the loan by FM2 to Harvest GP in the amount of $3,200,000, which promissory note is dated May 10, 2010.

48. While no security was granted for the loan to Harvest GP, the loan by FM2 to Harvest GP was granted for the purposes of acquiring certain lands legally described as:

> Parcel 1:
> Meridian 4, Range 6, Township 12, Section 13, Quarter South East
> Containing 64.7 Hectares (160 Acres) more or less
> Excepting thereout:
> Plan 0810982
> Block 1
> Lot 2
> Containing 30.72 acres
> Plan 0614556
> Block 1 Lot 1
> Containing 29.26 acres
> Excepting thereout all mines and minerals
>
> Parcel 2:
> Plan 0810982
> Block 1
> Lot 2
> Containing 30.72 acres
> Excepting thereout all mines and minerals
>
> Parcel 3:
> Plan 0614556
> Block 1
> Lot 1
> Containing 29.26 acres
> Excepting thereout all mines and minerals
>
> (together, the "Cimarron Lands")

49. The Cimarron Lands comprise 160 acres of future residential land located in Medicine Hat. The land is contained within the approved Cimarron Area Structure Plan that specifies the development of a new suburban community providing a range of residential and ancillary commercial and public land uses. Services and transportation are complete to the property boundaries.

Additional FM2 Loans

50. In addition to the loans listed above, FM2 granted various other loans to affiliated entities from the proceeds raised through the FM2 OM. These loans, also granted for the purpose of providing either deposits on raw land real estate acquisitions or secured financing for real estate development projects, will

be more particularly described within the proposed CCAA proceedings, upon investigation and assistance from the proposed Monitor and Chief Restructuring Officer.

ADMINISTRATION AND CONSULTING AGREEMENTS

51. FM1 and FM2 each entered into an agreement with Eyelogic Systems Inc. ("Eyelogic") dated November 14, 2007 and September 8, 2008, respectively (together, the "Eyelogic Agreement"). Eyelogic owns 60% of the issued and outstanding Class A Preferred shares in each of FM1 and FM2, which ownership was granted to ensure that the bonds issued pursuant to the offering memoranda constitute qualified RRSP investments.

52. The Eyelogic Agreement was entered into for the purpose of providing various administrative services to the Applicants, including organizing all requisite shareholder meetings.

53. Pursuant to the Eyelogic Agreement, the Applicants were responsible for paying to Eyelogic an annual administration fee equal to 1/20 of 1% on funds raised between $500,000 and $5,000,000 from registered plans, and 1/40 of 1% on any funds raised from registered plans in excess of $5,000,000.

54. Eyelogic's participation in the FM offering memoranda was arranged by KMC Capital Inc. ("KMC"), who entered into a consulting agreement with each of FM1 and FM2 dated November 14, 2007 and September 8, 2008, respectively (together, the "KMC Agreement").

55. Pursuant to the terms of the KMC Agreement, the Applicants were responsible for paying KMC an annual fee equal to the greater of $2,500 or 9/20 of 1% on the first $5,000,000 of funds raised from registered plans, and 9/40 of 1% on any funds raised from registered plans in excess of $5,000,000.

56. Each of the Eyelogic Agreement and the KMC Agreement were disclosed in the FM1 OM and the FM2 OM.

CIRCUMSTANCES AFFECTING FINANCIAL STATUS AND NEED FOR RESTRUCTURING

57. Each of FM1 and FM2 hold mortgages registered against the Calaway Lands and the Windmill Harbour Lands. In addition, FM1 holds mortgages registered against the Airdrie II Lands and the Calmar Lands. All of the FM Loans were provided for the stated purpose of providing financing with respect to real estate development projects undertaken by the affiliates who own the various lands.

58. Each of the real estate development projects in which FM1 and FM2 have invested have experienced significant declines in their respective values since the bonds were issued pursuant to the FM

offering memoranda. As a result, FM1 and FM2 are extremely concerned that if the lands are sold today or alternatively if foreclosure proceedings are commenced at each of the properties, proceeds from the sale of the properties, either through an independent sale or a court supervised foreclosure, will be insufficient to repay the FM Loans in full or in part.

