This is Exhibit Y referred to in the Affidavit of
Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the
Province of Alberta
DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

RESTRUCTURING

OVERVIEW & UPDATE

AIRDRIE COUNTRY ESTATES

LEGACY COMMUNITIES

My name is John Smith and I am a bondholder in Legacy, holding a total of $450000 worth of bonds.

I do not support the current actions of the Unsecured Creditors' Committee to appoint a Chief Restructuring Officer and continue to have confidence in the ability of current management to run Legacy.

Signed this 29 day of March, 2012

Name: John Smith

Agenda

- CCAA Process
- Who's Involved?
- Why Are we in CCAA?
- Airdrie Update
- Legacy Update
- Popular Misconceptions
- Potential Outcomes

What is the CCAA?

- The Process:
  - Court granted protection of a company
  - Grant time to design a **strategic restructuring plan**
  - Court sanctioned vote by the Bond holders
  - Designed for the company to continue in business

CCAA: Disciplines/ Skills

Legal:

- BLG
- McCarthy Tetrault
- FMC

Court Appointed Monitor:

- Ernst & Young

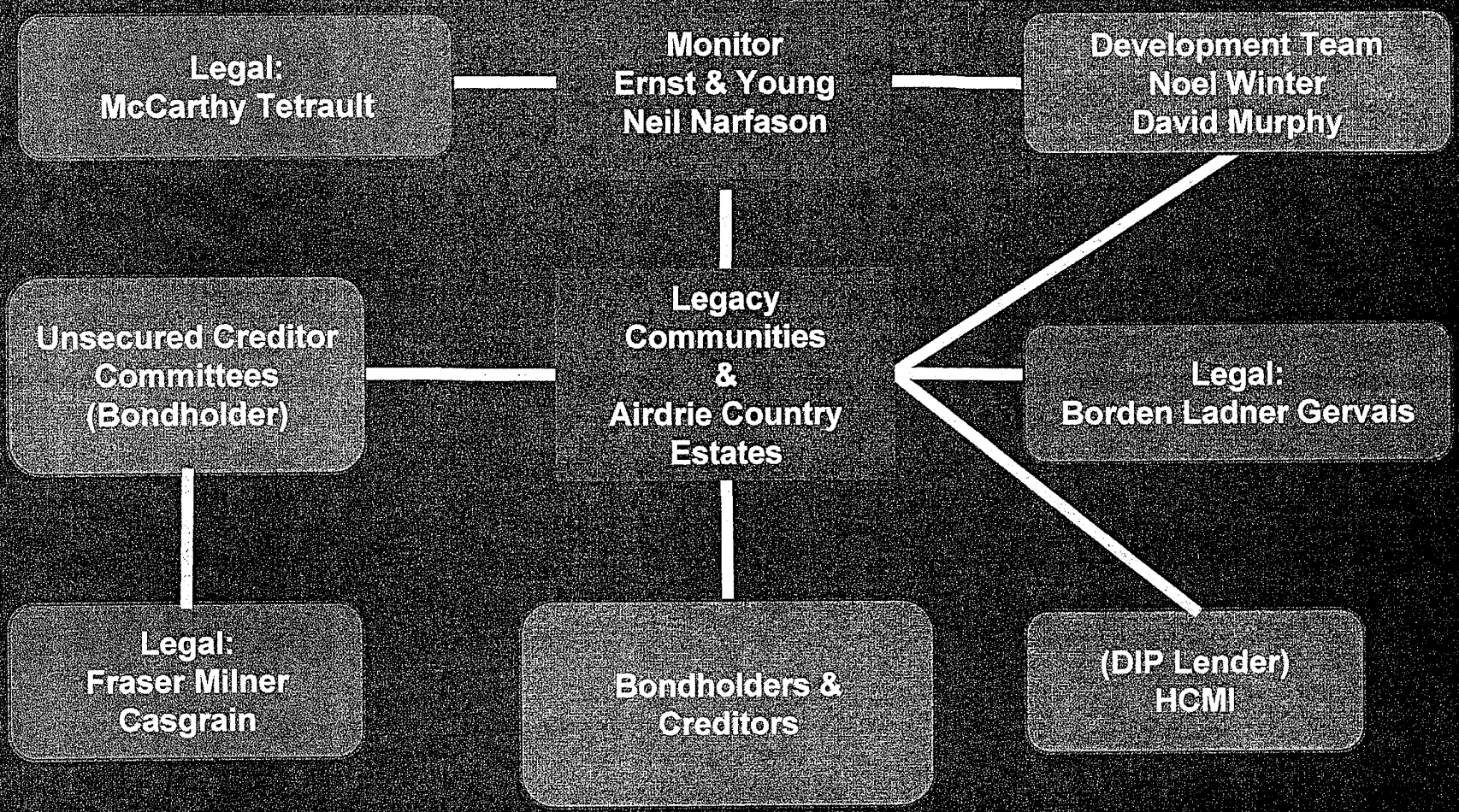
Value Enhancement and Development:

- Development Consultancy Team

CCAA Process Management:

- Ernst & Young
- Development Consultancy Team
- Harvest Team/Staff

CCAA: Key Groups



Why are we in CCAA?

- Time Line Risk
  - Bonds have come due
  - Balance Sheet Restructure
- Contributing Factors
  - Recession of 2008- 2012
  - Real estate crunch
  - Local Political
- Other major competing developers are facing the same situation

How your investment Works

Bond Investors
Invest in Mortgage Bond at 6% interest and lend money to Share Holders

Lend

Borrow

Shareholders
borrow the money from Bond Investors and repay 7%

Airdrie Country Estates
OM Summary

BONDS	Airdrie Capital Corporation (Sept 1, 2006)
	Terms/ Condition
Security Offered	7% Fixed Rate Redeemable, Renewable Bonds
Price Per Security	$100 per bond
Total Raised	$14,773,258
1st Redemption	Dec 31, 2011

SHARES	Airdrie Country Estates Inc. (Sept 1, 2006)
	Terms/ Condition
Security Offered	Class B Non- Voting Common Shares
Price Per Security	$0.10 per share

Legacy Communities OM Summary

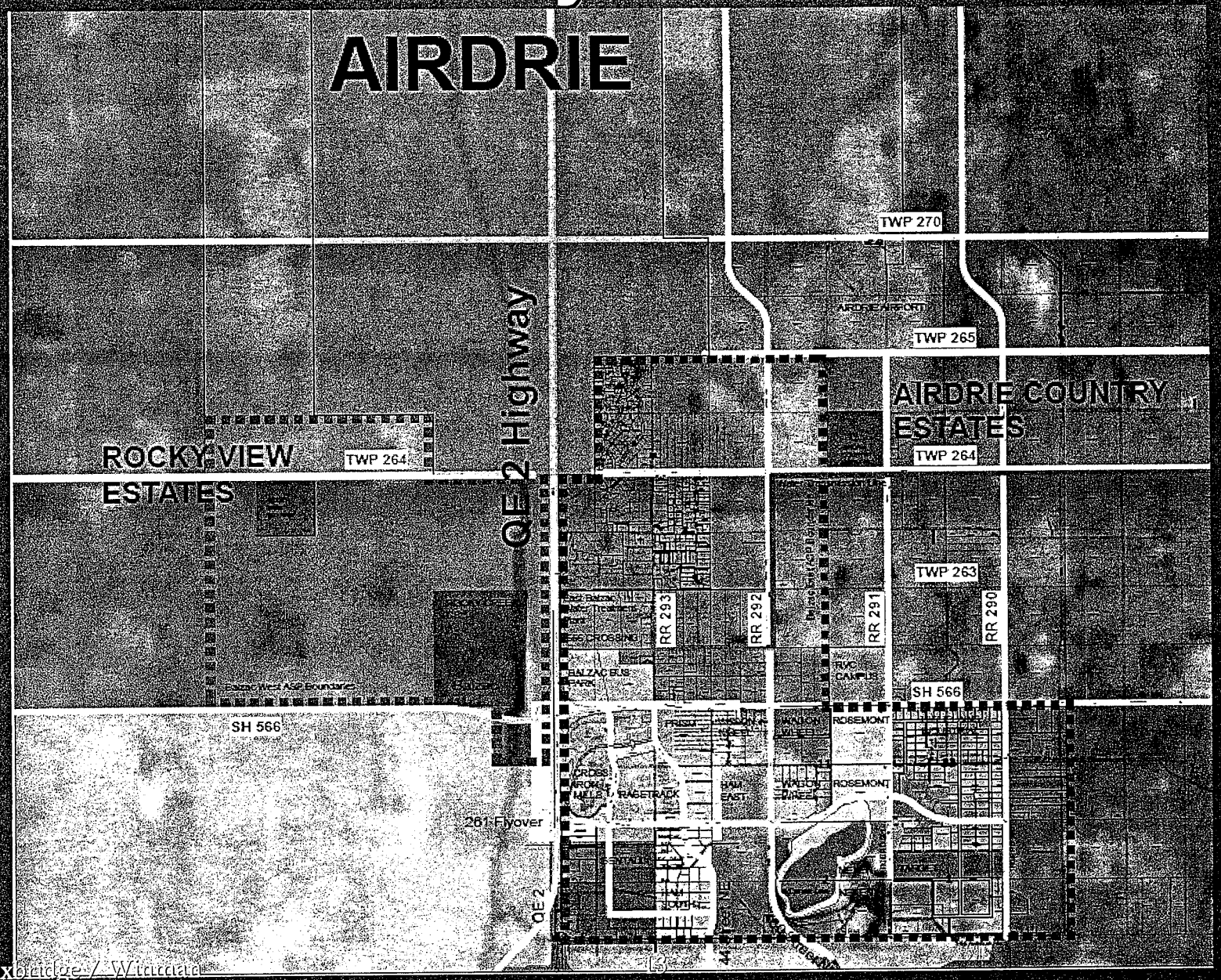
BONDS	Legacy Communities Inc. (Sept 15, 2006)
	Terms/ Condition
Security Offered	6% Fixed Rate Redeemable, Renewable Bonds
Price Per Security	$99.90 per bond
Total Raised	$ 35,361,800
1st Redemption	Dec 31 2011

SHARES	Legacy Communities Inc. (Sept 15, 2006)
	Terms/ Condition
Security Offered	Class B Non- Voting Common Shares
Price Per Security	$0.10 per share

Airdrie Country Estates Area Plan

- Area Structure Plan expansion
- Utilities: Water, Sewer, etc.
- Employment Growth
- Nexen

