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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 HARBOUR VIEW LANDING INC. AND HARBOUR VIEW CAPITAL INC.	
DOCUMENT	**THIRD REPORT OF THE MONITOR** **AUGUST 26, 2013**	
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 Riglin Telephone: 403-206-5067 / 403-206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Riglin@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	

TABLE OF CONTENTS OF THE THIRD REPORT

APPENDIX TO THE THIRD REPORT

INTRODUCTION

1. Ernst & Young Inc. was appointed Receiver and Manager (the "Receiver") of the property, assets and undertakings (the "Property") of Harbour View Landing Inc. ("HVL") and Harbour View Capital Inc. ("HVC") pursuant to an Order (the "Receivership Order") of this Honourable Court dated May 2, 2013.

2. The Receivership Order authorized the Receiver to apply for an initial order under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") for HVL and HVC.

3. On May 8, 2013, HVL and HVC sought and obtained protection from their creditors under the CCAA pursuant to an Order of this Honourable Court (the "Initial Order").

4. Collectively, HVL and HVC are sometimes referred to as "Harbour View", the "Companies" or the "Debtors".

5. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Companies (the "Monitor").

6. The purpose of this third report (the "Third Report") of the Monitor is to provide this Honourable Court with comments on:

    a) the activities of the Monitor since the Second Report;

    b) an overview of the Harbour View Plan of Arrangement (the "Plan", or the "Harbour View Plan"), including a summary of the conditions precedent in the Plan;

    c) the results of the August 21, 2013 Creditors' Meeting;

    d) the need for an investigation holdback; and

    e) the Monitor's recommendation.

7. Capitalized terms not defined in this Third Report are as defined in the Initial Order and the Plan.

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

BACKGROUND

9. 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

10. In preparing this Third Report, the Monitor has relied upon unaudited financial information, company records and discussions with former management and consultants of the Companies. The Monitor has not performed an audit, review or other verification of such information.

ACTIVITIES OF THE MONITOR SINCE THE SECOND REPORT

Directors Solicitation Process

11. The Directors Solicitation Process called for nominations to be put forth to the Monitor by no later than August 9, 2013.

12. The Monitor has selected a slate of five directors (the "Interim Directors") to serve on the Harbour View interim board. The Interim Directors are the following individuals:

    a) Gary Aull

    b) Dennis Cuku;

    c) James Dunn;

    d) Abhijit Roy; and

    e) Trevor Wall.

CCAA PLAN

Overview

13. The Receivership Order authorized the creation of a management committee (the "Management Committee" restructuring of the Debtor's affairs. The Receiver has been in consultation with the Management Committee throughout these proceedings.

14. Harbour View filed its Plan in an Application on July 19, 2013, with this Honourable Court.

15. On July 19, this Honourable Court granted an order (the "Creditors' Meeting Order") authorizing Harbour View to convene a creditors' meeting on August 21, 2013 (the "Creditors' Meeting") to consider and vote on the Plan.

Conditions Precedent to Implementation of the Plan

16. The implementation of the Plan is subject to the following conditions precedent:

a) there shall be a sufficient number of Specified Bondholders for HVC to file an election to be a "public corporation" for the purposes of the *Income Tax Act;*

b) the Plan shall be approved by the Required Majority of Creditors (being 50% plus one in number voting and 66 2/3 in value voting);

c) the Final Sanction Order shall have been granted by this Honourable Court; and

d) all applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by Harbour View shall have been obtained.

Mailing of Plan of Arrangement Package and other documents

17. On July 26, 2013, the Monitor sent plan of arrangement packages to Creditors (as defined in the Plan) relating to Harbour View in accordance with the Creditors' Meeting Order containing the following:

    a) a copy of the Information Circular

    b) a Notice of Meeting;

    c) a copy of the Proxy, with instructions; and

    d) a copy of the Directors Solicitation Process.

18. The Notice of Meeting indicated that the following additional documents were available on the Monitor's website:

    a) a copy of the Creditors' Meeting Order;

    b) the Harbour View Plan; and

    c) the Second Report of the Monitor.

CREDITORS' MEETINGS

19. The Creditors' Meeting to vote on the Plan was held on August 21, 2013 at Ernst & Young Tower, 440 – 2nd Avenue S.W., Calgary, Alberta at 9:30 am Mountain Standard Time.

20. The Monitor provided an analysis of the Plan to Creditors in the Second Report of the Monitor.

21. Mr. Neil Narfason, Senior Vice President of Ernst & Young Inc., acted as Chair of the Creditors' Meeting. The Monitor and the Monitor's Counsel were available at the Creditors' Meeting to answer creditor questions, and copies of the CCAA Plan were made available. At the meeting, a quorum was present and accordingly, the Chair declared the Creditors' Meeting to be properly constituted.

22. Mr. Alvin Fritz of Alvin Fritz Reinhard Architect Inc., the architect consultant for the Harbour View project, made a presentation at the Creditors' Meeting regarding the Harbour View development plans and the progress that has been made towards those development plans to date. Mr. Fritz was available at the Creditors' Meeting to answer creditor questions.

Voting Parameters

23. The Plan contemplates that the Creditors will vote at the Creditors' Meeting in a single class. For the purposes of calculating the 'majority' component of the Required Majority (as defined in the Plan), each Creditor who actually votes (in person or by proxy) is entitled to one vote. For the purposes of calculating the 'value' component of the Required Majority, each voting Creditor holds a voting claim equivalent to the value of its Claim (as by the Monitor pursuant to the Creditors' Meeting Order).

Results of Vote

24. In respect of the resolution to approve the Harbour View Plan, the Creditors, voting either in person or by way of proxy, voted as follows:

Harbour View	By Dollar Value		By Headcount	
	$	%	#	%
For	$ 5,800,518	99%	164	98%
Against	$ 83,422	1%	4	2%
	$ 5,883,940	100%	168	100%

25. On the basis of the foregoing, more than a majority in number of Creditors (voting in person or by proxy) representing in excess of 66 2/3rd in value, voted in favour of the Plan.

INVESTIGATION HOLDBACK

26. The Monitor has been contacted on several occasions by regulatory and other governmental authorities in respect of inquiries or investigations underway or commencing in respect of the Companies. Based on discussions the Monitor has had with the various governmental and regulatory authorities, the Monitor expects that it

will be questioned about various aspects of the Companies, and will incur cost in doing so.

27. The Monitor is proposing to hold back $35,000 (the "Holdback") in order to pay for the costs related to the investigations of the Companies and the anticipated questioning of the Monitor. The Holdback will be held by the Monitor in trust for a period of two years after the plan is implemented and the amount will be refunded for costs not incurred.

MONITOR'S RECOMMENDATIONS

28. The Monitor recommends that this Honourable Court approve:

a) Harbour View's motion for the sanctioning of its Plan on the basis that:

i. notices of the Harbour View Creditors' Meeting held to approve the Plan were duly given and the Creditors' Meeting was duly constituted;

ii. the Plan is fair and equitable and the estimated median recovery under the Plan exceeds the estimated recovery under a liquidation alternative, as analyzed in the Monitor's Second Report;

iii. Harbour View's Creditors, voting in person or by proxy at the Creditor's Meeting, approved the Plan by a majority in excess of the majority required by the CCAA;

iv. to the best of the Monitor's knowledge, Harbour View has complied with all statutory requirements of the CCAA and all previous orders of this Honourable Court and has not done or purported to do anything which is not authorized by the CCAA; and

b) the Holdback.

Dated at Calgary, AB, this 26th day of August, 2013.

ERNST & YOUNG INC.
in its capacity as Monitor of
Harbour View Landing Inc.
and Harbour View Capital Inc.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Cassie Riglin, CA
Manager

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 HARBOUR VIEW CAPITAL INC. and HARBOUR VIEW LANDING INC.