59. FM1 and FM2 are hopeful that through a careful restructuring of their business and the bond structure currently in place, they will be in a position to provide an opportunity to the bondholders to realize increased value as opposed to the current value of their investment.

INSOLVENCY

60. As noted above, each of FM1 and FM2 have substantial payments coming due which they will be unable to meet and accordingly, these entities are insolvent.

PROPOSED CHIEF RESTRUCTURING OFFICER

61. In order to assist FM1 and FM2 throughout the proposed CCAA restructuring proceedings, I am proposing to appoint BTM Advisory Services Inc. ("BTM") as the Chief Restructuring Officer ("CRO") of each of the FM entities. Mr. Gary Bentham of BTM will be primarily responsible of the CRO services. I understand that Mr. Bentham has significant experience in restructuring corporate entities, previously as a chartered account with a major accounting firm, and more recently as a consultant for numerous insolvent entities, some of whom have filed for creditor protection in various proceedings. A copy of Mr. Bentham's resume is attached hereto as **Exhibit "A"**.

62. Mr. Bentham has spent some time familiarizing himself with FM1 OM and FM2 OM structure and the underlying assets in which the FM entities have invested. He is an independent party with no prior association or involvement with any of the Harvest Group of Companies. I believe, based on Mr. Bentham's previous experience restructuring insolvent entities as well as his involvement with the FM entities over the past two weeks, that Mr. Bentham as CRO of FM1 and FM2 would provide significant assistance to the Applicants, the Monitor and the bondholders in the proposed CCAA proceedings.

FINANCIAL STATEMENTS

63. FM1 and FM2 have, over the past few months, prepared monthly internal financial reports. The most recent financial statements prepared for each of FM1 and FM2 were prepared as of April 30, 2012. The financial statements were internally generated and are the only statements prepared within the past

year which are available at the time of filing this application. Copies of the financial statements are attached hereto and marked as **Exhibit "B"**.

CASH FLOW STATEMENTS

64. Mr. Bentham, the proposed CRO, has with the assistance of the Applicants and the proposed monitor, Ernst and Young Inc. ("E&Y"), prepared cash flow statements on a go forward basis to July 25, 2012 for each of FM1 and FM2. The cash flow statements are attached hereto and marked as **Exhibit "C"**.

65. As outlined in the cash flow statements, FM1 is proposing to advance FM2 the sum of $82,400, representing sufficient funds to cover its estimated expenses to July 26, 2012. The reason for this advance is that FM2 does not currently have cash available to pay its share of expenses. I would submit that this proposed advanced is reasonable in the circumstances, as FM1 and FM2 are administered by the same personnel, share other common administration costs and have loaned funds to several of the same real estate projects. Further, the proposed CRO and proposed Monitor in these proceedings are the same for each of the entities. FM2 is expected to recover a substantial amount of the funds it has loaned through loan principal and interest payments, and it is proposed that the advance from FM1 be repaid upon recovery of those funds.

CONSENT TO ACT BY ERNST & YOUNG INC.

66. E&Y has consented to act as Monitor of each of FM1 and FM2 in these proceedings.

RELIEF REQUESTED

67. I make this Affidavit in support of an Order pursuant to the *Companies' Creditors Arrangement Act*, including a stay of proceedings, for the purposes of allowing the Applicants an opportunity to restructure their affairs and develop a plan of arrangement for the benefit of their creditors.

SWORN BEFORE ME at Calgary, Alberta, this 5 day of July, 2012.	)	
Commissioner for Oaths in and for the Province of Alberta	)	**RONALD AITKENS**

PAULINE PHILLIPS
A Commissioner for Oaths in and for the Province of Alberta
Appointee #0676947
Expiry Date March 6, 2013

This is Exhibit "A"
referred to in the Affidavit of Ronald Aitkens
Sworn before me this 4th day of July, 2012

A Commissioner for Oaths
in and for the Province of Alberta

PAULINE PHILLIPS
A Commissioner for Oaths in and for the Province of Alberta
Appointee #0676947
Expiry Date March 6, 2013

Gary L. Bentham, CA

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Profile

Professional with thirty-four years of business advisory, restructuring, chief financial officer and public accounting experience. Has served public and private companies in the financial services, commercial real estate and resort development, manufacturing, energy services and high technology sectors. Currently leads BTM Corporate Advisory Inc. which provides corporate finance and restructuring services to businesses in Canada and the United States. Served KPMG Canada for 20 years as a partner, including five years as a member of its Board of Directors.