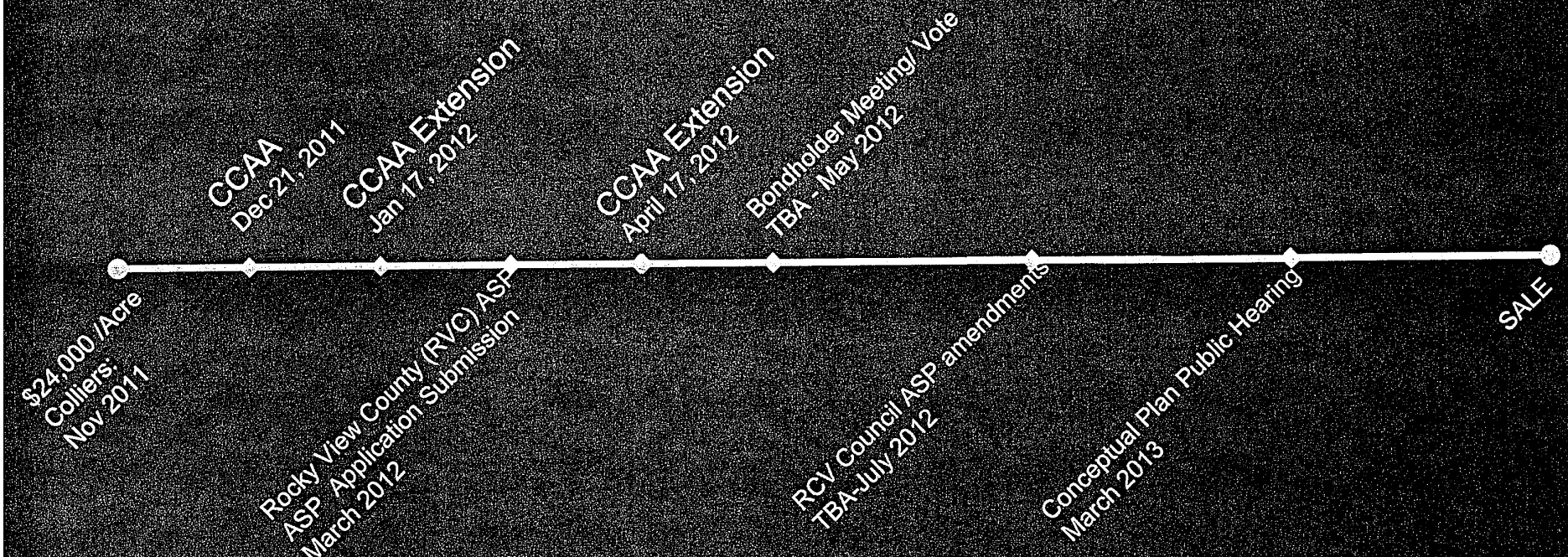
Airdrie Country Estates Area Plan



Foxbridge / Wittman

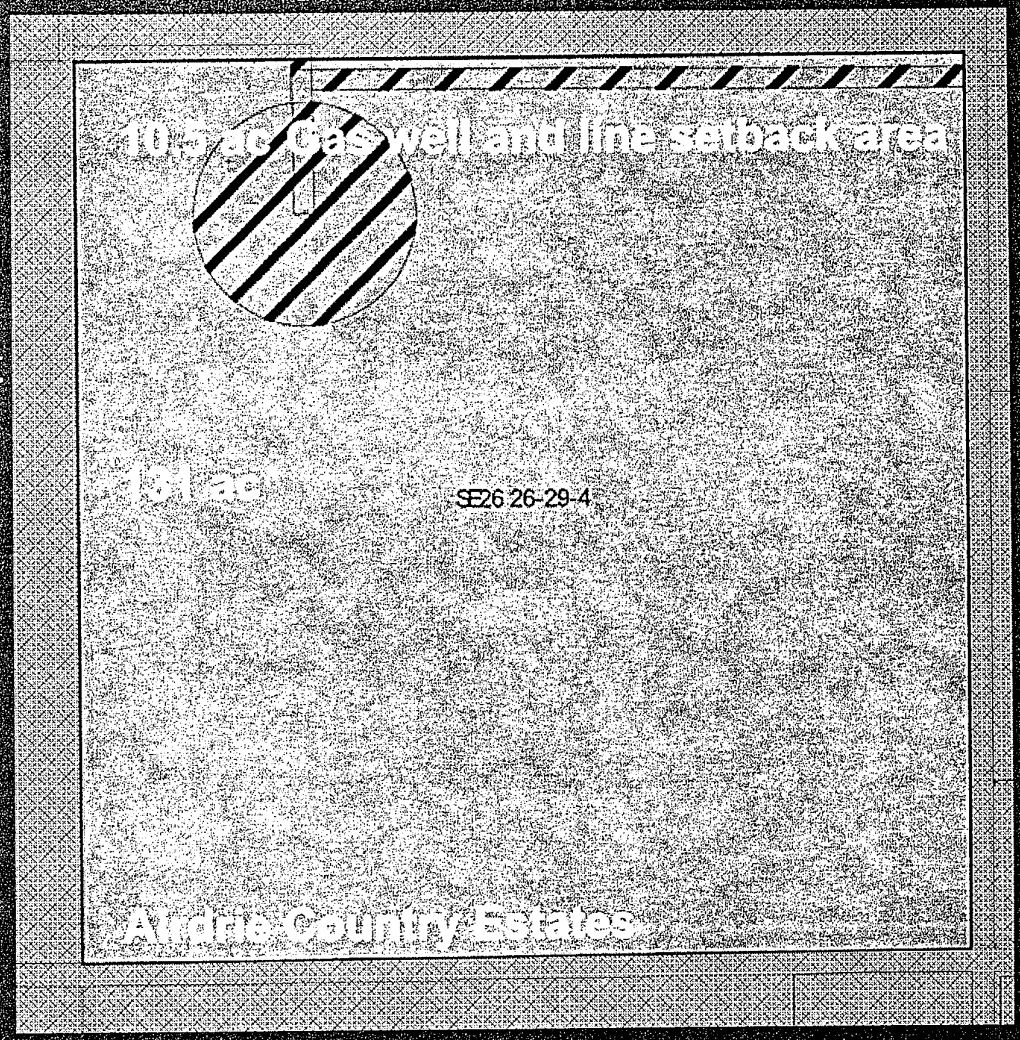
12-03-21

Airdrie Country Estates
Timeline of events



Airdrie Country Estates
Other Issues

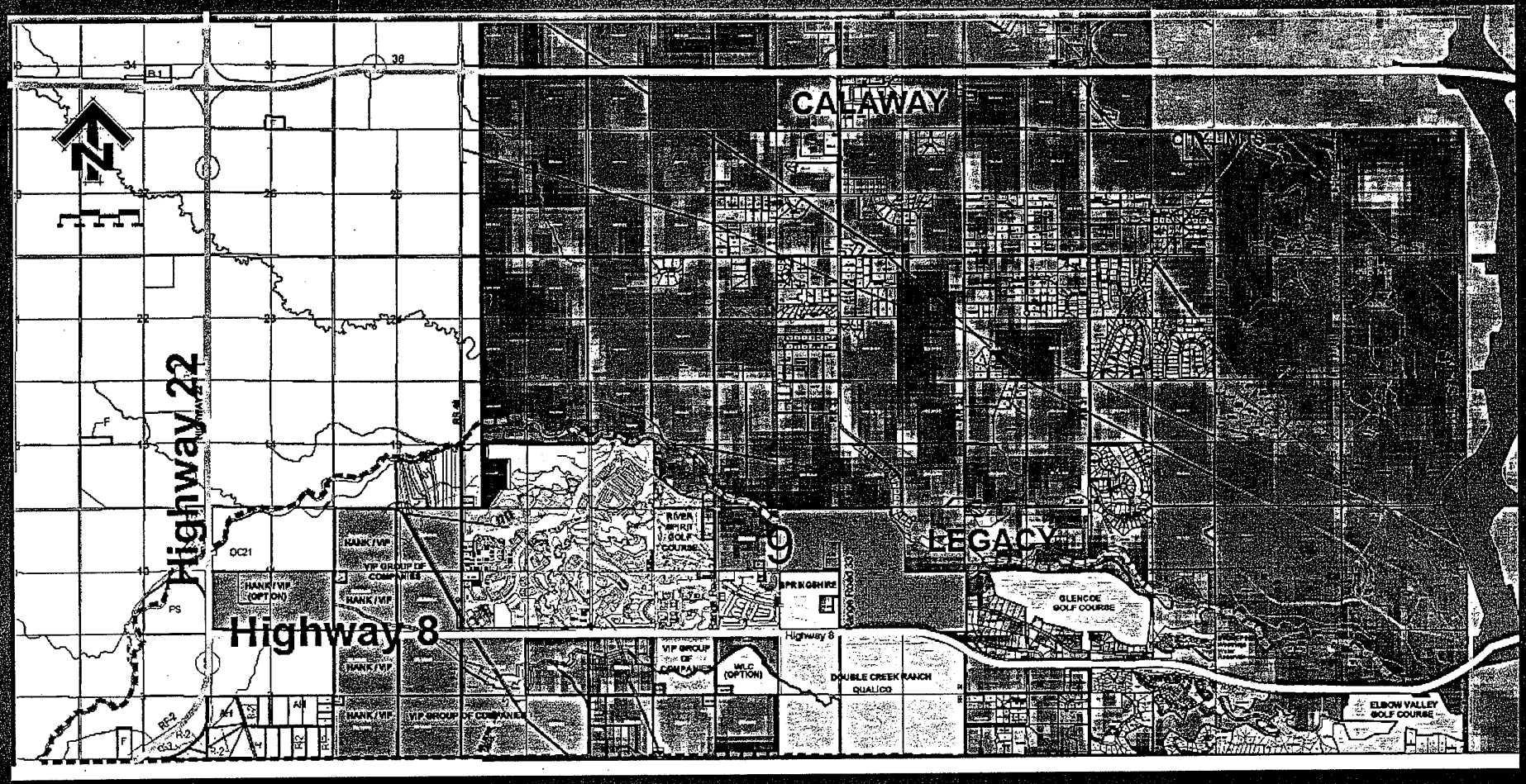
- Sour Gas Well
  - Level 1 confirmed
  - Buffer zone = Park
  - No development impact