PLAN OF COMPROMISE AND ARRANGEMENT

OF

HARBOUR VIEW CAPITAL INC.

PURSUANT TO
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
JULY 19, 2013

THIS PLAN SHOULD BE READ TOGETHER WITH THE INFORMATION CIRCULAR DATED JULY 15, 2013 PREPARED BY HARBOUR VIEW CAPITAL INC. AND THE MONITOR'S REPORT TO CREDITORS DATED JULY 15, 2013.

THE FOLLOWING SCHEDULES ATTACHED HERETO ARE INTEGRAL TO AND FORM PART OF THIS PLAN:

Schedule "A"	DEFINED TERMS AND INTERPRETATION
Schedule "B"	INSTRUMENT OF PROXY
Schedule "C"	ARTICLES OF REORGANIZATION OF HARBOUR VIEW CAPITAL INC. ON FIRST OF PLAN IMPLEMENTATION DATE
Schedule "D"	ARTICLES OF REORGANIZATION OF HARBOUR VIEW CAPITAL INC. ON SECOND OF PLAN IMPLEMENTATION DATE

The purpose of this Plan is to effect a compromise and arrangement of the Claims of all Creditors of Harbour View Capital Inc. ("**HVC**") in order to permit HVC to restructure its affairs for the benefit of all stakeholders, with a view to increasing the recovery of the Creditors of HVC and reducing the uncertainties, risks, costs, delays and possible losses that will otherwise occur to stakeholders. HVC has concluded, and the Monitor agrees, that Creditors of HVC will likely obtain a greater return on their Claims if the Plan is approved than if the assets of HVC were liquidated in a formal insolvency proceeding, which is the most likely outcome for HVC in the event this Plan is not approved. Creditors should review this Plan, the information circular prepared by management of HVC, and the Monitor's Report before voting to accept or to reject this Plan.

1.1 Background

HVC and Harbour View Landing Inc. ("**Landing**") are single-purpose corporations incorporated to raise funds and to acquire and develop a 23.92 acre parcel of property outside of Comox, British Columbia (the "**Harbour View Lands**"). The Harbour View Lands border the City of Courtney, British Columbia and are zoned Country Residential One (CR-1). The area in which the Harbour View lands are located is predominantly a rural residential area with a mixture of both small and large residential holdings and agriculture holdings.

A total of $16,113,400.00 was raised from investors through the sale of bonds issued by HVC. Of the total bonds sold, a significant number are believed to be held in individual registered retirement savings plans. The bonds will come due for repayment on April 30, 2014. Through a separate offering by Landing, Bondholders also acquired class B non-voting common shares in Landing in proportion to their bond holdings, with proceeds in the amount of $16,113.40 raised by Landing through the offering. The investment was structured such that Landing is the legal owner of the Harbour View Lands, subject to a mortgage in the principal amount of $16,000,000 registered on the Harbour View Lands in favour of HVC. HVC in turn, is indebted to the Bondholders.

Various affiliates of HVC and Landing filed for CCAA protection in 2011 and 2012 and Bondholders expressed concern about the status of their investment in the Harbour View Lands. In order to implement a formal restructuring process, HVC and Landing consented to the Receivership Order. Pursuant to the Receivership Order, the Receiver was appointed as receiver and manager of the assets, properties and undertakings of HVC and Landing, was expressly authorized, on behalf of HVC and Landing, to apply to obtain the Initial Order under the CCAA and the Management Committee was created in order to consult with the Receiver on the restructuring. On May 8, 2013, the Initial Order was issued under the CCAA.

Since the date of the Initial Order HVC and Landing have been working with legal, financial and other advisors to develop a strategy for dealing with the Harbour View Lands, to restructure their debt and maximize value for Bondholders and other stakeholders. The financial restructuring portion of this Plan is designed to allow HVC to acquire the Harbour View Lands from Landing and to issue Replacement Bonds in place of existing bonds and other debt. This will enable HVC to extend the term of all of the outstanding debt for a period of five years, without interest or other payments to Creditors, and to raise additional funds as needed to enable it to defray the costs of holding and developing the Harbour View Lands, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Harbour View Lands. Landing, which has no arms-length creditors other than HVC, will not be restructured and if Creditors and the Court approve this Plan, then on Plan Implementation the Harbour View Lands will be transferred to HVC.

In the event that HVC, in consultation with the Monitor, determines that it is necessary or desirable for Exit Financing to be obtained, HVC intends to obtain a source of funds to provide working capital in an amount sufficient to allow HVC to meet its obligations following its discharge from CCAA.

Through the restructuring process HVC also identified a need to simplify its corporate structure, to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the Replacement Bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of HVC from nominations made by Creditors (the "**New Directors**"), together with other changes to HVC's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan.

Because a significant number of Creditors currently hold HVC Bonds in Registered Plans, HVC felt it was important to ensure to the extent possible that the bonds and shares to be issued to Creditors pursuant to this Plan would also be qualified investments for Registered Plans. In order for that to occur and to minimize the risk of adverse tax consequences the majority of Creditors' Claims will be converted to Class "A" Bonds, but a small portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted into New HVC Shares. The New HVC Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure is expected to allow both New HVC Shares and Class "A" Bonds to be qualified investments for Registered Plans.

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of the Plan

The purpose of this Plan is to restructure HVC's debt and allow it time and financing to enable it to hold the Harbour View Lands and advance their development following the implementation of this Plan, with a view to maximizing Creditors' recovery through any appreciation in value of the Harbour View Lands. HVC expects, and the Monitor agrees, that approving and implementing this Plan is likely to produce a better result for all Creditors than the next most likely alternative, which is an immediate liquidation of the assets of Landing and HVC. The Plan contemplates the compromise and arrangement of the Claims of Creditors pursuant to the provisions of the CCAA in a manner that provides consistent and equitable treatment among the Creditors, and that is consistent with what would reasonably occur in an open market in which parties deal with one another at arm's length.

There will also be a reorganization of the corporate structure of HVC such that Creditors, who will become the only shareholders of HVC, will be entitled to exercise the normal rights of shareholders in electing directors of HVC and voting on matters of corporate significance. Accordingly, in addition to restructuring HVC's debt, this Plan is designed to produce the following effects:

(a) The only shares of HVC outstanding post-Plan would be New HVC Shares issued to Creditors pursuant to the Plan in proportion to their Claims.

(b) A board of up to 5 individuals selected by the Monitor from nominations submitted to the Monitor, will, if this Plan is approved by HVC's Creditors, be installed as the New Directors of HVC on plan implementation and all existing directors discharged.

(c) Non-interest bearing Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, in the full amount of all outstanding principal and interest owed to Creditors as of the Filing Date will be issued to Creditors on plan implementation. The Class "B" Bonds will be immediately exchanged for New HVC Shares. The Class "A" Bonds will mature on July 31, 2018, which is intended to be at or after the anticipated time of the development and/or sale of the Harbour View Lands.

(d) A Bond Indenture will be put in place to govern the collective rights of holders of Replacement Bonds, provide a framework for the issuance and management of the Replacement Bonds, and to create a procedure to enable any future required extensions or amendments to the terms of the Replacement Bonds. The Bond Indenture will require HVC to provide quarterly unaudited financial information and annual audited financial statements to holders of Class "A" Bonds, and a third party indenture trustee will be appointed pursuant to the Bond Indenture.

(e) The Bond Indenture will provide that the first $2,000,000 (the "**Excluded Asset Amount**") received from payments to it from the sale of all or a portion of the Harbour View Lands after payment of any secured claims against the lands, shall be paid to HVC for its own use and the benefit of its shareholders.

(f) The obligations of HVC to holders of Replacement Bonds under the Bond Indenture will be secured by the Replacement Bond Security which will:

(i) Grant security over all of the Assets, but limit recourse under the Replacement Bond Security to the Assets other than the Excluded Asset Amount;

(ii) In the event that Exit Financing is obtained, be subordinate to the Exit Financing Security and to any security for future financing for development of HVC's property or for other purposes which HVC considers necessary.