Skills Summary

▪ Planning and directing corporate ownership and debt restructuring ▪ Extensive work for creditor groups and Boards of Directors in insolvency situations ▪ Transaction services – purchase, sale and merger of privately held businesses with focus on due diligence and deal structuring	▪ Business turnaround processes – manufacturing and energy services companies ▪ Chief Financial Officer duties – medium-size private companies; small public companies ▪ Strategic advisory and business planning services to private companies and their owners	▪ Professional firm management and governance ▪ Regulation - dealing with securities and other financial regulators ▪ Governance – member of private and public boards of directors ▪ Audit of public and private companies. Dealing with Boards and Audit Committees

Experience

Professional

2005 – Present – Principal of BTM Corporate Advisory Services Inc., ("BTM") an advisory firm established to provide financial restructuring, planning and transaction services to private and public Calgary-based companies and private equity groups. Significant engagements completed include:

- As advisor to the bondholders, assisted in the restructuring of the ownership and $50 million debt of a resort development company with properties in Canada, Hawaii, Mexico and Belize. Role included working with the CCAA monitor and with other professionals, the development and presentation to various groups of bondholders a plan for reorganization of their debt. Subsequently assisted the restructured company with the development of its business plan

- As advisor to a private equity group, completed the due diligence and deal structuring for the acquisition of a residential mortgage company with operations in Nevada and California. Subsequently negotiated the sale of the private equity interest
- as court-appointed Chief Restructuring Officer of an oilfield construction and manufacturing company, directed the sale of the company's various operating divisions and repayment of all creditors through a Plan of Arrangement
- as advisor to the Board of Directors of an insolvent oilfield equipment manufacturer, assisted with the development of reorganization and refinancing alternatives
- Served as interim Chief Financial Officer of a North American oilfield equipment manufacturer with operations in seven locations and annual sales of $300 million. Had oversight of the deal / tax structuring, negotiation and sale of the company's assets and business to a US-based competitor in 2007, and subsequently directed the reorganization / windup of the various corporate entities
- As advisor to a private equity group, assisted with the acquisition and recapitalization of a Canadian energy trading company formerly under creditor protection, and the acquisition and recapitalization of two publicly traded Canadian biopharmaceutical companies.

Current projects include advising a private equity group on the ownership restructuring and turnaround of a United States window manufacturer and the management reorganization of a solvent and growth oriented commercial real estate development and investment company with operations in Canada and the United States.

1997 – 2004 – led KPMG's Service Industries, High Technology and Financial Services practices in Calgary with overall responsibility for expanding service delivery to clients in those industries. Notable clients served included two privately owned commercial real estate development groups, Resmor Trust Company, Tristone Capital, Mawer Investment Management, Wi-LAN, Axia Netmedia, SMART Technologies and Sanmina SCI.

1989 – 1997 – led KPMG's Independent Business Advisory Services Practice, which focused on delivering services to privately owned and emerging public companies. With two other partners, re-built this practice commencing in 1989, and assisted in the merger of the Peat Marwick private business practice with those of Thorne, Ernst and Whinney and Vennard Johannesen.

1980 – 1989 – member of Peat Marwick Saskatoon and Calgary Corporate Recovery and Consulting Practices. Completed financial viability reviews of companies in the commercial real estate, energy services, manufacturing, high technology and hospitality sectors. Managed companies in receivership and oversaw their sale as going concerns or through liquidation. Monitored distressed companies for lenders.

Board / Governance

- Presently a director of CWC Well Services Corp. and CriticalControl Solutions Inc., both junior public companies in Calgary. Chairs the Audit Committee of CWC.