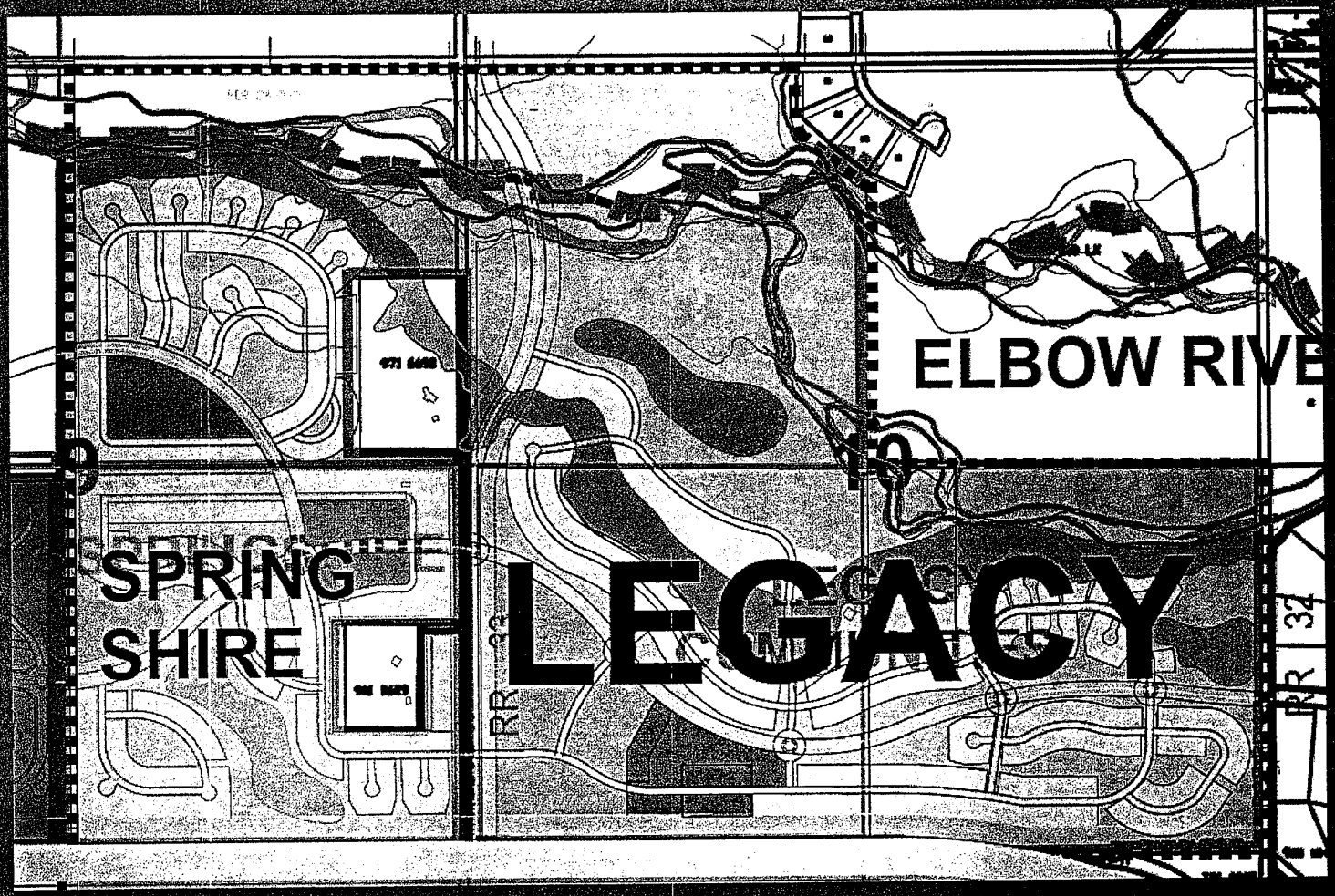
Legacy Communities Area Plan

- Area Plan
- Detailed Concept
- Land Ownership Map
- Utilities
- Water

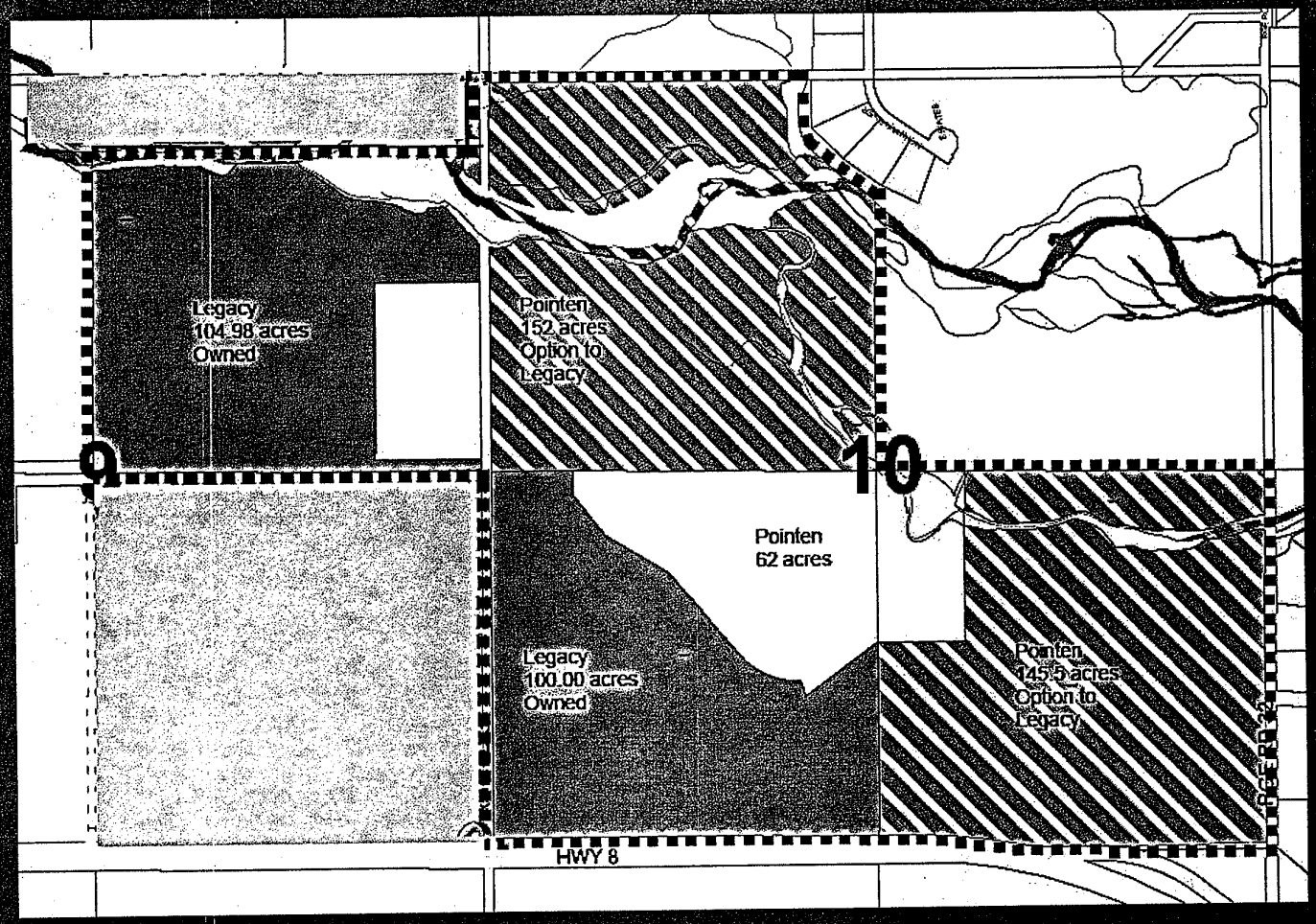
Legacy Communities Area Plan



Legacy Communities Area Plan



Legacy Communities Land Ownership



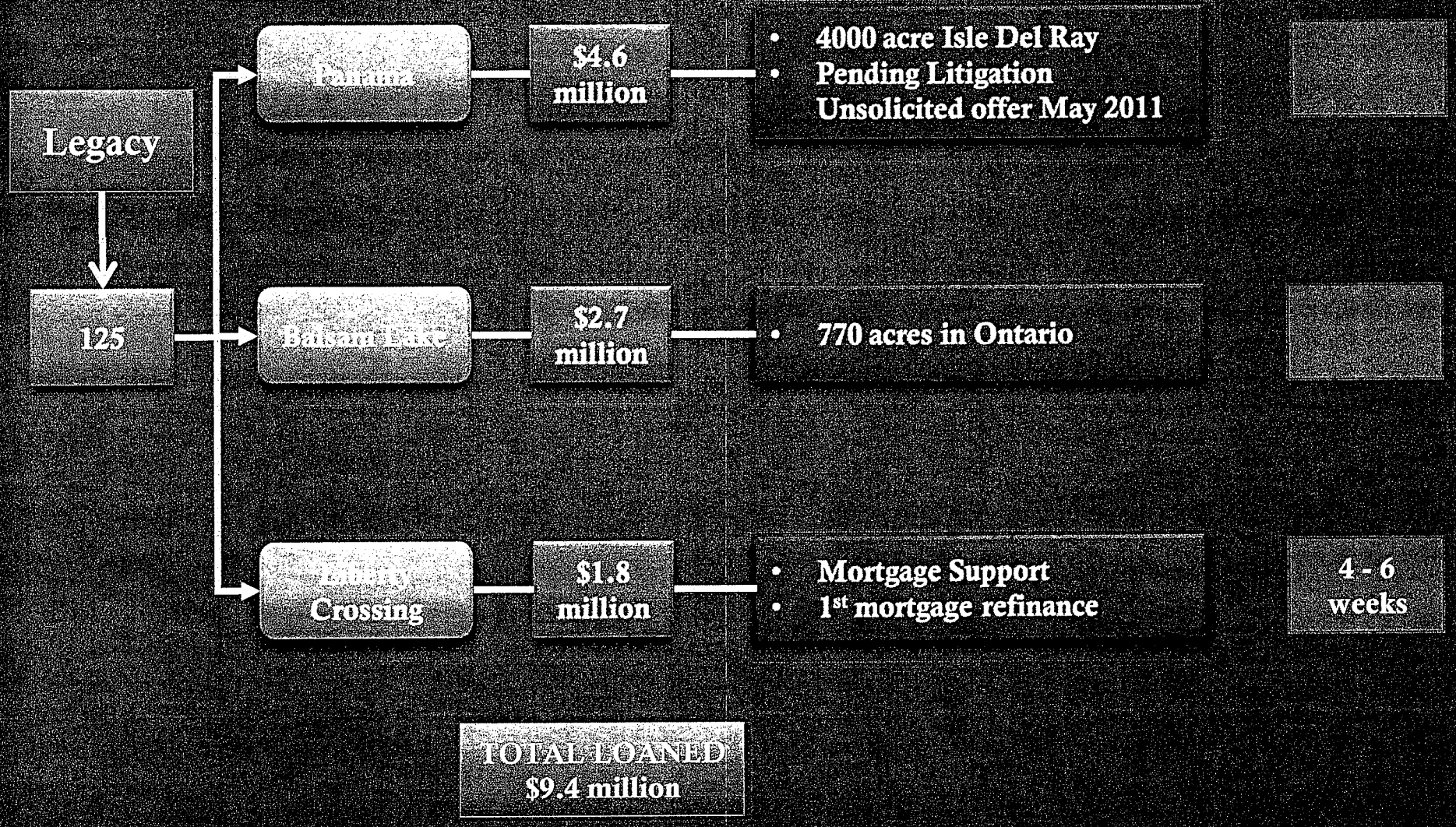
Legacy Timeline of Events

Legacy Communities
Other Issues

- Water
- Loans to 125
  - Investments:
    - Panama
      - Lawyers Trust Account
    - Balsam Lake
      - 700+ acres of development land
    - Liberty Crossing
      - LP units: 59
      - $1.35 million term certificate

- Rational:
  - Land Value Cycles
  - 6% interest
  - Money not required until 2017

Legacy Communities
Loans to 1252064 AB LTD.



Popular Misconceptions

- **Foundation/Harvest is unable to pay its bondholders the debt.**
  - Foundation/ Harvest is the Manager, not the borrower.
  - The OM was structured as a bond/share transaction.

- **Legacy only owns 100 acres of land**
  - It owns outright 203 acres and,
  - Paid $18 million towards the purchase price of $27 million
  - the remaining options to be exercised in 2017 are "in the money" at $30,000 per acre, and
  - The 700 acre-ft of water licences are worth more than what was paid for and,
  - The other receivables are itemized and quantified and do have a realizable value.

Possible Outcomes

- Draft and subject to change but provides a brief insight into what the consultancy team believes it will bring to the table in terms of value add DURING THE EARLY) RECOVERY STAGE (Approximately 20 months).
- We are preparing a subsequent medium term proforma as part of the plan to reflect the project's "post recovery" prospects.
- Note: DECISION POINT AT THE END OF THE RECOVERY STAGE – Sell or Hold.

RECOVERY STAGE ONLY

DRAFT WORKING COPY

NEEDS APPRAISAL UPDATE

Projected Recovery through Plan of Restructure

	Scenario	Sell Now	Restructure	
			Low	High
Legacy	Gross Proceeds	19,900	34,400	40,400
	Obligations	46,000	46,000	46,000
Airdrie	Gross Proceeds	4,320	10,000	12,000
	Obligations	19,600	19,600	19,600

Q & A

This is Exhibit Z referred to in the Affidavit of
Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the
Province of Alberta
DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence.

LEGACY COMMUNITIES INC.
OFFERING MEMORANDUM

Dated:	October 29, 2007
The Issuer	
Name:	Legacy Communities Inc. (the "Issuer")
Head office:	Legacy Communities Inc. 6163 - 6th Street SE Calgary, Alberta, T2H 1L9 Phone Number:(403) 253-5822 Fax Number: (403) 253-5820 Email: info@foundation-capital.net

These securities do not trade on any exchange or market. The Issuer is not a reporting issuer in any jurisdiction and is not a SEDAR filer.

The Offering	
Securities offered:	Units, each Unit comprised of one (1) Class B Non-Voting Common Share (referred to herein as the "Class B Shares" or "Shares") and one (1) 6% fixed rate redeemable bond (referred to herein as the "Bonds"). The Bonds and the Class B shares are referred to collectively as the "Securities" or the "Units".
Price per Unit:	$100.00 per Unit; the Corporation has allocated a value of $0.10 per Class B Share and $99.90 per Bond.
No Minimum:	The offering is not subject to any minimum amount, and as such **you may be the only purchaser.** The maximum offering is 110,000 Units ($11,000,000). The minimum subscription per investor is 100 Units ($10,000).
Payment terms:	Cheque or bank draft on closing.
Proposed closing date(s):	One or more dates prior to November 30. 2007 or another such date as the Issuer may determine.
Tax consequences:	**You should consult your own professional advisors to obtain advice on the tax consequences that apply to you. See Item 6 - Income Tax Consequences and RRSP Eligibility.**
Selling Agent:	The Corporation reserves the right, as allowed by applicable securities legislation, to retain agents to help effect sales of the Units. **See Item 7.**
Resale Restrictions:	You will be restricted from selling your Units for an indefinite period. You may never be able to resell the Units. **See Item 10 - Resale Restrictions.**
Purchasers' Rights:	You have two business days to cancel your agreement to purchase Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel your agreement to purchase Units. See Item 11 – Purchaser's Rights.

This is a risky investment. You could lose all the money you invest.

Certain risk factors are inherent in an investment of this nature, and accordingly prospective Investors are urged to consult with their professional advisors before making an investment in Units. See Item 8 – Risk Factors.

The information disclosed on this page and the previous page is a summary only. Prospective Investors should read the entire Offering Memorandum for full details about the offering.

NOTE REGARDING FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Issuer's future performance. All statements other than statements of historical fact are forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Offering Memorandum may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Issuer is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in this Issuer's expectations except as otherwise required by applicable legislation.

DEFINITIONS

The following are definitions of certain terms used in this Offering Memorandum:

"Bond" means one (1) 6% fixed rate redeemable bond issued by the Corporation pursuant to this Offering.

"*Class A Share*" means a Class A Voting Preferred Share in the capital of the Issuer.

"*Class B Share*" means a Class B Non-Voting Common Share in the capital of the Issuer.

"*Investor*" means an investor who purchases Units.

"*Issuer*" means Legacy Communities Inc.

"*Promoter*" means Ron Aitkens and Bruce Jank

"*Property*" means the property described in Item 2.2– The Property.

"*Purchase Price*" means one hundred dollars ($100) per Unit.

""related party" includes:

(i) a director, officer, promoter or control person of the Issuer;

(ii) the Promoter;

(iii) in regard to a person referred to in (i) or (ii), that person's child, parent, grandparent or sibling, or other relative living in the same residence,

(iv) in regard to a person referred to in (i), (ii), or (iii), his or her spouse or a person with whom he or she is living in a marriage-like relationship,

(v) an insider of the Issuer (including persons or companies who would be insiders of the issuer if that issuer were a reporting issuer),

(vi) a company controlled by one or more individuals referred to in (i) to (v), and

(vii) in the case of an insider, promoter, or control person of the Issuer, or of the Promoter that is not an individual, any person or company that controls that entity.

"*Subscription of Units*" means an agreement in a form acceptable to the Issuer under which prospective Investors subscribe to purchase Units.

"*Unit*" means a Unit consisting of one Bond and one Class B Share in the capital of the Issuer.

TABLE OF CONTENTS

ITEM 1	USE OF NET PROCEEDS	5
	1.1 Net Proceeds	5
	1.2 Use of Net Proceeds	5
	1.3 Reallocation	5
ITEM 2	BUSINESS OF THE ISSUER	6
	2.1 The Business	6
	2.2 The Property	6
	2.3 Value of the Property	9
	2.4 History of Ownership	10
	2.5 Approvals	10
	2.6 Capital Requirements	10
	2.7 Objectives	11
	2.8 Insufficient Funds	11
	2.9 Material Agreements	11
ITEM 3	DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS	13
	3.1 Compensation and Securities Held	13
	3.2 Voting Control	13
	3.3 Management Experience	14
	3.4 Penalties, Sanctions and Bankruptcy	15
	3.5 Interest in Material Transactions	15
ITEM 4	CAPITAL STRUCTURE	15
	4.1 Share Capital	15
	4.2 Long-Term Debt	16
	4.3 Prior Sales	16
ITEM 5	DETAILS OF THE OFFERING	17
	5.1 Description of Units	18
	5.2 Subscription Procedure	19
ITEM 6	INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY	21
	6.1 Summary of Principle Federal Income Tax Consequences	20
ITEM 7	COMPENSATION PAID TO SELLERS AND FINDERS	21
ITEM 8	RISK FACTORS	21
ITEM 9	REPORTING OBLIGATIONS	24
ITEM 10	RESALE RESTRICTIONS	24
ITEM 11	PURCHASER'S RIGHTS	25
ITEM 12	FINANCIAL STATEMENTS	31

Item 1 Use of Net Proceeds

1.1 Net Proceeds

The net proceeds of this offering and the funds that will be available to the Issuer after this offering are estimated as follows:

		Assuming max. offering
A	Amount to be raised by this offering	$11,000,000
B	Selling commissions and fees [1]	$1,100,000
C	Estimated offering costs (e.g. legal, accounting, marketing)	$20,000
D	Net proceeds: D = A - (B + C)	$9,980,000

Notes:

1. Persons including directors and officers of the Issuer who sell Units may be paid a commission of up to 10% of the gross proceeds of Units sold. Assumes that a 10% commission will be paid in respect of the maximum of 110,000 Units.

1.2 Use of Net Proceeds

The Issuer intends to use the net proceeds of this offering as follows:

Description of intended use of available funds listed in order of priority	**Assuming max. offering**
Payment of the remainder of the Option Price	$7,900,000
A portion of estimated Design and Engineering, Planning, Taxes, Insurance, Legal, etc.	$800,000
Project Management Fees over the proceeding 12 months	$80,000
Payment of Fees to Eyelogic Systems Inc. – **See Item 2.10.4**	$40,000
Unallocated Working Capital	$1,160,000
Total	$9,980,000

The funds available to the Issuer will vary directly with the amount realized under this offering. If the maximum offering is not subscribed by November 30, 2007, the Issuer intends to continue to offer Units for sale until the maximum of 110,000 Units are sold.

The offering is not subject to any minimum amount, therefore the net proceeds of this offering may be insufficient to achieve all of the Issuer's proposed short-term objectives See "Item 2.2" and there is no assurance that additional financing will be available. The net proceeds of this offering are not sufficient to achieve all of the short-term and long-term objectives of the Issuer. The Issuer will require additional debt and/or equity financing to achieve those objectives and there is no assurance that any such financing will be available. If additional debt and/or equity financing is not available, Investors may experience a reduced return (or loss) on their investment.