(g) The face value of the Class "A" Bonds and the value of the New HVC Shares received by each Creditor will equal the value of each Creditor's Claim, rounded to the nearest dollar.

(h) Both the New HVC Shares and the Class "A" Bonds are expected to be qualified investments for Registered Plans.

(i) Recognition of any gains or losses for tax purposes will be deferred to the extent legally possible until the sale of the Harbour View Lands.

The Monitor will report to Creditors and the Court regarding the Plan prior to the date Creditors are to vote on the Plan. Creditors wishing to review copies of Court orders and other materials filed in these proceedings, and copies of the Monitor's reports are directed to the Monitor's website in relation to these proceedings at www.ey.com/ca/foundationgroup. All Creditors should review this Plan and the Monitor's report before voting to accept or to reject this Plan.

2.2 Persons Affected

The Plan provides for the compromise and arrangement of all Claims. If this Plan is accepted by Creditors and approved by the Court, and the other transactions contemplated by the Plan occur, the Claims of all Creditors will be extinguished. In substitution Creditors will be issued Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, together totalling the full amount of their Claims. On the Plan Implementation Dates the Class "B" Bonds will be exchanged for and converted into New HVC Shares, with the result that all Creditors will hold New HVC Shares in proportion to the amount of their Claims, including any Disputed Claims which become Proven Claims after the Plan Implementation Dates.

2.3 Persons Not Affected

This Plan does not compromise or affect the following Claims and rights that arise in respect thereof (collectively, the "**Unaffected Claims**"). Unaffected Claims will be addressed pursuant to their existing arrangements or as otherwise may be agreed with Unaffected Creditors:

(a) Amounts secured by the Administration Charge;

(b) Post-Filing Claims;

(c) Amounts secured by the Receiver's Charge and the Receiver's Borrowing Charge;

(d) Claims of the Crown for (i) amounts in respect of those Claims referred to in Section 18.2(1) of the CCAA which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates; and (ii) collected and unremitted amounts in respect of goods and services taxes, excluding penalties and interest, which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates;

(e) Claims relating to municipal real property taxes and public utilities;

(f) Claims in respect of any licenses, franchises, consents, approvals, variances, exemptions and other authorizations issued by or from any Government Authority; and

(g) That portion of a Claim arising from a cause of action for which HVC is covered by insurance, but only to the extent of such insurance coverage.

2.4 Shareholders

All Old HVC Shares will be designated as retractable. On the Plan Implementation Dates the Old HVC Shares shall be retracted for no consideration, and all related options, warrants and other rights to acquire Old HVC Shares will be cancelled, without compensation.

ARTICLE 3
VALUATION OF CLAIMS AND CLASSIFICATION OF CREDITORS

3.1 Classification of Creditors

For the purposes of considering and voting upon this Plan, Creditors shall constitute a single class. Each Creditor will be entitled to one vote for each dollar of Eligible Voting Claim value.

ARTICLE 4
STRUCTURE OF THE PLAN

4.1 Overview

The Claims of all Creditors will be exchanged for and converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive $0.1027106133 of a Class "B" Bond for each $1 of Proven Claim, and $0.8972893867 of a Class "A" Bond for each $1 of Proven Claim. All HVC Bonds will be cancelled following the issuance of the corresponding

Replacement Bonds, and all Old HVC Shares will be converted to retractable shares. Replacement Bonds will not bear interest. The Class "A" Bonds will be due for repayment on July 31, 2018.

The Class "B" Bonds will be exchanged for and converted to New HVC Shares on the basis of one New HVC Share to each $1 of principal amount of Class "B" Bonds on the Plan Implementation Dates. All Old HVC Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of HVC. No partial New HVC Shares will be issued. Plan implementation will occur over a period of two days.

All Class "A" Bonds and New HVC Shares issued to Creditors pursuant to the terms of this Plan will be issued and recorded in the book entry systems maintained by the Indenture Trustee and the Transfer Agent. Holders of the Class "A" Bonds and the New HVC Shares will be entitled to receive certificates for their Class "A" Bonds and New HVC Shares on application to the Indenture Trustee or the Transfer Agent as the case may be, and payment of the applicable fee.

4.2 Principal Events Occurring on the First Plan Implementation Date

On the first of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Foreclosure Order shall become effective and title in and to the Harbour View Lands shall vest in HVC; then,
- In the event and only in the event, that HVC determines, in consultation with the Monitor, that it is necessary or desirable for HVC to obtain Exit Financing:
    - The Exit Financing Agreement and the Exit Financing Security will become effective; and,
    - The Exit Financing Net Proceeds will be advanced to the Monitor; then,
- The Monitor will pay or make provision for payment in full of the amounts identified in Article 6 of this Plan; then,
- All of the charges, including the Administration Charge, the Receiver's Charge and the Receiver's Borrowing Charge created by the Initial Order, the Receivership Order or later Orders shall be terminated, discharged and released as against all of the assets, properties and undertakings of HVC and Landing including, without limitation, the Assets; then,
- The Bond Indenture and the Replacement Bond Security shall become effective; then,
- The Old HVC Shares will be designated as retractable; then,
- The terms of the HVC Bonds will be amended to add a conversion feature to confer on the holder of the HVC Bonds the right to exchange such bonds for Replacement Bonds (hereafter, the "**Conversion Right**"); then,

- The Old Class "A" Shares shall be split on a 50 for 1 basis; then,

- The Old Class "B" Shares shall be retracted and cancelled, and all other provisions of the corporate reorganization contained in Schedule "C" shall become effective; then,

- Each of the holders of HVC Bonds shall be deemed to have exercised its Conversion Right whereupon and in consequence thereof, all of the HVC Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Article 4.1 of this Plan; then,

- All HVC Bonds will be cancelled following the issuance of the corresponding Replacement Bonds; then,

- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims; then,

- Each of the Specified Bondholders of Class "B" Bonds shall be deemed to have exercised its conversion right ("**Class "B" Conversion Right**") whereupon and in consequence thereof, all issued Class "B" Bonds held by such holders shall be exchanged for and converted to New HVC Shares; then,

- All directors of HVC shall be discharged and the New Directors shall take office; then,

- HVC will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

4.3 Principal Events Occurring on the Second Plan Implementation Date

On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- Each of the remaining holders of Class "B" Bonds shall be deemed to have exercised its Class "B" Conversion Right whereupon and in consequence thereof, all remaining Class "B" Bonds held by such holders shall be exchanged for and converted to New HVC Shares; then,

- All remaining Old HVC Shares shall be retracted and cancelled; then,

- The compromises with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; then,

- The provisions of the corporate reorganization contained in Schedule "D" shall become effective.

4.4 Events Prior to Plan Implementation

Prior to completion of plan implementation, the following events shall occur:

- The Monitor shall have determined that there are a sufficient number of Specified Bondholders for HVC to file the election to be a "public corporation" for the purposes of the ITA;
- The Foreclosure Order shall be obtained registered with the appropriate Government Authority; and
- In the event that Exit Financing is obtained, the Exit Financing Security shall be registered and perfected and all amounts to be advanced thereunder shall have been advanced.

4.5 Events Occurring After Plan Implementation Dates

As soon as reasonably practicable on or after the Plan Implementation Dates, statements outlining holdings of Class "A" Bonds and New HVC Shares issued to Creditors and held on their behalf by the Indenture Trustee and the Transfer Agent in the book entry system will be provided by the Indenture Trustee or the Transfer Agent, as the case may be, to the Monitor for distribution to all Creditors with Proven Claims.

If the Plan is approved by Creditors and the Court, certain conditions must be met before plan implementation can take place. Those conditions are outlined in Article 8.3 of this Plan.