- Re-appointed in 2011 by the Government of Alberta to the Board of Governors of SAIT Polytechnic in Calgary for a second 3-year term. Chairs the Audit, Investment and Pension Committees and is a member of the Executive Committee.

- Completed in 2005 the Institute of Corporate Directors program sponsored by the Haskayne School and Canadian Institute of Corporate Directors (ICD). Is a member of the ICD.

- Served five years (1999-2004) as a director of KPMG Canada.

- Served three years on the Professional Conduct Committee of the Canadian Association of Insolvency and Restructuring Professionals; Five years on the Professional Conduct Committee of the Institute of Chartered Accountants of Alberta

Professional Memberships

- Institutes of Chartered Accountants of Alberta and Saskatchewan

- Canadian Institute of Corporate Directors

- Turnaround Management Association

Education

- Bachelor of Commerce, University of Saskatchewan – 1976

- Chartered Accountant Designation – 1978

- Canadian Insolvency and Restructuring Professional and Bankruptcy Trustee – 1985 (retired trustee license in 2005)

- Corporate Governance College (Haskayne and Rotman Business Schools) – 2005

- CICA Corporate Finance Designation Program – 2005 - 2007

This is Exhibit "B"
referred to in the Affidavit of Ronald Aitkens
Sworn before me this 4th day of July, 2012

A Commissioner for Oaths
in and for the Province of Alberta

PAULINE PHILLI
A Commissioner for Oaths in a
Province of Alberta
Appointee #067694
Expiry Date March 6 2013

https://mail.harvestcmi.com/Exchange/resales/Inbox/REVISED AFFIDAVIT FOR EXECUTION.EML/1_multipart_xF8FF_5_CAL01-#1159921-v1-EXHIBIT_PAGES_(for_Pauline_to_stamp).DOC/C58EA28C-18C0-4a97-9AF2-036E93DDAFB3/CAL01-#1159921-v1-EXHIBIT_PAGES_(for_Pauline_to_stamp).DOC?attach=1

3:36 PM
05/30/12
Accrual Basis

Foundation Mortgage Corporation
Balance Sheet
As of April 30, 2012

		Apr 30, 12
ASSETS		
Current Assets		
Chequing/Savings		
Royal Bank - 104-291-0		2,397.16
Total Chequing/Savings		2,397.16
Total Current Assets		2,397.16
Other Assets		
Long Term Loans Receivable		
Due from Airdrie 2 Land	1,500,000.00	
Due from Benchmark	163,997.25	
Due from Callaway Park	1,544,896.52	
Due from Calmar Land	2,737,402.48	
Due from P & R Gateway	1,298,126.38	
Due from Priddis Land	1,512,749.76	
Due from Swift Current Land	250,450.00	
Due from Windmill Harbour	3,340,000.00	
Total Long Term Loans Receivable		12,347,622.39
Total Other Assets		12,347,622.39
TOTAL ASSETS		12,350,019.55
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
Long Term Liabilities		
Bonds Payable	14,592,600.00	
Due to Foundation Mortgage 2	43,000.00	
Total Long Term Liabilities		14,635,600.00
Total Long Term Liabilities		14,635,600.00
Total Liabilities		14,635,600.00
Equity		
Eyelogic Shares		1,000.00
Retained Earnings		-2,251,266.50
Net Income		-35,313.95
Total Equity		-2,285,580.45
TOTAL LIABILITIES & EQUITY		12,350,019.55

2:57 PM

05/30/12

Accrual Basis

Foundation Mortgage Corporation
Profit & Loss
January through April 2012

		Jan - Apr 12
Ordinary Income/Expense		
Income		
Loan Interest Income		4,100.00
Total Income		4,100.00
Gross Profit		4,100.00
Expense		
Expenses		
Bank Charges	386.70	
Suspense	4,100.00	
Total Expenses		4,486.70
Interest Expense		34,927.25
Total Expense		39,413.95
Net Ordinary Income		-35,313.95
Net Income		-35,313.95