1.3 Reallocation

The Issuer intends to spend the net proceeds as stated. The Issuer will reallocate funds only for sound business reasons.

Item 2 Business of the Issuer

2.1 The Business

The Issuer was formed to carry on the business of purchasing, subdividing, developing and selling the Property, either as an entirety (before or after subdivision or development) or by the sale of individual subdivided parcels and all other business ancillary or incidental to any of the foregoing. As of the date of this Offering Memorandum, the business conducted by the Issuer includes acquiring the Legacy Lands, the Option, offering the Units for sale pursuant to Offerings dated July 15, 2005 and September 15, 2006 (collectively the "2005 and 2006 Offerings) in order to meet its obligations pursuant to the Purchase Agreement the Option Agreement and entering into certain agreements related to its business activities. See "Item 2.10 – Material Agreements".

2.2 The Property

Pursuant to a purchase agreement dated May 9th, 2005 (the "Purchase Agreement") between the Issuer and 921888 Alberta Ltd., the Issuer acquired the Legacy Lands which consist of a 104.98 acre parcel of undeveloped land located approximately 4 miles west of the City of Calgary city limit and are legally described as follows:

W of the 5th Meridian, Range 3, Township 24, Section 9, NE Quarter consisting of ±104.98 acres (the "Legacy Lands")

Pursuant to the Purchase Agreement, the Issuer acquired the option, conditional up the Issuer paying the remainder of the Option Price, to acquire the following lands (the "Option"):

W of 5, Range 3, Township 24, Section 10, NW consisting of 152 acres ("Parcel A")
W of 5, Range 3, Township 24, Section 10, SW consisting of 151.83 acres ("Parcel B")
W of 5, Range 3, Township 24, Section 10, SE consisting of 156.31 acres ("Parcel C")
(collectively the "Option Lands") **See Item 2.3 The Option.**

To be deleted from the Option Lands are 60 acres representing a homestead subdivision, plus 2.5 acres, compromising a 100 foot buffer as stated in the Purchase Agreement (the "Excluded Lands").

The Option Lands (less the Excluded Lands) and the Legacy Lands are collectively referred to as the "Property" and comprise in the aggregate 502.6 acres.

The Property is currently designated RF (Ranch and Farmland District) and is covered by prairie grassland.

The Property is located four miles west of the Calgary city limits on Highway 8 in the Municipal District of Rocky View #44, adjacent to the Glencoe Golf and Country Club and Elbow Valley Estates.

Title to the Option Lands is currently registered in the name of Vernon Pointen (Parcel A and Parcel B) and Vernon. Pointen and Kathi J. Pointen (Parcel C).

Summary of encumbrances – The following table lists the encumbrances registered against title the Option Lands:

Registration No. and Particulars of Encumbrance

The Legacy Lands
761 141 577 Springbank Airport Zoning Regulations
931 093 277 Utility Right of Way
971 081 103 Utility Right of Way
971 100 025 Utility Right of Way
971 100 027 Caveat – M.D. of Rocky View No. 44
971 100 028 Caveat – M.D. of Rocky View No. 44
061 141 789 Mortgage – Imor Capital Corp. $2,500,000 (is presently being discharged by the Mortgagee)
061 141 790 Caveat – Assignment of Rents - Imor Capital Corp. (is presently being discharged by the Mortgagee)

Parcel A:
041 093 276 – Utility Right of Way
041 412 757 – Caveat re Option to Purchase (to be discharged on exercise of Option)

Parcel B:
3310DL - Utility Right of Way
6634KL - Utility Right of Way
041 412 757 – Caveat re Option to Purchase (to be discharged on exercise of Option)

Parcel C:
3310DL - Utility Right of Way
6634KL - Utility Right of Way
941 267 455 - Utility Right of Way
961 072 952 – Mortgage (to be discharged on exercise of Option)
041 412 757 – Caveat re Option to Purchase (to be discharged on exercise of Option)

It is not anticipated that these encumbrances will have any effect on the proposed subdivision and sale of the Property or on an Investor's investment in the Units.

The proposed use of the Property is to develop the land as a residential community. The Property has a number of amenities in all directions, including:
West & South - view of the Rocky Mountains
West - existing wetland
East - proximity to City of Calgary
North - Elbow River and escarpment

All of these amenities are complimented by the Property's gentle rolling terrain and offer a number of development opportunities for the site.

Utilities and Services - Currently, there are no utilities on the Property. Water and sanitary service would be provided to the lots.

Stormwater would be held in ditches within the road right of way, and conveyed to the stormwater pond. The pond is designed to accommodate a 1:100 year flood event. Water from the pond would be released to the Elbow River, through an underground pipe. Flows beyond 1:100 year event would be conveyed over the escarpment to the Elbow River, and into the wetland as well.

Environmental Liabilities and Hazards - The escarpment shows evidence of slope failure in one location. Due to the steepness of the slope, a setback of 1.5 times the slope height is recommended for the majority of the escarpment. Where the slope has failed, the setback should be increased to 2 times the slope height.

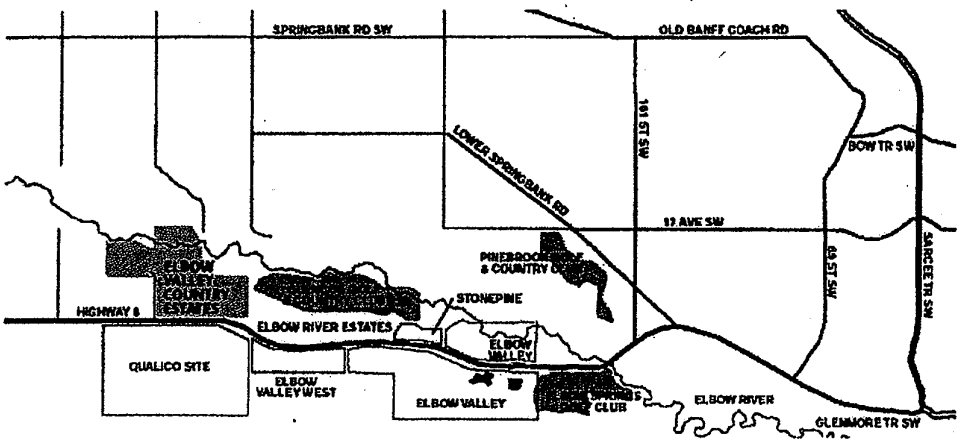
There are two low-lying areas in the southwest corner of the Property. These low-lying areas are ephemeral or intermittent wetlands and according to Alberta Environment guidelines, they must be either preserved or relocated.

The northeast corner of the site, below the escarpment, is a part of the Elbow River floodplain.
As such, no development is permitted within this area. The escarpment at the north edge of the site is another environmental consideration. Implementation of the setback as described earlier will help maintain the integrity and stability of the escarpment.

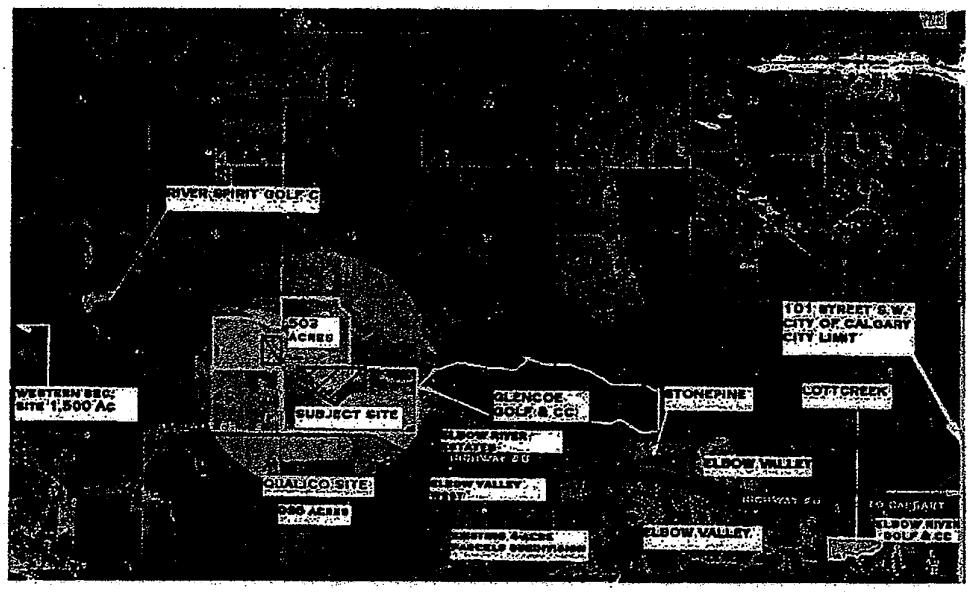
There are no requirements, consents or procedures that pertain to any future sale or disposition of the Property.

2.2.1 Photographs of the Property

The Property is highlighted in yellow below.



The Property is the white area within the yellow circle below.



2.3 The Option

Pursuant to the terms of the Purchase Agreement, the Issuer purchased all of the issued and outstanding shares in 1109411 Alberta Ltd. (the "Optionee") from 921888 Alberta Ltd. The Optionee is party to an Option Agreement dated July 31, 2004 between Vernon F. Pointen and Kathy J. Pointen (the "Optionors") and the Optionee (the "Option Agreement"). Pursuant to the terms of the Option Agreement, the Optionee was granted the option to purchase all of a portion of the Option Lands at any time up to July 31, 2017 for an aggregate purchase price of $14,000,000 (the "Option"). The Option Agreement provides for an allocation of the Purchase Price in the event that the Optionee purchases less than all of the Option Lands. The Optionee must purchase a minimum of 100 acres of the Option Lands for the sum of $3,500,000 on or before August 15, 2009 or the Option will terminate on that date.

The sum of $1,500,000 has been paid to the Optionors pursuant to the Option Agreement and will be applied to the purchase price of any of the Option Lands acquired by the Issuer.

In addition to the Option, the Option Agreement also provides the Optionee with right of first refusal to purchase the Optioned Lands or any portion thereof from the date of the Option Agreement until July 31, 2022 on the same terms and conditions as a third party may offer for the purchase of the Option Lands or any portion thereof.

The purchase price of Option is (the "Option Price") of which $1,000,000 has been paid to date and the following payments remain to be paid the Issuer:

October 1, 2008 - $2,950,000
October 1, 2009 - $2,950,000
October 1, 2010 - $2,000,000
Total: $7,900,000

All of the issued and outstanding he shares of the Optionee have been pledged in favour of 921888 Alberta Ltd. as security for the payment of the outstanding balance of the Option Price.

2.4 Value of the Property

In a report dated September 27, 2007 Tony T. Omura, of Wernick Omura Limited, an accredited member of the appraisal Institute of Canada, appraised the Property and estimated its market value at $37,700,000 as at September 1, 2007. The estimated market value was determined using the "Sales Comparison Approach" which is defined as "a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available".

The Property was compared to eight similar properties and three were chosen as the best comparable in terms of location and its relatively recent sale date.

The estimated market value of the Property was determined by using the sale price per acre of the chosen comparable and adjusting for time factor to arrive at an estimated market value for the Property of $75,000 per acre ($37,700,000 for the entire 502.6 acres).

The stated value for the Property is an estimate only. The amount that a purchaser might actually receive if the Property were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

An Investor is entitled to receive, on request and without charge, a copy of the appraisal report.

2.5 History of Ownership

To the knowledge of the Issuer, there have been no transfers of the Property during the two years preceding the date of this Memorandum.

2.6 Approvals

The Property is to be included in the draft Municipal District of Rocky View #44 (the "MD") Plan 8 Area Structure Plan (the "ASP"). The ASP has been presented to MD council. The council called for the Utility Services, Stormwater Management and Transportation studies to be completed by mid January 2008. The Issuer has purchased a water license with enough capacity to complete development of the Property and is in the process of having it transferred the title to the license to the Issuer.

The only provincial, municipal or other approvals that the Issuer anticipates to be required in connection with the development of the Property are:

- Obtaining re-zoning of the Property.
- Obtaining subdivision approval.

The only reports that the Issuer anticipates will be required in connection with the development of the Property is a Phase 1 environmental assessment anticipated to cost approximately $5,000.

If any of the approvals are not obtained, the Issuer will be forced to sell the Property as a single parcel. Failure to obtain approvals will likely result in the sale price of Property being substantially less than the aggregate sale price of sub-divided parcels, resulting in a reduced return (or loss) on an Investor's investment in the Units.

2.7 Capital Requirements

The following table itemizes the estimated costs to acquire and develop the Property and the Issuer's estimate of when those costs will be incurred.

Item	Estimated Cost	Estimated Time of Expenditure
Payment of the remainder of the Option	$2,950,000 $2,950,000 $2,000,000 Total: $7,900,000	October 1, 2008 October 1, 2009 October 1, 2010
Purchase of the Option Lands	$12,500,000	100 acres to be purchased on or before August 15, 2009 for $3,500,000
Project Management Fees	$80,000	Over12 months proceeding the date of this Offering
Design, Engineering Planning, Taxes, Legal, etc.	$800,000	Over 24 months proceeding the date of this Offering
Land Servicing	To be determined	Within 5 years of this Offering
Construction Financing Interest	To be determined	Within 5 years of this Offering
MD Rocky View Infrastructure and Levy Fees	To be determined	Within 5 years of this Offering
Commission on Lot Sales	To be determined	Within 5 years of this Offering

2.8 Objectives

(a) Short-Term Objectives and How the Issuer Intends to Achieve Them

The Issuer's objectives during the next twelve months are:

What the issuer must do and how it will do it	Target Completion Date	Cost to Complete
Raise $11,000,000 by completion of this offering of Units	November 30, 2007	$1,120,000
Make the Scheduled Option Fee payment	October 1, 2008	$2,950,000

(b) Long-Term Objectives

The primary long-term objectives of the Issuer are to:

Item	Target Completion Date
Obtain necessary approvals to subdivide the Property	May 2009
Acquire the first 100 acres of the Option Lands	August 15, 2009
Complete servicing of lots consisting of the first phase of the Project and sell the Property either as an entirety (whether before or after subdivision) or by the sale of subdivided parcels	November 2012
Pay all debts of the Issuer including amounts due and owing pursuant to Bonds issued by the Issuer pursuant to the 2005, 2006 Offerings together with this Offering and distribute any remaining cash to shareholders of the Issuer.	December 2011, with respect payment of the principal and interest owing under the Bonds issued pursuant to the 2005 and 2006 Offering and December 2012 with respect to Bonds issued pursuant to this Offering

If the Issuer is unable to achieve any of its short-term or long-term objectives, it may reduce the prospects for successful operation of the Issuer's business. For example, the Issuer's business strategy anticipates that the Issuer will be able to increase the value of the Property by obtaining all necessary subdivision approvals. Failure to obtain those approvals may result in the Issuer not achieving the anticipated benefits of acquiring and owning the Property. (Also see Item 8 - Risk Factors).