ARTICLE 5
PROCEDURAL MATTERS

5.1 Creditors' Meeting

The Creditors Meeting will take place at the offices of the Monitor (Ernst & Young Tower, 1000, 440 - 2nd Avenue S.W., Calgary, AB, T2P 5E9 Canada) on August 21, 2013 (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon this Plan. The Creditors' Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the meeting.

The Monitor's designee (the "**Chairman**") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Creditors' Meeting are the Chairman, the Monitor, the representatives of HVC, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Creditors' Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

meeting and in this Plan and with respect to other matters that may properly come before the Creditors Meeting.

5.4 Confirmation of Plan

(a) In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Creditors' Meeting pursuant to the terms of the Plan, HVC shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

(b) Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Article 8.3 of this Plan, the Plan will be implemented in accordance with the terms thereof.

(c) In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

5.5 Court Assistance

HVC and the Monitor shall have the right to seek the assistance and/or direction of the Court regarding any matter relating to this Plan.

ARTICLE 6
PAYMENTS AND ISSUANCE OF BONDS AND SHARES

6.1 Payment to Priority Creditors

The Monitor shall as soon as practicable on or after the Plan Implementation Dates in accordance with the Plan pay or make provision for payment of all amounts secured by the Administration Charge, the Receiver's Charge and the Receiver's Borrowing Charge in full satisfaction, payment, settlement, release and discharge of all amounts outstanding thereunder.

6.2 Payments to Unaffected Creditors

On the Plan Implementation Dates, the Monitor shall, upon the direction of HVC as contemplated by Article 10.1(d)(ii) and without personal liability therefor, pay or make provision for payment of the Unaffected Plan Closing Claims, all Unaffected Claims then due and payable, and accrued amounts in respect of all other Unaffected Claims.

6.3 Special Crown Claims

On or as soon as reasonably possible following the Plan Implementation Dates, and in any event within six months after the date of the granting of the Final Sanction Order, the Monitor shall, upon the direction of HVC as contemplated by Article 10.1(d)(ii) and without personal liability therefor, pay in full all Special Crown Claims that were outstanding on the Filing Date and which have not been paid by the Plan Implementation Dates.

6.4 Issuance of Statements regarding Class "A" Bonds and New HVC Shares to Creditors

As soon as reasonably practicable after the Plan Implementation Dates, statements referenced in Article 4.5 hereof showing each Creditor's holding of Class "A" Bonds and New HVC Shares will be provided by the Indenture Trustee and Transfer Agent to the Monitor for distribution to all Creditors with Proven Claims. The Class "A" Bonds and New HVC Shares issued to Creditors will be issued and recorded in a book entry system to be maintained by the Indenture Trustee or the Transfer Agent as the case may be. Holders of the Class "A" Bonds and the New HVC Shares will be entitled to receive certificates for their Class "A" Bonds and New HVC Shares on application to the Indenture Trustee or the Transfer Agent and payment of the applicable fee.

6.5 Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure.

6.6 Currency

All Claims shall be denominated in Canadian Dollars and all Replacement Bonds issued to Creditors on account of their Claims shall be made in Canadian Dollars. Any Claim in a currency other than Canadian shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date.

6.7 Interest

No holder of a Claim shall be entitled to accrue or collect any interest whatsoever in respect of any Claims or Replacement Bonds from or after the Filing Date.

6.8 Treatment of Undeliverable Statements Showing Creditors' Holdings of Class "A" Bonds and New HVC Shares

If any Creditor's statements reflecting its respective holdings of Class "A" Bonds and New HVC Shares are returned as undeliverable, the Monitor shall be relieved of its obligation to deliver such statements and no further statements shall be distributed to such Creditor unless and until HVC is notified by such Creditor of such Creditor's current address. All claims for undeliverable statements reflecting the Creditor's holding of Class "A" Bonds and New HVC Shares in respect of Proven Claims must be made on or before the expiration of one (1) year following the later of the Plan Implementation Dates or the date upon which such Creditor's claim became a Proven Claim. After such date, the Proven Claims of any Creditor or successor of such Creditor with respect to the holding of Class "A" Bonds and New HVC Shares shall, unless otherwise consented to by HVC, be forever discharged and forever barred, notwithstanding any federal or provincial laws to the contrary, and the corresponding New HVC Shares and Class "A" Bonds shall be cancelled.

6.9 Assignment of Claims for Voting and Distribution Purposes

(a) Assignment of Claims Prior to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting and HVC shall not be obliged to deal with any such transferee or assignee as a Creditor in respect thereof, including allowing such transferee or assignee to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by HVC and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the Creditors' Meeting. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. For greater certainty, neither HVC nor the Monitor shall recognize partial transfers or assignments of Claims.

(b) Assignment of Claims Subsequent to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting (or ten (10) Business Days immediately prior thereto) and HVC shall not be obliged to issue Class "A" Bonds and New HVC Shares to any such transferee or assignee or otherwise deal with such transferee or assignee as a Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by HVC and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the day on which the first distribution of statements outlining the Class "A" Bonds and New HVC Shares to Creditors with Proven Claims is made. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by notices given and steps in respect of such Claim. For greater certainty, neither HVC nor the Monitor shall recognize partial transfers or assignments of Claims.

ARTICLE 7
PROCEDURE FOR ISSUANCE OF SHARES AND BONDS TO HOLDERS OF DISPUTED CLAIMS

7.1 No Issuance Pending Allowance

Notwithstanding any other provision of the Plan, no Class "B" Bonds, Class "A" Bonds or New HVC Shares shall be issued in respect of all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim, in whole or in part.

7.2 Issuance of Bonds and Shares After Disputed Claims Resolved

HVC shall issue to each holder of a Disputed Claim which has become in whole or in part a Proven Claim, the Class "A" Bonds and New HVC Shares attributable to such Proven Claim in accordance with the Plan and such Class "A" Bonds and New HVC Shares shall be recorded in a book entry system maintained by the Indenture Trustee or the Transfer Agent, as the case may be. Statements outlining the holdings of Class "A" Bonds and New HVC Shares attributable to such Proven Claim will be distributed by the Indenture Trustee or the Transfer Agent to the holder of the Disputed Claim which has become in whole or in part a Proven Claim. Holders of the Class "A" Bonds and the New HVC Shares will be entitled to receive certificates for their Class "A" Bonds and New HVC Shares on application to the Indenture Trustee or the Transfer Agent and payment of the applicable fee.

7.3 Restrictions on Distributions

Until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, HVC shall not:

(a) Issue additional Class "A" Bonds of any description except in connection with the resolution of Disputed Claims as contemplated by this Plan; or

(b) Make any distribution of cash or securities to holders of Class "A" Bonds or New HVC Shares.

ARTICLE 8
PLAN IMPLEMENTATION

8.1 Extinguishment of Claims

The Claims of any Creditors who have not submitted a Proof of Claim in accordance with the Claims Procedure are deemed to be forever barred and may not thereafter be advanced as against HVC, pursuant to the Claims Procedure Order.