3:36 PM
05/30/12
Accrual Basis

Foundation Mortgage Corporation
Balance Sheet
As of December 31, 2011

		Dec 31, 11
ASSETS		
Current Assets		
Chequing/Savings		
Royal Bank - 104-291-0		-5,288.89
Total Chequing/Savings		-5,288.89
Total Current Assets		-5,288.89
Other Assets		
Long Term Loans Receivable		
Due from Airdrie 2 Land	1,500,000.00	
Due from Benchmark	163,997.25	
Due from Callaway Park	1,544,896.52	
Due from Calmar Land	2,737,402.48	
Due from P & R Gateway	1,298,126.38	
Due from Priddis Land	1,512,749.76	
Due from Swift Current Land	250,450.00	
Due from Windmill Harbour	3,340,000.00	
Total Long Term Loans Receivable		12,347,622.39
Total Other Assets		12,347,622.39
TOTAL ASSETS		12,342,333.50
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
Long Term Liabliities		
Bonds Payable	14,592,600.00	
Total Long Term Liabilities		14,592,600.00
Total Long Term Liabilities		14,592,600.00
Total Liabilities		14,592,600.00
Equity		
Eyelogic Shares		1,000.00
Retained Earnings		-2,255,002.95
Net Income		3,736.45
Total Equity		-2,250,266.50
TOTAL LIABILITIES & EQUITY		12,342,333.50

Foundation Mortgage Corporation
Profit & Loss
January through December 2011

		Jan - Dec 11
Ordinary Income/Expense		
Income		
Loan Interest Income		938,795.22
Total Income		938,795.22
Gross Profit		938,795.22
Expense		
Expenses		
Bank Charges	1,280.16	
Commissions Paid	300.00	
Interest Expense	933,478.61	
Total Expenses		935,058.77
Total Expense		935,058.77
Net Ordinary Income		3,736.45
Net Income		3,736.45

3:13 PM
05/30/12
Accrual Basis

Foundation Mortgage"2" Corporation
Balance Sheet
As of April 30, 2012

		Apr 30, 12
ASSETS		
Current Assets		
Chequing/Savings		
Royal Bank - 7269-104-700-0		494.10
Total Chequing/Savings		494.10
Total Current Assets		494.10
Other Assets		
Other Assets		
Long Term Loans Receivable		
Due from Airdrie 2 Land	1,600,000.00	
Due from Callaway Park	4,450,000.00	
Due from Calmar Land	51,840.88	
Due from Cimmeron Land	3,200,000.00	
Due from Foundation Mortgage	43,000.00	
Due from Leduc Project	840,000.00	
Due from Liberty Crossing	67,000.00	
Due from Priddis 2 Land	1,165,000.00	
Due from Priest Lake	88,137.00	
Due from Windmill Harbour	3,266,499.74	
Total Long Term Loans Receivable	14,771,477.62	
Total Other Assets		14,771,477.62
Total Other Assets		14,771,477.62
TOTAL ASSETS		**14,771,971.72**
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
Long Term Liabilities		
Bonds Payable	16,547,300.00	
Total Long Term Liabilities		16,547,300.00
Total Long Term Liabilities		16,547,300.00
Total Liabilities		16,547,300.00
Equity		
Capital Stock		1,000.00
Retained Earnings		-1,642,069.69
Net Income		-134,258.59
Total Equity		-1,775,328.28
TOTAL LIABILITIES & EQUITY		**14,771,971.72**

3:13 PM
05/30/12
Accrual Basis

Foundation Mortgage"2" Corporation
Profit & Loss
October 2011 through April 2012

		Oct '11 - Apr 12
Ordinary Income/Expense		
Income		
Interest Payment Income		48,250.00
Unknown Source/Deposits		14,000.00
Total Income		62,250.00
Gross Profit		62,250.00
Expense		
Expenses		
Bank Charges	474.22	
Interest Expense	159,749.65	
Management Fees	36,284.72	
Total Expenses		196,508.59
Total Expense		196,508.59
Net Ordinary Income		-134,258.59
Net Income		-134,258.59