2.9 Insufficient Funds

There is no minimum amount of funds that are required to be raised under this offering, therefore, **the net proceeds of this offering may be insufficient to meet all of the Issuer's proposed short-term objectives and there is no assurance that additional financing will be available.** Failure to obtain sufficient funding whether through this offering or additional financing could have adverse effects on the Issuer's ability to carry out its business plans. See "Objectives".

2.10 Material Agreements

The following are the key terms of all material agreements which the Corporation has or expects to enter into and

which can reasonably be regarded as presently being material to the Corporation or a prospective purchaser of Units being offered pursuant to this Offering.

2.10.1 The Issuer has entered into a Management Agreement (the "Management Agreement") with Foundation Capital Corporation* ("Foundation"), a related party, pursuant to which the Issuer appointed the Foundation as manager of the business of the Issuer with full and complete power and authority to manage and administer the business and affairs of the Issuer subject only to provisions from time to time of statutes regulating the Issuer and such direction and control as it is the duty of the Issuer's directors to exercise. Foundation is entitled to a 1% of the funds raised pursuant to this Offering to a maximum of $80,000. This annual fee will be payable in monthly installments of 1/12 of the estimated annual fee.

*Ron Aitkens, the President of the Issuer, is the sole officer and director of Foundation. Mr. Aitkens owns 75% of the issued and outstanding shares in Foundation. **See Item 3.1 Compensation and Securities Held.**

2.10.2 Ron Aitkens, the President and a director of the Corporation was previously a party to two Stock Option Agreements with the Issuer pursuant to which Mr. Aitkens had the Option to purchase 117 Class B Shares at $0.10 per share for each $10,000 raised pursuant to the 2005 and 2006 Offering. A former director of the Corporation also was a party to Stock Option Agreements on the same terms and conditions as Mr. Aitkens Stock Option Agreements. An aggregate of 127,505 Class B shares of the Corporation have been issued pursuant to these agreements and are presently held by Mr. Aitkens.

The Stock Option Agreements with the former director have been terminated and Mr. Aitkens has agreed to terminate his Stock Option Agreements with the Issuer and enter into a Stock Option Agreement that will grant him the Option to purchase 201 Class B Shares at $0.10 per share for each $10,000 raised pursuant to the 2005 and 2006 Offerings (less 127,505 being Class B shares previously issued and held by Mr. Aitkens) together with this Offering and any subsequent offerings of Class B shares by the Corporation, provided that any such purchases are in compliance with applicable securities legislation (the "Aitkens Option").

2.10.3 The Issuer intends to enter into a Stock Option Agreement with Bruce Jank, the Treasurer and a director of the Issuer d pursuant to which Mr. Jank has the Option to purchase 33 Class B Shares at $0.10 per share for each $10,000 raised pursuant to the 2005 and 2006 Offerings together with this Offering and any subsequent offerings of Class B shares by the Corporation, provided that any such purchases are in compliance with applicable securities legislation (the "Jank Option").

2.10.4 The Issuer has entered into an Administration Agreement with Eyelogic Systems Inc. dated July 20, 2005 (the "Eyelogic Agreement"), the terms of which are summarized below:

(a) Eyelogic shall organize all requisite shareholders and vote its shares at Shareholders meetings.

(b) The Issuer shall pay Eyelogic an annual administration fee equal to the greater of $2,500 or ½ of 1% of capital raised from registered plans pursuant to this Offering. Any capital raised from registered plans in excess of $5,000,000 will be subject to a reduced annual management fee which is ¼ of 1%.

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

*As of the date of this Offering, Eyelogic owns 60% of the issued and outstanding Class A Preferred shares in the Corporation. **See Item 3.1 - Compensation and Securities Held.**

2.10.5 The Option Agreement.

See Item 2.3 - The Option for the terms of the Option Agreement.

2.10.6 Water License Agreement

The Issuer has entered into a Purchase and Sale Agreement with an arms length party respect to the transfer of an existing water allocation license which will allow the Issuer the right to divert or withdraw 500 acre feet of water per year from the Elbow river to be used to provide water to the development of the Property. A balance of $887,500

remains payable by the Issuer, to be amortized for a period of four years with an interest rate of 5%, interest to be paid monthly (the "Water License Fee").

Item 3 Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the Issuer and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Issuer (as principal holder):

Name and municipality of principal residence	Position held	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities held after the completion of the Maximum Offering
Eyelogic Systems Inc.	Controlling Shareholder	Since Inception $44,373 $40,000 Anticipated in current year[1]	60,000 Class A Preferred Shares (60%)
Ron Aitkens Lethbridge, AB	Director and President	Nil[2]	713,490 Class B Common Shares[3] (60%) 40,000 Class A Preferred Shares (40%)
Dr. Bruce Jank Lethbridge, AB	Director and Treasurer	Nil	117,400 Class B Common Shares[4] (10%)
Foundation Capital Corporation	Manager	Since Inception $119,287 $80,000 Anticipated in current financial year[5]	Nil

Notes:

(1) Assuming the maximum offering is subscribed for and all Units are sold to registered plans pursuant to the Eyelogic Agreement. **See Item 2.10.4 Material Agreement.**

(2) Ron Aitkens is the sole officer, director of Foundation. Mr. Aitkens owns 75% of the issued and outstanding shares of Foundation.

(3) Assuming maximum exercise of the Aitkens Option. **See Item 2.10.2 Material Agreement.**

(4) Assuming maximum exercise of the Jank Option. **See Item 2.10.3 Material Agreement.**

(5) Assuming the maximum payable pursuant to the Management Agreement. **See Item 2.10.1 Material Agreement.**

3.2 Voting Control

Voting control of the Corporation by Eyelogic is to ensure that the Bonds issued pursuant to this Offering are a qualified Registered Retirement Savings Plan ("RRSP") investment. **See Item 6 RRSP Eligibility and Income Tax Consequences.**

Eyelogic's control and interest in the Corporation is to earn administration fees and not to participate in the profits of the Corporation pursuant to its agreement with the Corporation (the "Eyelogic Agreement"). **See Item 2.10.4 Material Agreements.** Specifically:

(a) Eyelogic's shares in the Corporation are non-participating as they are not entitled to dividends;

(b) The Eyelogic Agreement states that Eyelogic cannot acquire any additional shares in the Corporation without the approval of the majority of the minority of shareholders of the Corporation;

(c) Eyelogic cannot increase the administration fees pursuant to the Eyelogic Agreement without the approval of the majority of the minority shareholders of the Corporation;

(d) Eyelogic will not sell its shares of the Corporation while the Eyelogic Agreement is in force and will, at the termination of the Eyelogic Agreement, return all of its shares to treasury of the Corporation for six hundred dollars; and

(e) Eyelogic will not benefit from its position as shareholder except as described in the Eyelogic Agreement and should it receive any benefit in addition to the administration fee, that the benefit will be returned to the Corporation for ten dollars.

An investor in the securities offered under this Memorandum should understand that Eyelogic's assets and management are not in any way committed to the activities of the Corporation other than organizing the annual shareholder meeting and voting its shares at shareholder meetings of the Corporation. Eyelogic does not encourage or discourage an investment in the Corporation.

3.3 Management Experience

The names and principal occupations of each of the directors and senior officers of the Corporation over the past five years are as follows:

Name and Position	Principal Occupation and Related Experience
Ron Aitkens Director and President	Ron Aitkens has been the President of Harvest Financial Services Inc. from 1994 until the present. In addition, Mr. Aitkens is currently the president of Harvest Capital Management Inc. and has been since the year 2000. Harvest Financial Services Inc. and Harvest Capital Management Inc. are involved in the offering of commercial real estate syndications through Limited Partnerships. The following are a list of other positions currently held by Mr. Aitkens: President, Airdrie Country Estates Inc., 2006 – Present President, Rockyview Estates Corp., 2006 – Present Airdrie Country Estates and Rockyview Estates both acquired parcels of land in the Municipal District of Rockyview, AB for potential subdivision and development.
Dr. Bruce Jank Director and Treasurer	Dr. Jank is a professional engineer with over 30 years of experience in the field of municipal and industrial wastewater management techniques and technologies. He has worked at various levels of responsibility in both the public and private sector. These include Director of Environment Canada's Wastewater Technology Centre and Chairman/CEO of Water Technology International Corporation. Dr. Jank has extensive experience in developing, demonstrating and commercializing technologies and techniques that minimize the cost of wastewater treatment, reuse and disposal. Dr. Jank is very well known and recognized in Canada for helping several municipalities (e.g. Jasper, Columbia Ice Field, Okotoks) save millions of dollars through the use of innovative approaches for the management of municipal wastewater.

3.4 Penalties, Sanctions and Bankruptcy

No director, executive officer or control person of the Issuer is, or within the ten years prior to the date of this Offering Memorandum has been a director, senior officer or control person of another issuer that, while that person was acting in that capacity:

(a) was the subject of a penalty or sanction imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of an issuer, or involving theft or fraud; or

(b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets.

3.5 Interest in Material Transactions

See Items 2.10.1, 2.10.2 and 2.10.3 – Material Agreements.

Item 4 Capital Structure

4.1 Share Capital

The following summarizes the capital structure of the Issuer:

Description of security	Number authorized to be issued	Number outstanding as at the date hereof	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	unlimited	100,000	100,000
Class B Common Shares	unlimited	372,485	1,185,600[2]
Class B Common Shares – Stock Options	unlimited	703,125[1]	0[2]

[1] See Items 2.10.2 and 2.10.3 Material Agreements.
[2] Assuming maximum exercise of the Aitkens and Jank Options.

Class "A" and Class "B" Shares

There are special rights and restrictions attached to the Class A Shares and the Class B Shares of the Corporation.

The following is a brief summary of certain of these rights and restrictions:

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 – Only the holders of the Class B Shares shall be entitled to receive dividends, if, as and when declared by the Directors of the Corporation.

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

(b) after the Corporation has made the distribution contemplated by paragraph (a) above, the holders of the Class B Shares shall be entitled to receive all amounts distributable or which become distributable of the Corporation;

(c) any amount to be distributed to holders of any class of shares pursuant to paragraphs (a) and (b) above, shall be distributed pari passu among all holders of shares of that class.

4.2 Long-Term Debt

As of October 29, 2007, the Corporation has the following long term debt arising from the issue of Bonds pursuant to the 2005 and 2006 Offerings:

Description of Security	Number outstanding as at October 29, 2007	Principal Amount
6% Redeemable bonds [1]	244,970	Representing a debt obligation of $24,472,503 to subscribers under the 2005 and 2006 Offerings plus 6% interest thereon in accordance with terms of the Bonds issued thereunder.

In the event the Corporation is successful in raising funds pursuant to this Offering, it will have the following **unsecured debt obligations** to subscribers through the issue of Bonds offered by the Corporation pursuant to this Offering:

Description of Security	Number authorized to be issued	Number outstanding as at October 29, 2007	Number outstanding assuming completion of Maximum Offering
6% Redeemable bonds [1]	110,000	Nil	110,000 Representing a debt obligation of $11,000,000 to subscribers under this Offering plus 6% interest thereon

[1] See Item 5.1 Terms of Securities, for the terms of the Bonds offered pursuant to this Offering.

The current debt of the Corporation also includes the remaining balance of the Option Price (**See Item 2.3 The Option**) and the remaining balance of the Water License fee (**see 2.10.6 Water License Agreement**).