8.2 Sequence of Events

On the first of the Plan Implementation Dates the sequence of events will be deemed to be:

(a) The Foreclosure Order shall become effective and title in and to the Harbour View Lands shall vest in HVC; then,

(b) In the event and only in the event, that HVC determines, in consultation with the Monitor, that it is necessary or desirable for HVC to obtain Exit Financing:

  (i) The Exit Financing Agreement and the Exit Financing Security will become effective; and,

  (ii) The Exit Financing Net Proceeds will be advanced to the Monitor; then,

(c) The Monitor will pay or make provision for payment in full of the amounts identified in Article 6 of this Plan; then,

(d) All of the charges, including the Administration Charge, the Receiver's Charge and the Receiver's Borrowing Charge created by the Initial Order, the Receivership Order or later Orders shall be terminated, discharged and released as against all of the assets, properties and undertakings of HVC and Landing including, without limitation, the Assets; then,

(e) The Bond Indenture and the Replacement Bond Security shall become effective; then,

(f) The Old HVC Shares will be designated as retractable; then,

(g) The terms of the HVC Bonds will be amended to add the Conversion Right; then,

(h) The Old Class "A" Shares shall be split on a 50 for 1 basis; then,

(i) The Old Class "B" Shares shall be retracted and cancelled, and all other provisions of the corporate reorganization contained in Schedule "C" shall become effective; then,

(j) Each of the holders of HVC Bonds shall be deemed to have exercised its Conversion Right whereupon and in consequence thereof, all of the HVC Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Article 4.1 of this Plan; then,

(k) All HVC Bonds will be cancelled following the issuance of the corresponding Replacement Bonds; then,

(l) Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims; then,

(m) Each of the Specified Bondholders of Class "B" Bonds shall be deemed to have exercised its Class "B" Conversion Right whereupon and in consequence thereof, all issued Class "B" Bonds held by such holders shall be exchanged for and converted to New HVC Shares; then,

(n) All directors of HVC shall be discharged and the New Directors shall take office; then,

(o) HVC will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

On the second of the Plan Implementation Dates plan implementation shall continue and the sequence of events will be deemed to be:

(a) Each of the remaining holders of Class "B" Bonds shall be deemed to have exercised its Class "B" Conversion Right whereupon and in consequence thereof, all remaining Class "B" Bonds held by such holders shall be exchanged for and converted to New HVC Shares; then,

(b) All remaining Old HVC Shares shall be retracted and cancelled; then,

(c) The compromises with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; then,

(d) The provisions of the corporate reorganization contained in Schedule "D" shall become effective.

8.3 Conditions to Implementation of the Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Dates, as the case may be:

(a) The Monitor shall have determined that there are a sufficient number of Specified Bondholders for HVC to file the election to be a "public corporation" for the purposes of the ITA;

(b) The Foreclosure Order shall have been obtained and registered with the appropriate Government Authority;

(c) In the event that Exit Financing is obtained, the Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;

(d) The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;

(e) The Final Sanction Order shall have been granted in substantially the form described in Article 10.1;

(f) All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by HVC shall have been obtained; and

(g) In the event that Exit Financing is obtained the Exit Financing Net Proceeds shall be released to HVC.

8.4 Events Occurring After Plan Implementation Dates

As soon as reasonably practicable on or after the Plan Implementation Dates, statements outlining holdings of Class "A" Bonds and New HVC Shares held on all Creditor's behalf by the Indenture Trustee and the Transfer Agent in the book entry system shall be issued to the Monitor for distribution to all Creditors with Proven Claims.

One Business Day following the satisfaction of the conditions set out in Article 8.3 and the occurrence of the events set out in Articles 8.2 and 8.4, the Monitor shall deliver to HVC a certificate stating that the Plan Implementation Dates has occurred. Following the Plan Implementation Dates, the Monitor shall file such certificate with the Court.

ARTICLE 9
RELEASES

9.1 Plan Releases

Subject to Article 9.2 of this Plan, on the Plan Implementation Dates and in accordance with the sequential order of steps set out in Article 8.2, HVC, the Monitor, the Receiver and each and every director, officer, employee and legal counsel and agents thereof in respect of the restructuring, who has acted at any time in any such capacity from and after the Filing Date (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person may be entitled to assert, including any and all claims in respect of statutory liabilities of directors, officers, members and employees of HVC and any alleged fiduciary or other duty whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Dates in any way relating to, arising out of or in connection with the Claims, the business and affairs of HVC whenever or however conducted, the administration and/or management of the Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by any Applicable Law; provided that nothing in the Plan shall release or discharge a Released Party from (a) any obligation created by or existing under the Plan or any related document, (b) any claim with respect to matters set out in section 5.1(2) of the CCAA, (c) any conduct arising or damage occurring as a result of gross negligence, and (d) any conduct arising or damage occurring as a result of wilful misconduct.

9.2 Exceptions

The provisions of Article 9.1 of this Plan do not apply to any Released Claims or other causes of action which the Bondholders or HVC have or may have against the directors or officers of HVC.

ARTICLE 10
COURT SANCTION

10.1 Final Sanction Order

If the Required Majority approves the Plan, HVC shall apply for the Final Sanction Order. The Final Sanction Order shall, among other things:

(a) declare that the Plan is fair and reasonable;

(b) declare that as of the Plan Implementation Dates, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon HVC, all Creditors and all other Persons and Parties affected by the Plan;

(c) declare that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Dates are deemed to occur and be effected in the sequential order contemplated by Article 8.3 of the Plan on the Plan Implementation Dates;

(d) declare that HVC is authorized to:

(i) if applicable, direct that the Exit Financing Net Proceeds be paid to the Monitor;

(ii) direct the Monitor to make the payments contemplated by this Plan;

(iii) direct the Monitor to deliver statements referenced in Article 4.5 hereof to all Creditors with Proven Claims;

(iv) declare that the releases referred to in Article 9.1 and the other provisions of this Plan relating to Creditors shall become effective in accordance with the Plan;

(v) terminate and discharge the Administration Charge, the Receiver's Charge and the Receiver's Borrowing Charge upon payment to the Monitor of sufficient amounts to pay all amounts outstanding under the Administration Charge, the Receiver's Charge and the Receiver's Borrowing Charge;

(vi) declare that on implementation of an in accordance with the Plan, the fundamental changes described in Schedule "C" and Schedule "D" hereto shall have become effective pursuant to section 192 of the Alberta *Business Corporations Act*;

(e) compromise, discharge and release HVC from any and all Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against HVC in respect of or relating to any Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Claims be permanently stayed, subject only to the right of Creditors to receive distributions of Class "A" Bonds and New HVC Shares pursuant to the Plan in respect of their Claims;

(f) discharge and extinguish all liens, including all security registrations against HVC in favour of any Creditor in respect of a Claim;

(g) discharge and extinguish all liens, including all security registrations against HVC in favour of any Creditor in respect of a Disputed Claim;

(h) declare that any Claims in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;

(i) declare that the stay of proceedings under the Initial Order is extended in respect of HVC to, and including, the Plan Implementation Dates;

(j) declare that, subject to the performance by HVC of its obligations under the Plan, all obligations, agreements or leases to which HVC is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Dates, unless repudiated or deemed to be repudiated by HVC pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Dates, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

(i) of any event which occurred prior to, and not continuing after, the Plan Implementation Dates or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;

(ii) that HVC has sought or obtained relief or has taken steps as part of the Plan or under the CCAA;

(iii) of any default or event of default arising as a result of the financial condition or insolvency of HVC;

(iv) of the effect upon HVC of the completion of any of the transactions contemplated under the Plan; or

(v) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan;

(k) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any other matter released pursuant to Article 9 herein;

(l) if required, authorize HVC to execute the Exit Financing Agreement, the Exit Financing Security, to grant the security interests contemplated by the Exit Financing Security, and authorize the registration or other perfection of the Exit Financing Security, which shall not become effective until plan implementation;

(m) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;

(n) direct that until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, HVC shall not:

(i) issue additional Class "A" Bonds except in connection with the resolution of Disputed Claims as contemplated by this Plan;

(ii) make any distribution of cash or securities to holders of Class "A" Bonds or New HVC Shares;

(o) declare that upon completion by the Monitor of its duties in respect of HVC pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Procedure and the distributions of the statements outlining the holdings of Class "A" Bonds and New HVC Shares to be made by the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of HVC pursuant to the CCAA and the Orders have been completed and thereupon, the

Monitor shall be deemed to be discharged from its duties as Monitor of HVC and Landing that Ernst & Young Inc. and that the Monitor has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the BIA; and

(p) declare that upon Plan Implementation, the Management Committee shall be deemed to be discharged from any and all of its duties and further declare that the Management Committee has exercised all of its powers and performed all of its duties and functions honestly and in good faith;

(q) declare that upon Plan Implementation, the Receiver shall be discharged as receiver and manager of the assets, properties and undertakings of HVC and Landing and that the Receiver has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the BIA; and

(r) declare that HVC and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan; and

(s) direct that HVC hold a meeting of shareholders for the purpose of electing directors within four months following the last of the Plan Implementation Dates.