3:05 PM
05/30/12
Accrual Basis

Foundation Mortgage"2" Corporation
Balance Sheet
As of September 30, 2011

		Sep 30, 11
ASSETS		
Current Assets		
Chequing/Savings		
Royal Bank - 7269-104-700-0		-33,660.31
Total Chequing/Savings		-33,660.31
Total Current Assets		-33,660.31
Other Assets		
Other Assets		
Long Term Loans Receivable		
Due from Airdrie 2 Land	1,600,000.00	
Due from Callaway Park	4,450,000.00	
Due from Calmar Land	51,840.88	
Due from Cimmeron Land	3,200,000.00	
Due from Hegadus Land Railside	211,413.00	
Due from Leduc Project	840,000.00	
Due from Liberty Crossing	67,000.00	
Due from Priddis 2 Land	1,165,000.00	
Due from Priest Lake	88,137.00	
Due from Windmill Harbour	3,266,499.74	
Total Long Term Loans Receivable	14,939,890.62	
Total Other Assets		14,939,890.62
Total Other Assets		14,939,890.62
TOTAL ASSETS		14,906,230.31
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
Long Term Liabilities		
Bonds Payable	16,547,300.00	
Total Long Term Liabilities		16,547,300.00
Total Long Term Liabilities		16,547,300.00
Total Liabilities		16,547,300.00
Equity		
Capital Stock		1,000.00
Retained Earnings		-1,600,575.24
Net Income		-41,494.45
Total Equity		-1,641,069.69
TOTAL LIABILITIES & EQUITY		14,906,230.31

Foundation Mortgage"2" Corporation
Profit & Loss
October 2010 through September 2011

		Oct '10 - Sep 11
Ordinary Income/Expense		
Income		
Interest Payment Income		1,414,152.17
Total Income		1,414,152.17
Gross Profit		1,414,152.17
Expense		
Expenses		
Bank Charges	1,110.67	
Commissions Paid	69,664.00	
Fees Paid	205.00	
Interest Expense	1,432,906.95	
Total Expenses		1,503,886.62
Total Expense		1,503,886.62
Net Ordinary Income		-89,734.45
Other Income/Expense		
Other Income		
Interest Income		48,240.00
Total Other Income		48,240.00
Net Other Income		48,240.00
Net Income		-41,494.45

This is Exhibit "C"
referred to in the Affidavit of Ronald Aitkens
Sworn before me this 4th day of July, 2012

A Commissioner for Oaths
in and for the Province of Alberta

PAULINE PHILLIPS
A Commissioner for Oaths in and for the
Province of Alberta
Appointee #0676947
Expiry Date March 6, 2013

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Cash flow Forecast $C	Notes	Foundation Mortgage Corporation (FM1) June 26, 2012 - July 25, 2012	Foundation Mortgage "2" Corporation (FM2) June 26, 2012 - July 25, 2012
RECEIPTS	1		
Advance from FM1	2	(82,400)	82,400
Total receipts		**(82,400)**	**82,400**
DISBURSEMENTS			
Salaries, consulting fees and operating expenses	3	25,000	25,000
CCAA professional fees	4	75,000	75,000
Administrative charge offset	5	(17,600)	(17,600)
Total disbursements		**82,400**	**82,400**
NET CASH FLOWS		**(164,800)**	**-**
OPENING CASH	6	164,800	-
NET CHANGE IN CASH FLOWS		(164,800)	-
ENDING CASH		$ -	$ -

Notes and Assumptions

1 The FMs have no operating revenues
2 FM1 will advance sufficient cash for FM2 to meet its share of the disbursement obligations.
3 Salaries, consulting fees and office expenses comprise the cost of operating the Foundation Mortgage Corporation office for one month. Approximately 80% of these amounts are expected to be recovered from affiliated companies subsequent to July 25, 2012
4 Estimated professional fees.
5 An Administrative Charge will be required to offset professional fees.
6 Mortgage principal repayments of $164,800 relating to the sale of four residential lots by an affiliated company borrower were received on June 25/2012

Ron Aitkens
Director

Jul/4/12
Date