4.3 Prior Sales

The following tables summarize securities of the Issuer that have been issued since the Issuer was formed:

Class A and B Shares

Date of Issuance	Type of Security	Number Issued	Price	Funds Received
July 14, 2005	Class A Common Shares	100,000	$0.01	$1,000.00
October 28, 2005	Class B Common Shares	20,208	$0.10	$2,020.80
December 15, 2005	Class B Common Shares	9,572	$0.10	$957.20
March 24, 2006	Class B Common Shares	21,818	$0.10	$2,181.80
May 31, 2006	Class B Common Shares	81,074	$0.10	$8,107.40
July 27, 2006	Class B Common Shares	16,113	$0.10	$1,611.30
November 23, 2006	Class B Common Shares	61,467	$0.10	$6,146.70
February 6, 2007	Class B Common Shares	4,775	$0.10	$477.50
March 8, 2007	Class B Common Shares	1,820	$0.10	$182.00
April 26, 2007	Class B Common Shares	3,704	$0.10	$370.40
June 15, 2007	Class B Common Shares	10,683	$0.10	$1,068.30
July 9, 2007	Class B Common Shares	12,883	$0.10	$1,288.30
July 27, 2007	Class B Common Shares	9,596	$0.10	$959.60
August 17, 2007	Class B Common Shares	16,134	$0.10	$1,613.40
August 31, 2007	Class B Common Shares	17,435	$0.10	$1,743.50
September 28, 2007	Class B Common Shares	39,501	$0.10	$3,950.10
October 12, 2007	Class B Common Shares	24,657	$0.10	$2,465.70
October 24, 2007	Class B Common Shares	21,045	$0.10	$2,104.50

6% Bonds Issued Pursuant to the 2005 and 2006 Offerings

Date of Issuance	Type of Security	Number Issued	Price	Funds Received
October 28, 2005	6% Redeemable Bonds	20,208	$99.90	2,018,779.20
December 15, 2005	6% Redeemable Bonds	9,572	$99.90	956,242.80
March 24, 2006	6% Redeemable Bonds	21,818	$99.90	2,179,618.20
May 31, 2006	6% Redeemable Bonds	11,576	$99.90	1,156,442.40
July 27, 2006	6% Redeemable Bonds	16,113	$99.90	1,609,688.70
November 23, 2006	6% Redeemable Bonds	3,450	$99.90	344,655.00
February 6, 2007	6% Redeemable Bonds	4,775	$99.90	477,022.50
March 8, 2007	6% Redeemable Bonds	1,820	$99.90	181,818.00
April 26, 2007	6% Redeemable Bonds	3,704	$99.90	370,029.60
June 15, 2007	6% Redeemable Bonds	10,683	$99.90	1,067,231.70

July 9, 2007	6% Redeemable Bonds	12,883	$99.90	1,287,011.70
July 27, 2007	6% Redeemable Bonds	9,596	$99.90	958,640.40
August 17, 2007	6% Redeemable Bonds	16,134	$99.90	1,611,786.60
August 31, 2007	6% Redeemable Bonds	17,435	$99.90	1,741,756.50
September 28, 2007	6% Redeemable Bonds	39,501	$99.90	3,946,149.90
October 12, 2007	6% Redeemable Bonds	24,657	$99.90	2,463,234.30
October 24, 2007	6% Redeemable Bonds	21,045	$99.90	2,102,395.50

Item 5 Details of the Offering

5.1 Description of Units

The Corporation is offering Units for sale, each Unit comprised of one (1) Class B Non-Voting Common Share and one (1) 6% fixed rate redeemable Bond.

Class B Shares

See Item 4.1 for rights of the Class B Shares.

6% Fixed Rate Bonds

Interest: Each Bond will entitle the holder thereof to 6% simple interest per annum accruing from the date of issue

The bonds will pay 6% per annum interest. Interest payments will be calculated as of December 31st of each year. In the year of subscription, Bondholders interest will be calculated per diem at a rate of 6% per annum. Interest will be paid in a lump sum on the Maturity Date. Interest payable under the Bonds will accrue but not compound.

Maturity and Redemption: Subject to the Corporation's right of early redemption, the Bonds shall mature on December 31, 2012 and shall be redeemed by the Corporation on that date through the payment of the principal sum of the Bonds plus any unpaid and outstanding accrued interest.

Right of Early Redemption

The Corporation may redeem a subscriber's Bonds by payment of the principal sum of the Bonds plus any unpaid and outstanding accrued interest to the date of such redemption at any time during the term of the Bonds by giving the bondholder 30 days prior written notice of its intention to redeem.

Obligations Unsecured: The Corporation's debt obligations represented by the Bonds are unsecured obligations and will rank pari passu amongst themselves and with all other unsecured and unsubordinated obligations of the Corporation except for such preferences as provided for under applicable law.

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

Limited Recourse: Recourse under the Bonds will be limited to the principal sum of the Bonds plus any unpaid and outstanding accrued interest thereon. There is no additional recourse by the bondholder for any deficiency in value of the Bonds in the event of non-payment or default by the Corporation of redemption of the Bonds at maturity.

An investor in the Bonds should understand that Eyelogic's assets and management are not in any way committed to the activities of the Corporation and Eyelogic does not encourage or discourage participation in this Offering.

Purchasers of Units will not have a direct interest in real property acquired by the Issuer.

5.2 Subscription Procedure

(a) Subscription Documents

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

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

In order to subscribe for Units, a purchaser must complete, execute and deliver the following documentation to Foundation Capital Corporation at 6163 – 6th Street SE, Calgary, Alberta, T2H 1L9:

1. one (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);

2. a certified cheque, trust cheque, or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "Douglas Alger, Barrister and Solicitor In Trust";

3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:

   (i) if you are resident in British Columbia, you must submit one (1) completed and signed copy of the Representation Letter attached to the Subscription Agreement as Exhibit 1 and one (1) completed and signed copy of the Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 2; and

   (ii) if you are resident in Alberta or Saskatchewan you must submit one (1) completed and signed copy of the Representation Letter attached to the Subscription Agreement as Exhibit 1 and one (1) completed and signed copy of the Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 2 and if you are subscribing for more than $10,000 in Units, one (1) copy Schedule A or B to Exhibit 1 initialled and checked where applicable; and

   (iii) if you are resident in Ontario and you are purchasing Units as an "accredited investor" (as such term is defined by National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106"), one (1) completed and signed copy of Exhibit 1 and one (1) copy of Schedule C, checked and initialled where applicable.

Subject to applicable securities laws, and the Purchaser's two-day cancellation right, a subscription for Units, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. **See Item 11 Purchasers' Rights.**

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

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

(b) Distribution

The Offering is being conducted:

(i) in the Provinces of British Columbia, Alberta and Saskatchewan pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106; and

(ii) in the Province of Ontario pursuant to the exemption from the prospectus requirements afforded by Section 2.3 of NI 45-106.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to investors in British Columbia and Alberta purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 2.

In addition, Alberta and Saskatchewan investors relying on the exemption set out in Section 2.9 of NI 45-106 must also initial and check Schedule A or B to Exhibit 1 where applicable if their subscription for Units is for more than $10,000.

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors in the Province of Ontario purchasing as principal and who are "accredited investors" as defined in NI 45-106 and sign one (1) completed and signed copy of Exhibit 1 and one (1) copy of Schedule C, checked and initialled where applicable..

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Provinces of Ontario, British Columbia, Alberta and Saskatchewan which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The exemptions from the registration requirements contained in the applicable securities laws of each of the Provinces of Ontario, British Columbia, Alberta and Saskatchewan allow the Corporation to offer the Units for sale directly to the investors.

Item 6 Income Tax Consequences and RRSP Eligibility

6.1 Summary of Principle Federal Income Tax Consequences.

Qualified Investments for RRSP and RRIF

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

The Corporation is a Canadian corporation. As a result, **the Bonds will constitute a qualified investment for Registered Plans provided the shares of Eyelogic are listed on a stock exchange referred to in section 3200 of the Regulations and as long as Eyelogic controls the Corporation.** There is no agreement which restricts the ability of Eyelogic to vote its shares of the Corporation or appoint a majority of the Board of Directors of the Corporation. As such, Eyelogic should be considered to control the Corporation.

THE CLASS B SHARES ARE NOT QUALIFIED INVESTMENTS FOR AN RRSP OR RRIF.

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

Item 7 Compensation Paid to Sellers and Finders

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

Except as disclosed herein, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with this offering.

Item 8 Risk Factors

The purchase of Units involves a number of significant risk factors. **All real estate investment is subject to significant risk arising from rapidly changing market conditions.** In addition to the factors set forth elsewhere in this Amended and Restated Offering Memorandum, prospective Investors should consider the following:

(a) Investment Risk

(i) Immediate and Substantial Dilution

Aitkens and Jank may acquire up to a 70% equity interest in the Issuer by virtue of a maximum exercise the Aitkens and Jank Options. This will result in immediate and substantial dilution to Investors.

(ii) Speculative Nature of Investment

An investment in Units is highly speculative in nature. The Units are primarily suitable for investors who are prepared to accept the risks inherent in real estate investments and are able to bear the loss of their entire investment. There is no assurance of a return on an investment in Units.

(iii) No Market for Units

There is no market through which the Units may be sold and it is not expected that any market will develop. Accordingly, an investment in Units should only be considered by investors who do not require liquidity. The Units are also subject to resale restrictions under applicable securities legislation. **See Item 10 - Resale Restrictions.**

(iv) No Review by Regulatory Authorities

This Offering Memorandum constitutes a private offering of the Units only in those jurisdictions where and to those persons whom, they may be lawfully offered for sale under exemptions in applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement or a public offering of the Units. Subscribers will not have the benefit of a review of this Offering Memorandum, by any securities regulatory authority.

(v) Arbitrary Determination of Price

The purchase price of Units was determined primarily by the capital needs of the Issuer and bears no relationship to any established criteria of value such as book value or current market value of the assets of the Issuer or earnings of the Issuer.

(vi) Tax Considerations

The tax consequences associated with an investment in Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of Bonds. In the event that Eyelogic ceases to control the Corporation or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a subscriber for Bonds. There is also a risk that CRA may reassess the returns of Subscribers relating to their investments in the Bonds. No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum. **See Item 6 Income Tax Consequences and RRSP Eligibility.**

Prospective Investors should obtain advice from their own income tax advisors on the income tax consequences of an investment in Units.

(vii) Merits as an Investment

Prospective investors are urged to consider the purchase of Units based upon the merits of the Units. The majority of the proceeds of this Offering are intended to be used for the acquisition of the Property. Investors will have no part in the management or control of the business of the Issuer. Accordingly, in assessing the risks and rewards of an investment in Units, prospective Investors should appreciate that they will be required to rely on the good faith, judgment and ability of the directors, officers and employees of the Issuer to make appropriate decisions with respect to the management of the business of the Issuer. Investors will be bound by the decisions of such directors,

officers and employees. An investment in the Units would be inappropriate for an Investor unwilling to rely on directors, officers and employees of the Issuer to the extent set forth above.

(b) Issuer Risk

(i) Insufficient Proceeds to Achieve Objectives

The proceeds of this offering are insufficient to accomplish all of the short-term and long-term objectives of the Issuer. To accomplish all of those objectives it will be necessary for the Issuer to obtain additional debt and/or equity financing. There is no assurance that such additional financing will be obtained or, if obtained, that the terms will be advantageous to the Issuer. If financing cannot be obtained, or cannot be obtained on favourable terms, Investors may experience a reduced return (or loss) on their investment.

(ii) Future Operations

In the event the Issuer is unable to raise sufficient funds under this offering and/or other debt or equity financings, the Issuer may have insufficient funds available to it to achieve its short-term and long-term objectives and investors may lose their investment. Certain insurable or uninsurable events may also occur which can substantially reduce the Issuer's ability to carry on business in a profitable manner, including natural or manmade disasters.

(iii) No Assurance of Profitability of Operations

There can be no assurance that the Issuer will be able to operate successfully and in fact, may ultimately fail. Even if its operations are successful, there is no assurance that any specific level of profitability will be achieved by the Issuer.

(iv) Key Personnel

The operations of the Issuer are highly dependant upon the management of Foundation. The loss of Foundation's management services may materially affect the ability of the Issuer to achieve its short-term and long-term objectives. In addition, Foundation is involved in other businesses and may have a conflict of interest in allocation of its management time between the business of the Issuer and other businesses in which Foundation is or may become involved.

(v) Conflicts of Interest

Foundation and related parties may engage in or hold an interest in any other business, venture, investment or activity, as they consider appropriate, whether or not similar to or competitive with the business of the Issuer, and they will not be liable to account to the Issuer or any Investor for any profit from such activities.

(c) Industry Risk

(i) Real Property Development and Ownership

Real estate developments and investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the supply of competing lands in the area), government regulation (such as taxation of property and environmental legislation) and the attractiveness of properties to potential purchasers. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. Any income generated by the sale of the Property is dependent upon general economic conditions and, accordingly, the ability of the Property to repay its financing may be affected by changes in those conditions. The Property will be required to make certain significant expenditures in respect of its business including, but not limited to, the payment of property taxes, mortgage payments, insurance costs and related charges which must be made regardless of whether or not the Property are producing sufficient income to service such expenses. In addition, the Property may be used as security to obtain financing for the acquisition of the Property. If the Issuer is unable or

unwilling to meet the payment obligations on such loans, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale.

(ii) Liquidity of Real Estate

Real estate is relatively illiquid. Such illiquidity may limit the ability of the Issuer to respond to changing economic or investment conditions. In recessionary times it may be virtually impossible to dispose of real estate assets.

(iii) Competition

The Issuer will compete with other developers and owners of real estate properties. The properties of competitors may be better located or more desirable than the Issuer's property. The existence of competing developers and owners could have a materially adverse effect on the ability of the Issuer to achieve a return on investment.

(iv) Regulatory Approvals

The ownership and development of properties by the Issuer will require subdivision, zoning and other approvals from local government agencies. The process of obtaining such approvals may take a significant amount of time and there can be no assurance that the necessary approvals will ever be obtained.

(v) Environmental Matters

Under applicable environmental laws, the current or previous owner or operator of real property may be liable for the costs of removal or rededication of hazardous or toxic substances on, under or in such property. Such laws could impose liability on the Issuer whether or not the Issuer knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or rededicate such substances, if any, could adversely affect the Issuer's ability to sell such real estate or obtain mortgage financing using such real estate as collateral and could potentially also result in claims against the Issuer.

(vi) Legal Matters

Your rights under an agreement pertaining to real property may be construed under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with those laws before entering into an agreement to purchase the Units.

Item 9 Reporting Obligations

The Issuer is not a reporting issuer in any jurisdiction. As a holder of a Unit, an Investor will receive financial statements annually together with any other disclosure required by applicable legislation.

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

Item 10 Resale Restrictions

The Units will be subject to resale restrictions under securities legislation, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

Unless permitted under securities legislation, you cannot trade the Units before the earlier of the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

It is not anticipated that the Issuer will become a reporting issuer in any province or territory of Canada and therefore you may be required to hold your Units for an indefinite period of time. There is no market for the Units and it is not expected that any market will develop.

Item 11 Purchaser's Rights

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

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase Units. To do so, you must send a written notice to the Issuer by midnight on the 2nd business day after you sign the agreement to buy Units. Any cancellation request must be sent by registered mail to: Legacy Communities Inc. 6163 - 6th Street SE Calgary, Alberta, T2H 1L9.