ARTICLE 11
GENERAL PROVISIONS

11.1 Role of Monitor

The Monitor shall be responsible for distributing statements outlining the holdings of Class "A" Bonds and New HVC Shares to Creditors whose claims are not Disputed Claims in accordance with Article 6 hereof. From and after the Plan Implementation Dates, the Monitor shall cease to have any responsibilities regarding Disputed Claims, and HVC shall be solely responsible for the resolution of all Disputed Claims. HVC may, without further Order, settle or resolve any Disputed Claims and shall, immediately upon settling or resolving a Disputed Claim such that it becomes a Proven Claim, notify the Indenture Trustee or the Transfer Agent, as the case may be, of the issuance of Class "A" Bonds and New HVC Shares in respect of such Proven Claim, to be recorded in the book entry system maintained by the Indenture Trustee or the Transfer Agent, as applicable. As well, upon settling or resolving a Disputed Claim such that it becomes a Proven Claim, HVC shall arrange for the delivery to the applicable Creditor of a statement issued by the Indenture Trustee or the Transfer Agent, as the case may be, reflecting the Class "A" Bonds and New HVC Shares issued in respect of such Proven Claim.

11.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by HVC in order to implement this Plan.

11.3 Paramountcy

Without limiting any other provision hereof, and after the Plan Implementation Dates, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, Bond Indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Creditor or any other Persons affected by the Plan, and HVC as at the Plan Implementation Dates, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

11.4 Waiver of Defaults

From and after the Plan Implementation Dates, each Creditor shall be deemed to have waived any and all defaults by HVC arising on or prior to the Plan Implementation Dates in respect of every covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, Bond Indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral. Without limiting the generality of the foregoing, such waiver shall extend to and include any provision of any agreement between any Creditor and HVC which provides that HVC is in default, or the Creditor has a remedy or a right, and which arises or results from any change in control, or deemed change in control of HVC resulting from this Plan or any change in directors of HVC which has taken place up to and including the Plan Implementation Dates. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or notices given under the CCAA, including without limitation any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

11.5 Compromise Effective for all Purposes

The Plan and the compromise or satisfaction of any Claims under this Plan, if sanctioned and approved by the Court, shall be binding upon each Creditor, its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and, without limitation the generality of the foregoing, this Plan will constitute:

(a) full, final and absolute settlement and compromise of all Claims;

(b) an absolute release, discharge and extinguishment of all Claims against HVC and the Assets.

The payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, will be binding upon the Creditors and each of their heirs, executors, administrators, successors and assigns, for all purposes and, to such extent will also be effective to relieve any third party directly or indirectly liable for such Claim, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

11.6 Treatment of Contracts

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Plan Implementation Dates, HVC shall be deemed to have ratified each executory contract to which it is a party, unless such contract (i) was previously repudiated or terminated by HVC

(ii) previously expired or terminated pursuant to its own terms, or (iii) is otherwise set forth in the Plan as being an executory contract which is deemed to be repudiated or terminated.

11.7 Payment of Taxes

Notwithstanding any provisions of the Plan, each holder of a Proven Claim that is to receive a distribution of Replacement Bonds and New HVC Shares pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

11.8 Plan Amendment

HVC may, at any time and from time to time, amend, modify and/or supplement this Plan:

(a) provided such amendment, modification or supplement or waiver is contained in a written document which is:

(i) filed with the Court and, if made following the Creditors' Meeting, approved by the Court; and

(ii) communicated to the Creditors in the manner required by the Court (if so required); or

(b) after the Final Sanction Order, provided such amendment, modification, supplement or waiver concerns a matter which, in the opinion of HVC, acting reasonably, is of an administrative or technical nature required to better give effect to the implementation of this Plan and the Final Sanction Order or would not be materially adverse to the financial interests of the Creditors. Any amendments to this Plan and any supplementary plan or plans of compromise or arrangement (which shall be filed with the Court) will, for all purposes, be, and be deemed to be, a part of and incorporated in this Plan.

ARTICLE 12
INTERPRETATION

12.1 Definitions

In this Plan, unless the context should otherwise require the capitalized terms and phrases used but not defined herein have the meanings given to them in Schedule "A" attached hereto.

12.2 Article and Section Reference

The terms "this Plan", "hereof", "hereunder", "herein", and similar expressions refer to this Plan, amendments to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

12.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa; and any word or words importing gender shall include all genders.

12.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

12.5 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

12.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

12.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

12.8 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

12.9 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court other than proceedings taken in connection with the Foreclosure Order which proceedings may be initiated and taken in the British Columbia Supreme Court.

12.10 Inclusive Meaning

As used in this Plan, the words "include", "includes", "including", or any other derivation thereof means, in any case, those words as modified by the words "without limitation".

12.11 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

(i) Schedule "A" – Definitions;

(ii) Schedule "B" – Instrument of Proxy;

(iii) Schedule "C" – Articles of Reorganization on first of Plan Implementation Dates;

(iv) Schedule "D" – Articles of Reorganization on second of Plan Implementation Dates.

SCHEDULE "A"
DEFINITIONS

In this Plan of Compromise and Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

"**Administration Charge**" has the meaning given to it by the Initial Order;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"**Assets**" means all of the property, assets and undertaking of HVC;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"**Bond Indenture**" means the indenture made by HVC pursuant to which the Replacement Bonds will be issued and having the attributes described in Article 2.1 of the Plan;

"**Bondholders**" means the holders of HVC Bonds as at the Filing Date;

"**Business Day**" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a statutory holiday under Applicable Law;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Proceedings**" means the proceedings commenced by HVC and Landing under the CCAA in the Court of Queen's Bench of Alberta, Judicial District of Calgary, Court File No. 1301-04682;

"**Chairman**" has the meaning given to it in Article 5.1 of the Plan;

"**Claim**" has the meaning given to it in the CCAA;

"**Claims Bar Date**" means June 14, 2013 or such later date on which a Proof of Claim is accepted for filing by HVC and the Monitor, or the Court, prior to the applicable Creditors' Meeting;

"**Claims Procedure**" means the procedures outlined in the Claims Procedure Order in connection with the assertion of Claims against HVC and Landing;

"**Claims Procedure Order**" means the Order of the Court made by the Honourable Justice B.E.C Romaine dated May 8, 2013 approving the Claims Procedure;

"**Class "A" Bonds**" means non-interest bearing bonds due July 31, 2018, to be issued by HVC pursuant to the Bond Indenture in accordance with Article 4.1 of this Plan and rounded to the nearest one dollar;

"**Class "B" Bonds**" means non-interest bearing bonds convertible into one New HVC Share, to be issued by HVC pursuant to the Bond Indenture in accordance with Article 4.1 of this Plan and rounded to the nearest one dollar;

"**Class "B" Conversion Right**" has the meaning given to it in Article 4.2 of the Plan;

"**Conversion Right**" has the meaning given to it in Article 4.2 of the Plan;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Creditor**" means any Creditor with a Claim as of the Filing Date, but only with respect to and to the extent of such Claim;

"**Creditors' Meeting**" means the meeting of Creditors with Eligible Voting Claims called for the purpose of considering and voting in respect of the Plan and any adjournment thereof;

"**Disputed Claim**" means a Claim properly filed in accordance with the Claims Procedure which, if allowed in whole or in part, would be a Proven Claim, but which has not, as of the Plan Implementation Dates been finally determined to be a Proven Claim in accordance with the Claims Procedure;