2. **Statutory and Contractual Rights of Action in the Event of a Misrepresentation** - If there is a misrepresentation in this Offering Memorandum you have a right to sue:

   (a) the Issuer to cancel your agreement ("rescission") to buy Units , or

   (b) for damages against the Issuer, every person who was a director of the Issuer at the date of the Offering Memorandum and every other person who signed the Offering Memorandum.

This right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in 2(a) or (b) above, you must do so within strict time limitations.

Further particulars of the right to sue in your province are set out below.

Securities legislation in certain of the provinces of Canada grants Investors, or requires that Investors be granted, rights of rescission or damages where an offering memorandum or any amendment to it contains a misrepresentation. For these purposes, a "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make any statement not misleading in light of the circumstances in which it was made. A "material fact" is a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities. These rights must be exercised by an Investor within time limits prescribed by the applicable securities legislation.

The following is a summary of the rights of rescission or damages available to Investors under the securities legislation of certain of the provinces of Canada. These rights are in addition to and without derogation from any other rights or remedies that an Investor might have at law, and may be subject to defences.

Rights for Investors in British Columbia

If this Offering Memorandum, together with any amendment thereto, contains a misrepresentation, an Investor in British Columbia who purchases a security offered by this Offering Memorandum shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such Investor shall have a right of action for damages against the Issuer, every director of the Issuer at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum or, at the election of the Investor, a right of rescission against the Issuer (in which case the Investor does not have a right of action for damages), provided that:

(a) no action may be commenced to enforce a right of action

   (i) for rescission more than 180 days after the date of the purchase; and

   (ii) for damages later than the earlier of (A) 180 days after the Investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;

(b) where a misrepresentation is contained in this Offering Memorandum, the Issuer or any person or company is not liable for damages;

(i) if it is proven that the Investor had knowledge of the misrepresentation;

(ii) if it is proven that the Offering Memorandum was delivered to the Investor without the person's or company's knowledge or consent and that, on becoming aware of its being delivered, the person or company promptly gave written notice to the Issuer that it was delivered without the knowledge and consent of the person or company;

(iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the Amended and Restated Offering Memorandum and gave written notice to the Issuer of the withdrawal and the reason for it;

(iv) if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and

(v) with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;

(c) the amount recoverable shall not exceed the price at which the securities were offered under the Offering Memorandum;

(d) subsection (b)(ii) to (v) do not apply to the Issuer; and

(e) in an action for damages, the Issuer or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation.

Rights for Investors in Alberta

If this Offering Memorandum contains a misrepresentation when an Investor in Alberta purchases a security offered by this Offering Memorandum, the Investor has, without regard to whether the Investor relied on the Offering Memorandum or, at the election of the Investor, a right of rescission against the Issuer (in which case the Investor does not have a right of action for damages), provided that:

(a) no action may be commenced to enforce a right of action;

(i) for rescission more than 180 days after the date of the purchase; and

(ii) for damages later than the earlier of (A) 180 days after the Investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;

(b) where a misrepresentation is contained in the Offering Memorandum, the Issuer or any person or company is not liable for damages;

(i) if it is proven that the Investor had knowledge of the misrepresentation;

(ii) if it is proven that the Offering Memorandum was sent to the Investor without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of the person or company;

(iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(iv) if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and

(v) with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;

(c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the Offering Memorandum;

(d) subsection (b)(ii) to (v) do not apply to the Issuer; and

(e) in an action for damages, the Issuer or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation.

Rights for Investors in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "Saskatchewan Act") provides that where an offering memorandum or any amendment to it is sent or delivered to an Investor and it contains a misrepresentation (as defined in the Saskatchewan Act), an Investor who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the Issuer or has a right of action for damages against:

(a) the Corporation;

(b) every promoter and director of the Issuer at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the Investor elects to exercise its right of rescission against the Corporation it shall have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Corporation will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the Investor purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Corporation will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective Investor that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the Investor is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides an Investor with the right to void the purchase agreement and to recover all money and other consideration paid by the Investor for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to an Investor to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the Investor enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which an Investor may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

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

(b) in the case of any other action, other than an action for rescission, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides an Investor who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the Investor's intention not to be bound by the purchase agreement, provided such notice is delivered by the Investor within two business days of receiving the amended offering memorandum.

Rights for Investors in Ontario

In accordance with section 130.1 of the Securities Act (Ontario), every Investor who purchases Units pursuant to this Offering Memorandum in the Province of Ontario shall have a right of action for damages or rescission if this Offering Memorandum or any amendment hereto contains a misrepresentation (as defined in the *Securities Act* (Ontario)). In particular, if this Offering Memorandum contains a misrepresentation, an Investor who purchases Units offered by this Offering Memorandum during the period of distribution shall be deemed to have relied upon the misrepresentation, if it was a misrepresentation at the time of purchase, and shall have a right of action for damages or for rescission against the Issuer, provided that:

(a) if the Investor exercises its right of rescission, it shall not have a right of action for damages;

(b) the defendant will not be liable if it proves that the Investor purchased Units with knowledge of the misrepresentation;

(c) the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation;

(d) in no case shall the amount recoverable exceed the price at which the Units were offered; and

(e) the right of action for rescission or damages is in addition to and does not derogate from any other right the Investor may have at law.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these statutory rights more than:

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

(b) in an action for damages, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.

Item 12 Financial Statements'

LEGACY COMMUNITIES INC.

INTERIM BALANCE SHEET AS AT AUGUST 31, 2007

(WITH COMPARATIVES FOR SEPTEMBER 15, 2006)

(Unaudited)

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash	$ 6,783,303	$ 146,805
Prepaid expenses	56,500	20,154
	6,839,803	166,959
CAPITAL ASSETS		
Deeded land (note 2)	5,600,000	5,600,000
NON-CURRENT ASSET		
Option deposit (note 2)	1,000,000	1,000,000
TOTAL ASSETS	$13,439,803	$ 6,766,959
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT ASSETS		
Mortgage – IMOR Capital	$ -	$ 163,404
Accounts payable and accrued liabilities	-	8,796
	-	172,200
INVESTMENT CAPITAL (note 3)		
Subscriptions received	15,976,700	7,928,700
Offering expenses	(2,550,648)	(1,341,891)
	13,426,052	6,586,809
SHAREHOLDERS' EQUITY		
Share capital (note 4)	13,751	7,950
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$13,439,803	$ 6,766,959

Approved on behalf of the Board:

_____, **Director** _____, **Director**

LEGACY COMMUNITIES INC.

INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM SEPTEMBER 15, 2006
TO AUGUST 31, 2007

(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in non-cash working capital items:	
Prepaid expenses	$ (36,346)
Mortgage – IMOR capital	(163,404)
Accounts payable and accrued expenses	(8,796)
	(208,546)
CASH FLOWS FROM FINANCING ACTIVITIES	
Investor subscriptions received	8,048,000
Offering expenses	(1,208,757)
Issuance of share capital	5,801
	6,845,044
NET INCREASE IN CASH FOR THE PERIOD	6,636,498
CASH, beginning of period	146,805
CASH, end of period	$ 6,783,303

LEGACY COMMUNITIES INC.

NOTES TO INTERIM FINANCIAL STATEMENT
AUGUST 31, 2007

(Unaudited)

1. Significant Accounting Policies

Legacy Communities Inc. was incorporated under the Alberta Business Corporations Act on June 7, 2005.

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

2. Deeded Land and Option to Purchase

The company has made an initial purchase of 103 acres of undeveloped land in the amount of $5,600,000. Through this purchase agreement, the company will also acquire an option to purchase an additional 400 acres attached to the original parcel. The purchase price of this option is $8,900,000. An initial deposit of $1,000,000 was made on March 31, 2006. Future payments that are required to be made are:

October 1, 2008	$2,950,000
October 1, 2009	2,950,000
October 1, 2010	2,000,000
	$7,900,000

3. Investment Capital

The company has offered $100 units for sale, consisting of the following proceeds:

	2007	2006
159,767 - 6% fixed rate cumulative, redeemable, retractable bonds	$15,964,723	$ 7,920,771
159,767 – Class B non-voting common shares	15,977	7,929
	$15,976,700	$ 7,928,700

Legacy Communities Inc.
Notes to Interim Financial Statement
August 31, 2007
(cont'd)

1. Share Capital

Authorized Capital

Unlimited number of Class A preferred, voting, non-participating shares
Unlimited number of Class B common, non-voting, participating shares

Issued Capital

	2007	2006
100,000 Class A shares	$ 1,000	$ 1,000
127,515 Class B shares (2006 – 69,498 shares)	12,751	6,950
	$ 13,751	$ 7,950

Under a stock option agreement, Ron Aitkens is permitted to purchase 117 Class B shares at $0.10 per share for each $10,000 raised through the offering memorandum. To date, 58,017 shares have been purchased under the option.

2. Subsequent Event

Subsequent to the date of these financial statements, the company issued to its investors 85,203 Class B common, non-voting, participating shares (total consideration - $8,520) and 85,203 – 6% fixed rate, cumulative, redeemable, retractable bonds (total consideration - $8,511,780).

CERTIFICATE

Dated: October 29, 2007

This Offering Memorandum does not contain a misrepresentation.

On behalf of Legacy Communities Inc.

(signed) "Ron Aitkens"
President

(signed) "Bruce Jank"
Treasurer

(signed) "Ron Aitkens"
Director

(signed) "Bruce Jank"
Director

Promoters

(signed) "Ron Aitkens"

(signed) "Bruce Jank"

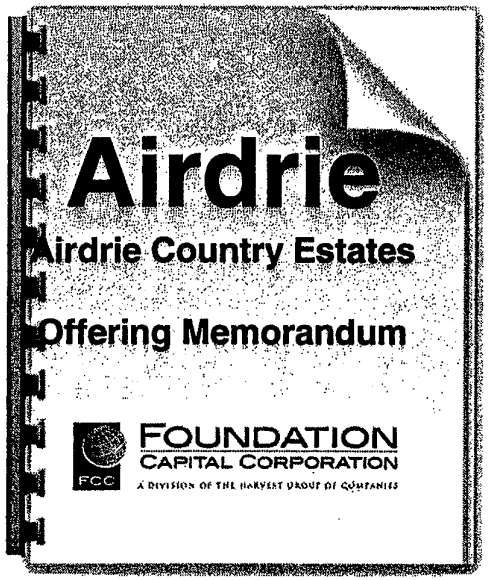
This is Exhibit AA referred to in the Affidavit of Kyle Brown sworn before me on April 11, 2012.

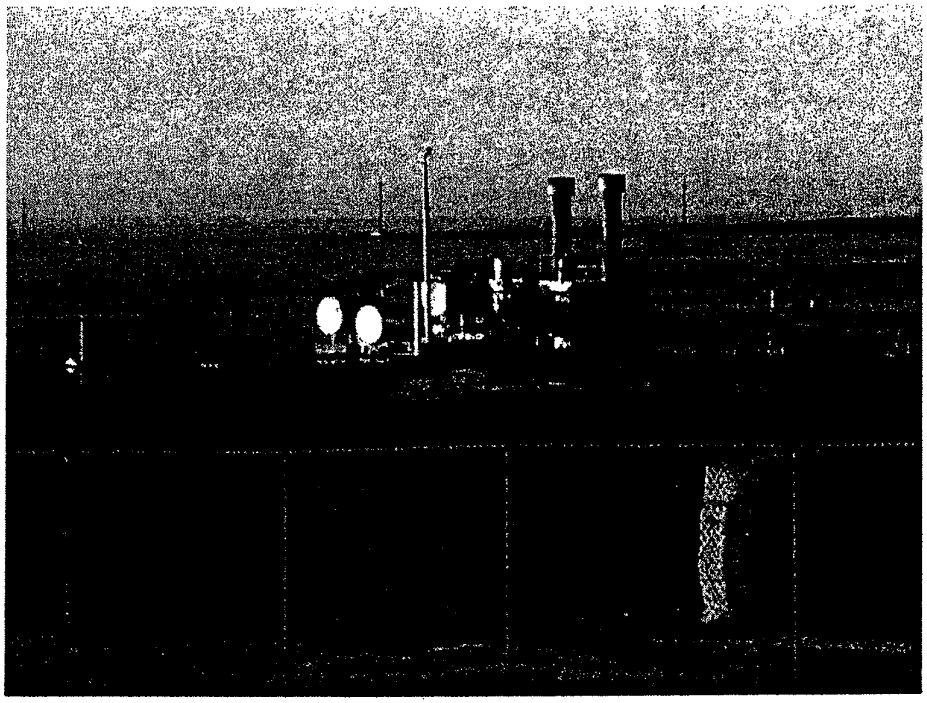
A Commissioner for Oaths in and for the Province of Alberta

DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

$15M – 160 Acres





Sour Gas Well

This is Exhibit BB referred to in the Affidavit of Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the Province of Alberta

DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

Airdrie Country Estates | sc

- A $15 million investment offering that was sold out in March of 2007.
- Land values in area have gone up considerably to about $100,000 /acre. The investors bought in just 18 months ago at $75,000/acre (a tremendous profit already for investors).
- Still awaiting approval of the revised Airdrie East Area Structure Plan (2007). The new ASP is revised to allow up to 4 units per acre, up from 2 as proposed initially; more focused on a 'cluster community & open space' approach, similar to what we are doing in Elbow Valley. See www.foundationcapital.ca website under Updates/Airdrie East for details on revised ASP.
- **Water issue resolved: As of December 20th, 2007 Alberta Environment dismissed appeal against the water sourcing for the Balzac East development zone.**
- Megamall is moving ahead full speed along with numerous other commercial as well as industrial projects now projected to bring in 10,000 + new jobs to the region (see website for mall updates).
- As soon as the ASP is approved, we will be able to proceed with a detailed concept plan.
- Ronald M. Zazelenchuk, M.C.P., A.C.P., M.C.I.P., (see website for professional background details) has been retained by Foundation Capital to serve as our Senior Planner and ready to work on both Airdrie East and Rocky projects as soon as the ASP is given final approval.
- Mr. Zazelenchuk is a professional planning and development consultant with 36 years experience in the planning, coordination and approval of numerous land development projects throughout Alberta including Elbow Valley voted "Best Community in Canada" two years in a row.