"**Eligible Voting Claim**" means a Proven Claim in respect of HVC, or where a Claim is disputed or unresolved by the time the Creditors' Meeting commences, the value assigned to such Claim for voting purposes by HVC in consultation with the Monitor, or the Court, except no Unaffected Claim will be an Eligible Voting Claim;

"**Excluded Asset Amount**" has the meaning given to it in Article 2.1(e) of this Plan;

"**Exit Financing**" means any credit advanced by a Person to HVC so as to allow HVC to meet expenses following the implementation of this Plan;

"**Exit Financing Agreement**" means any credit facility agreement entered into by HVC and the lender thereunder, to become effective upon the Plan Implementation Dates;

"**Exit Financing Net Proceeds**" means any amount to be advanced pursuant to the Exit Financing Agreement at the Plan Implementation Dates, net of all expenses, charges and fees;

"**Exit Financing Security**" means any security agreements to be entered into by HVC to secure advances to be made to the Exit Financing Agreement charging all of the Assets which will be registered or otherwise perfected prior on the Plan Implementation Dates, and which will become effective on the Plan Implementation Dates;

"**Filing Date**" means May 8, 2013;

"**Final Determination**" means any determination for which, pursuant to Applicable Law, all times limited for and all rights to dispute, appeal or further appeal of or from such determination have expired or been exhausted;

"**Final Sanction Order**" means a final Order which, among other things, shall approve and sanction the Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to the Plan, including provisions in substance similar to those set out in Article 10.1;

"**Foreclosure Order**" means an Order consented to by Landing which, among other things, shall vest title in and to the Harbour View Lands in HVC;

"**Government Authority**" means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over HVC, the business of HVC, the Harbour View Lands or the Plan;

"**Harbour View Lands**" means the lands legally described as Lot 2, District Lot 216, Comox District, Plan 31808 except those parts in Plans 36029 and 39408;

"**HVC**" means Harbour View Capital Inc.;

"**HVC Bonds**" means the 6% bonds issued by HVC and due April 30, 2014, including bonds in respect of which the holder has exercised a right of retraction;

"**Indenture Trustee**" means the trustee appointed pursuant to the Bond Indenture;

"**Initial Order**" means the order granted by the Court in the CCAA Proceedings on May 8, 2013 which, among other things, granted CCAA protection to HVC, appointed the Monitor, and stayed proceedings against HVC;

"**Instrument of Proxy**" has the meaning given to it in Article 5.3 of the Plan, a copy of which is attached as Schedule "B" hereto;

"**ITA**" means the *Income Tax Act*, R.S.C., 1985, c.I, and the regulations thereunder, all as amended;

"**Management Committee**" has the meaning ascribed to it in the Receivership Order;

"**Meeting Order**" means the Order under the CCAA that, among other things, accepts the filing of the Plan and calls and sets the date for the Creditors' Meeting;

"**Monitor**" has the meaning ascribed to it in the Initial Order;

"**New HVC Shares**" means Common Shares of HVC to be issued to Creditors pursuant to this Plan upon the conversion of the Class "B" Bonds;

"**New Directors**" means up to 5 individuals selected by the Monitor from nominations submitted by Creditors pursuant to a process directed by the Court in an Order dated July 15, 2013;

"**Old HVC Shares**" means all issued and outstanding shares of any class of HVC, including Old Class "A" Shares and Old Class "B" Shares, as at the Filing Date;

"**Old Class "A" Shares**" means all Class "A" preferred, voting, non-participating shares of HVC issued and outstanding as at the Filing Date;

"**Old Class "B" Shares**" means all Class "B" common, non-voting, participating shares of HVC issued and outstanding as at the Filing Date;

"**Order**" means any order of the Court respecting the CCAA Proceedings;

"**Person**" includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"**Plan**" or "**Plan of Compromise and Arrangement**" means the Plan of Compromise and Arrangement to which this Schedule "A" is attached and forms part, as supplemented and amended from time to time;

"**Plan Implementation Dates**" means the period of two Business Days following the satisfaction or waiver of the conditions precedent to the implementation of this Plan as set out in Article 8.3 or such other dates as may be agreed by the Parties in consultation with the Monitor;

"**Post-Filing Claim**" means any amounts properly owing by HVC arising or accruing from the provision of goods and/or performance of services or the advance of money or credit to HVC from and after the Filing Date, together with any claim of any nature or kind whatsoever arising after the Filing Date which would, had it been in existence on or before the Filing Date, have been a Claim within the meaning of this Plan, but not including interest or other costs or charges in respect of any Claim arising or accruing after the Filing Date;

"**Proven Claim**" means a Claim which has been allowed and in respect of which there has been a Final Determination of such Claim in accordance with this Plan and/or any applicable Order by the Plan Implementation Dates;

"**Receiver**" has the meaning ascribed to it in the Receivership Order;

"**Receiver's Borrowing Charge**" has the meaning ascribed to it in the Receivership Order;

"**Receiver's Charge**" has the meaning ascribed to it in the Receivership Order;

"**Receivership Order**" means the consent receivership order issued in Court File No. 1301-01319 on May 2, 2013, that, *inter alia*, appoint Ernst & Young Inc., as the receiver and manager of the assets, properties or undertakings of Landing and HVC;

"**Registered Plan**" means a registered retirement savings plan, registered education savings plan, registered retirement income fund, deferred profit sharing plan, registered disability savings plan or tax-free savings account;

"**Released Party**" has the meaning given to it in Section 9.1 of the Plan;

"**Replacement Bonds**" means Class "A" Bonds and Class "B" Bonds to be issued pursuant to the Bond Indenture;

"**Replacement Bond Security**" means fixed and floating charge security granted by HVC to secure all amounts owed pursuant to the Bond Indenture charging all of the Assets and having the attributes described in Article 2.1(f) of this Plan;

"**Required Majority**" means a majority in number of the Creditors, who represent at least two-thirds in value of the Eligible Voting Claims of Creditors who actually vote on the resolution approving the Plan (in person or by proxy) at the Creditors' Meeting;

"**Special Crown Claims**" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Plan Implementation Dates and are of a kind that could be subject to a demand under:

(i) Subsection 224(1.2) of the ITA;

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

"**Specified Bondholders**" means those holders of Replacement Bonds selected by the Monitor, none of whose Class "B" Bonds shall be held in Registered Plans;

"**Tax**" or "**Taxes**" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"**Tax Claim**" means any Claim against HVC for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date but does not end until after the Filing Date, any Claims against HVC for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date;

"**Taxing Authorities**" means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power;

"**Taxing Authority**" means any one of the Taxing Authorities;

"**Transfer Agent**" means Olympia Trust Company or such other transfer agent appointed with respect to the New HVC Shares;

"**Unaffected Claims**" has the meaning given to it in Article 2.3 of the Plan and includes Unaffected Plan Closing Claims;

"**Unaffected Creditor**" is a Creditor whose Claim is an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"**Unaffected Plan Closing Claims**" means the indebtedness owing to Monitor, its counsel and counsel for HVC for unpaid fees, costs and disbursements incurred up to and including the Plan Implementation Dates, which will either be reserved for or paid on the Plan Implementation Dates.

SCHEDULE "B"
INSTRUMENT OF PROXY

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 HARBOUR VIEW CAPITAL INC. and HARBOUR VIEW LANDING INC.

INSTRUMENT OF PROXY

MEETING OF CREDITORS OF HARBOUR VIEW CAPITAL INC. to be held pursuant to an Order of the Alberta Court of Queen's Bench (the "**Court**") in connection with Harbour View Capital Inc.'s Plan of Compromise and Arrangement under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Plan**") on August 21, 2013 at 9:30 a.m. at:

Ernst & Young Inc.
1000, 440 – 2 Avenue S.W.
Calgary, Alberta T2P 5E9

Before completing this Instrument of Proxy, please read carefully the instructions accompanying this Instrument of Proxy for information respecting the proper completion and return of this Instrument of Proxy.

THIS INSTRUMENT PROXY MUST BE COMPLETED AND SIGNED BY THE CREDITOR AND PROVIDED TO THE MONITOR, ERNST & YOUNG INC., BY 5:00 P.M. (MST) ON THE BUSINESS DAY PRIOR TO THE MEETING OR WITH THE CHAIR PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF IF ANY PERSON ON SUCH CREDITOR'S BEHALF IS TO ATTEND THE MEETING AND VOTE ON THE CCAA PLAN OR IF SUCH CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS SUCH INSTRUMENT OF PROXY.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given and nominates, constitutes and appoints ________________________________ or, if no person is named, Neil Narfason of Ernst & Young Inc. in its capacity as Monitor, or such other representative of the Monitor as the Monitor may designate, as nominee of the undersigned Creditor, with full power of substitution, to attend on behalf of and act for the undersigned Creditor at the Meeting of Creditors of Harbour View Capital Inc. to be held in connection with the CCAA Plan and at any and all adjournments thereof, and to vote the amount of the undersigned Creditor's Claims for voting purposes as determined pursuant to the Creditors' Meeting Order, the Claims Process, the CCAA Plan, the CCAA and any further order of the Court as follows:

A. mark one only):

☐ VOTE FOR approval of the CCAA Plan; or

☐ VOTE AGAINST approval of the CCAA Plan

-and-

B. vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any amendments or variations to the CCAA Plan and to any other matters that may come before the Meeting of Creditors of Harbour View Capital Inc. or any adjournment thereof.

DATED this ________ day of ____________________, 2013.

____

Print Name of Creditor

____

Signature of Creditor. If the Creditor is a corporation, signature of an authorized signing officer of the Corporation.

____

Title of the authorized signing officer of the corporation, if applicable.

____

Mailing address of the Creditor

____

Telephone number of the Creditor

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Creditor who has a right to vote at the Creditors' Meeting has the right to appoint a person (who need not be an Creditor) to attend, act and vote for and on behalf of such Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. If no name has been inserted in the space provided, the Creditor will be deemed to have appointed Neil Narfason of the Monitor (or such other representative of the Monitor as the Monitor may designate) as the Creditor's proxy holder.

2. **If an officer of Ernst & Young Inc. is appointed or is deemed to be appointed as proxy holder and the Creditor fails to indicate on this ordinary creditors' proxy a vote for or against approval of the CCAA Plan, this instrument of proxy will be voted FOR approval of the CCAA Plan.**

3. If this instrument of proxy is not dated in the space provided, it will be deemed to be dated on the date it is received by the Monitor.

4. This instrument of proxy must be signed by the Creditor or by the Creditor's attorney duly authorized in writing or, if the Creditor is a corporation, by a duly authorized officer or attorney of the corporation with an indication of the title of such officer or attorney.

5. Valid proxies bearing or deemed to bear a later date will revoke this ordinary creditors' proxy. If more than one valid proxy for the same Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.

6. his instrument of proxy should be sent to the Monitor by mail, delivery, email or facsimile at the address set out below so that it is received by the Monitor no later than 5:00 p.m. (MST) on August 20, 2013.

Ernst & Young Inc.
Court Appointed Monitor Ernst & Young Tower,
1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada

Attention: Jessica Caden
Fax: (403) 206-5075
Email: Jessica.Caden@ca.ey.com
Telephone: (403) 206-5153

SCHEDULE "C"
ARTICLES OF REORGANIZATION
ON FIRST OF PLAN IMPLEMENTATION DATES

BUSINESS CORPORATION ACT
(SECTION 192)

FORM 14

Alberta

MUNICIPAL AFFAIRS
Registries

Articles of Reorganization

1. NAME OF CORPORATION

HARBOUR VIEW CAPITAL INC.

2. CORPORATE ACCESS NUMBER

2014468033

3. IN ACCORDANCE WITH THE ORDER FOR REORGANIZATION, THE ARTICLES OF INCORPORATION OF THE CORPORATION ARE AMENDED AS FOLLOWS

Pursuant to the terms of the Plan and an order of the Queen's Bench of Alberta, dated July •, 2013 in support thereof and in accordance with Section 192(4) of the *Business Corporations Act*

1. The Articles of Incorporation are amended pursuant to Section 173(1)(f) to change the number of issued Class A Preferred Shares, so that each issued Class A Preferred Share is subdivided into 50 Class A Preferred Shares.

2. The Articles of Incorporation are amended pursuant to Section 173(1)(e) to add to the rights, privileges, restrictions and conditions of all existing classes of shares by adding to the end of Schedule "A" the following paragraph:

   All shares of each of the Class A Preferred Shares and Class B Common Shares may be retracted by the Corporation and cancelled without payment of any kind.

3. The Articles are further amended pursuant to Section 173(1)(d) by creating a new class of shares, to be designated "Common Shares", which shall have the following rights, privileges, restrictions and conditions:

   (a) The holders of Common Shares shall be entitled to vote at all meetings of shareholders of the Corporation, except for meetings of the holders of another class of shares as a class.

   (b) The holders of Common Shares shall be entitled to receive such dividends thereon as may be declared by the Directors from time to time.

   (c) The holders of Common Shares shall be entitled to receive the remaining property of the Corporation on dissolution.

4. The Articles are further amended pursuant to Section 173(1)(n) by deleting Schedule "B" thereto in its entirety.

5. The Articles are further amended pursuant to Section 173(1)(1) to increase the minimum number of directors to 3 so that the minimum and maximum number of directors are the following
   Minimum 3
   Maximum 9

4. DATE	SIGNATURE	TITLE

FOR DEPARTMENTAL USE ONLY

FILED

THIS SCHEDULE "A" IS INCORPORATED INTO
AND FORMS PART OF THE ARTICLES OF
HARBOUR VIEW CAPITAL INC. (the "Corporation")

(1) The Corporation is authorized to issue an unlimited number of Class A Preferred 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.

(2) 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.

(3) All shares of each of the Class A Preferred Shares and Class B Common Shares may be retracted by the Corporation and cancelled without payment of any kind.

(4) The Corporation is authorized to issue an unlimited number of Common Shares, which shall have the following rights, privileges, restrictions and conditions:

(a) The holders of Common Shares shall be entitled to vote at all meetings of shareholders of the Corporation, except for meetings of the holders of another class of shares as a class.

(b) The holders of Common Shares shall be entitled to receive such dividends thereon as may be declared by the Directors from time to time.

(c) The holders of Common Shares shall be entitled to receive the remaining property of the Corporation on dissolution

SCHEDULE "D"
ARTICLES OF REORGANIZATION
ON SECOND OF PLAN IMPLEMENTATION DATES

BUSINESS CORPORATION ACT FORM 14
(SECTION 192)

Alberta

MUNICIPAL AFFAIRS
Registries

Articles of Reorganization

1. NAME OF CORPORATION

HARBOUR VIEW CAPITAL INC.

2. CORPORATE ACCESS NUMBER

2014468033

3. IN ACCORDANCE WITH THE ORDER FOR REORGANIZATION, THE ARTICLES OF INCORPORATION OF THE CORPORATION ARE AMENDED AS FOLLOWS

Pursuant to the terms of the Plan and an order of the Queen's Bench of Alberta, dated July •, 2013 in support thereof and in accordance with Section 192(4) of the *Business Corporations Act*

1. The Articles of Incorporation are amended pursuant to Section 173(1)(f) to delete the Class A Preferred Shares and Class B Common Shares and the rights, privileges, restrictions and conditions attaching to them.

4. DATE	SIGNATURE	TITLE

FOR DEPARTMENTAL USE ONLY FILED