Rocky View Country Estates | sold out

- An $18 million investment offering that was sold out in June of 2007.
- Enjoys the benefit of an already approved Balzac West Area Structure Plan allowing 5 units per acre.
- Located immediately adjacent to the City of Airdrie, now Alberta's fastest growing city. Over 1,700 permits for homes were issued for the City of Airdrie in 2007 and a total of over $450 million in building permit value. This is incredible considering the population of the City of Airdrie in 2006 was just over 30,000.
- Balzac West will build out to become a City of 25,000 people.
- Road way infrastructure was a hold up, but with the completion of Stoney Trail in 2009, that problem is being resolved; Concept planning is now proceeding.
- Ronald M. Zazelenchuk, a member of the Foundation Capital development team and former planner with the City of Calgary, is serving as the Senior Planner of Rocky View Country Estates. (Visit www.foundationcapital.ca to learn more about Mr. Zazelenchuk)
- Trico and Shane Homes, two of Calgary's largest volume and reputable home builders, have signed a first right of refusal contract to purchase the lots in this subdivision.

This is Exhibit CC referred to in the Affidavit of Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the Province of Alberta

DAVID LOVETT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

ALBERTA SECURITIES COMMISSION

NOTICE OF HEARING

Citation: Foundation Capital Corporation, 2009 ABASC 291 **Date: 20090616**
Docket: E/03920

***Securities Act*, R.S.A. 2000, c. S-4, as amended (*Act*)**

To: **Foundation Capital Corporation, Spruce Ridge Capital Inc., Spruce Ridge Estates Inc., Beyer Consulting Ltd., Ronald James Aitkens and Roy Juergen Beyer (Respondents)**

Notice: The Alberta Securities Commission (**Commission**) will convene at 9:00 am on Thursday, the 9th day of July 2009, at Calgary, Alberta, to set a date for a hearing regarding the allegations in this Notice and to deal with any preliminary matters. At the hearing, the Commission will consider whether it is in the public interest to order:

(i) Under subsection 198(1)(a) of the *Act*, that trading in or purchasing cease in respect of specified securities;

(ii) Under subsection 198(1)(b) of the *Act*, that you cease trading in or purchasing securities;

(iii) Under subsection 198(1)(b.2) of the *Act*, that you be reprimanded;

(iv) Under subsection 198(1)(c) of the *Act*, that any or all of the exemptions contained in Alberta securities laws do not apply to you;

(v) Under subsection 198(1)(d) and (e) of the *Act*, that you resign any positions that you hold as a director or officer of an issuer, registrant or investment fund manager and that you be prohibited from becoming or acting as a director or officer or as both a director and officer of any issuer, registrant, or investment fund manager;

(vi) Under subsection 198(1)(e.2) of the *Act*, that you be prohibited from becoming or acting as a registrant, investment fund manager or promoter;

(vii) Under subsection 198(1)(e.3) of the *Act*, that you be prohibited from acting in a management or consultative capacity in connection with any activities in the securities market;

(viii) Under subsection 198(1)(g) of the *Act*, that you disseminate to the public, any information, documents, records, or other materials relating to your affairs that the Commission considers should be disseminated;

(ix) Under subsection 198(1)(i) of the *Act*, that you pay to the Commission any amounts obtained or payments or losses avoided as a result of non-compliance with Alberta securities laws;

(x) Under subsection 199 of the *Act*, that you pay an administrative penalty to the Commission;

(xi) Under subsections 202(1) and (2) of the *Act*, that you pay the costs of the investigation and hearing to the Commission; and

(xii) Such further and other order under Section 198 as the Commission deems appropriate.

Location: Alberta Securities Commission, 6th Floor, 300 – 5th Avenue SW, Calgary, Alberta.

Procedure: 1. You may obtain disclosure and particulars of the allegations in this Notice from Tom McCartney, c/o Alberta Securities Commission, 4th Floor, 300 - 5 Avenue SW, Calgary, Alberta, T2P 3C4, telephone 403.355-4480.

2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence.

3. If you or your counsel fail to attend on July 9, 2009, at 9:00 am, or as directed, the hearing may proceed in your absence and an order may be made against you without further notice.

See also section 29 of the Act and Rule 15-501, Rules of Practice and Procedure for Commission Proceedings.

Allegations

1 Staff of the Commission **(Staff)** alleges that in breach of Alberta securities laws and contrary to the public interest:

1.1 the Respondents Spruce Ridge Capital Inc. **(SRC)** and Spruce Ridge Estates Inc. **(SRE)** made, and Ronald James Aitkens **(Aitkens)** authorized, permitted, or acquiesced in the making of, misleading or untrue statements about a proposed real estate development project **(Project)**, in two offering memorandums filed with the Commission and distributed to Alberta investors, which statements omitted to state a fact or facts required to be stated, or that were necessary to be stated in order for the statements not to be misleading;

1.2 the Respondent Aitkens signed certificates, on behalf of the boards of directors and promoters of SRC and SRE, in their respective offering memorandums, which were not true;

1.3 each of the Respondents traded in securities of SRC and SRE without being registered to do so;

1.4 each of the Respondents engaged in illegal distributions of SRC and SRE securities;

1.5 each of the Respondents made, authorized, permitted or acquiesced in the making of, misleading or untrue statements during investor seminars conducted in Alberta between about October 4, 2007 and June 18, 2008 **(Investor Seminars)**; and

1.6 each of the Respondents made, authorized, permitted or acquiesced in the making of, statements at the Investor Seminars which omitted to state a fact or facts required to be stated, or that were necessary to be stated in order for the statements not to be misleading.

Parties

2 Foundation Capital Corporation **(FCC)** was incorporated in Alberta on June 15, 2005 and maintains its registered office in Lethbridge, Alberta. FCC has never been a reporting issuer. At all material times, Ron Aitkens **(Aitkens)** was its president, a director and owned 75% of its voting shares. FCC describes itself as being focused primarily on land development projects.

3 SRC was incorporated in Alberta on September 6, 2007 and maintains its registered office in Calgary, Alberta. SRC has never been a reporting issuer. At all material times, Ron Aitkens was its president, sole director and owned 40% of its voting shares. SRC was the capital raising arm for the Project, further described in paragraph 8 , and issued bonds to investors pursuant to an offering memorandum dated October 1, 2007 **(SRC OM)**.

4 SRE was incorporated in Alberta on September 6, 2007 and maintains its registered office in Calgary, Alberta. SRE has never been a reporting issuer. At all material times, Ron Aitkens was its president, sole director and shareholder. SRE was intended to be the developer of the Project. In addition to the SRC bonds, investors also received Shares of SRE pursuant to a separate offering memorandum dated October 1, 2007 **(SRE OM)**.

5 Aitkens is a resident of Lethbridge, Alberta and, at all material times, was a director, officer and shareholder of each of FCC, SRC, and SRE. He was the guiding mind of FCC, SRC and SRE and authorized, permitted or acquiesced in the creation and use of promotional materials relating to marketing the Project to investors. He was also a Certified Financial Planner. He has never been registered with Executive Director of the Commission in any capacity.

6 Beyer Consulting Ltd. **(Beyer Ltd.)** was incorporated in Alberta on July 13, 2001 and maintains its registered office in Edmonton, Alberta. Beyer Ltd has never been a reporting issuer. At all material times, Roy Juergen Beyer **(Beyer)** and his wife were its sole directors and shareholders. FCC contracted with Beyer Ltd. to provide FCC with marketing services relating to raising capital for the Project.

7 Beyer is a resident of Edmonton, Alberta and at all material times, was a director and shareholder of Beyer Ltd. He drafted the Project's promotional materials and was the main presenter at the Investor Seminars marketing the Project. He has never been registered with the Executive Director of the Commission in any capacity.

Circumstances

8 The Project concept was largely conceived and implemented by Aitkens through FCC, SRC, SRE, and Beyer Ltd.. The Project required capital to be raised to acquire and develop a 923 acre parcel of farmland in Priddis, Alberta **(Lands)**. The plan was to obtain the approval of the Municipal District of Foothills **(MD)** to "redesignate" the Lands and facilitate the building of a community called Spruce Ridge Estates, which would include a PGA-class 27 hole golf course, five star hotel and approximately 1,800 residences.

9 Between about October 4, 2007 and June 18, 2008, SRC and SRE raised at least $46 million in Alberta, of which about $41.8 million came from 1,731 Alberta investors. The proceeds were raised by selling 6%, 5 year term, redeemable bonds in SRC, and class B common shares of SRE, pursuant to the SRC OM and the SRE OM respectively.

Misrepresentations in Offering Memorandums / Untrue Certificates

10 Staff alleges that the SRC OM and the SRE OM were misleading or untrue because they omitted to state all of the facts that were required to be stated, or were necessary to be stated in order for the statements contained therein not to be misleading. Specifically, the OMs did not disclose that water was in short supply in the area where the Project was located, failed to disclose that water supply and use issues were critical considerations to obtaining the approval of the MD to any proposed development, and failed to state that those concerns had already been communicated to the Respondents by officials of the MD.

11 Both the SRC OM and the SRE OM contained certificates, as required by section 2.9(10) of National Instrument 45-106 **(NI 45-106)**, which were signed by Aitkens as president of SRC and SRE, and on behalf of their boards of directors and promoters, which stated "This Offering Memorandum does not contain a misrepresentation.".

12 Contrary to s. 2.9(12) of NI 45-106, the certificates signed by Aitkens were not true by reason of the misrepresentation described above.

Illegal Trades and Distributions

13 Staff alleges that the SRC bonds and SRC shares were securities as defined in section 1(ggg) of the *Act*.

14 Staff alleges that the sales of the securities described above were trades as defined in the *Act*. As first trades in securities that had not been previously issued, the sales were also distributions under the *Act*.

15 As a result of the misleading statements contained in the SRC OM and the SRE OM, and consequent breaches of 2.9(12), the offering memorandums were not delivered in accordance with Alberta securities laws, and specifically in breach of s. 2.9(2)(c)(i) of NI 45-106. The Respondents therefore, could not rely on the offering memorandum exemption for the trades and distributions described above.

16 As a result, Staff alleges that the Respondents:

16.1 breached section 75 of the *Act* and acted contrary to the public interest by trading in securities of SRC and SRE without registration; and

16.2 breached section 110 of the *Act* and acted contrary to the public interest by engaging in distributions of securities of SRC and SRE without having filed and received a receipt for a preliminary and final prospectus and without an appropriate exemption.

Misrepresentations at Investor Seminars

17 In order to raise these funds, the Respondents engaged in a variety of capital raising activities including radio and print advertising, distributing promotional materials, and conducting Investor Seminars.

18 The promotional materials created by the Respondents included letters, brochures, flyers and Powerpoint presentations **(Promotional Materials)**. The Promotional Materials presented at the Investor Seminars were drafted by Beyer in reliance upon information supplied by Aitkens. Aitkens approved of all of the Promotional Materials before they were circulated.

19 The Respondents were all engaged in either authoring or presenting, or both, the Promotional Materials and Investor Seminars.

Misrepresentation about Support from MD

20 During the Investor Seminars, Beyer on behalf of the Respondents, represented to investors that, after meeting with officials of the MD, the MD officials indicated they were "very, very favourable", "very supportive" of the Project.

21 Staff alleges these statements were untrue as the MD had given no indication of support for the Project.

22 Staff alleges these statements were also misleading because the Respondents did not state all of the facts necessary for the statements not to be misleading, because they omitted to disclose that SRE had yet to submit an application to the MD to redesignate the Lands.

Misrepresentation about "Guarantee" on Bonds

23 During the Investor Seminars, Beyer on behalf of the Respondents, presented a slide in a Powerpoint presentation, and verbally represented to investors, that the bonds would pay "a guaranteed rate of 6% per year for 5 years".

24 Staff alleges this statement was untrue because the SRC OM stated that:

1. the bonds were redeemable by the corporation on 90 days notice;
2. interest payments were at the sole discretion of the corporation; and
3. the bonds were unsecured and ranked *parri passu* with SRC's other unsecured creditors.

25 Staff alleges that the use of the term "guarantee" respecting the interest payments on the SRC bonds was misleading in light of the disclosure in the SRC OM described in paragraph 24.

Misrepresentation about MD and Local Conservationists Being "Disarmed" by Water Plan

26 During the Investor Seminars, Beyer on behalf of the Respondents, represented to investors that SRE had explained their water plan to the MD and local conservation representatives and "disarmed everyone", and further, that "there was no problem with water issues".

27 Staff alleges these statements were misleading or untrue because SRE had yet to formally submit its water plan to the MD for its consideration. Staff further alleges these statements were misleading or untrue because MD officials had told SRE representatives that water supply and use issues presented significant obstacles to the approval of the development of the Project because of the limited water supply in that region.

28 Staff further alleges that the Respondents omitted to state all of the facts necessary for the statement not to be misleading, because they failed to accurately represent the MD's concerns, and failed to fairly represent the water supply issue.

29 Staff further alleges these statements were misleading because they were intended to create the impression amongst prospective investors that water supply and use issues were not significant obstacles to obtaining the MD's approval for the development of the Project, and not a critical consideration in making an application to the MD to redesignate the Lands.

Misrepresentation about Water License

30 During the Investor Seminars, Beyer on behalf of the Respondents, represented to investors that SRE had obtained a water license or water rights.

31 Staff alleges this statement was misleading because SRE had not obtained such water license as was required for the Project.

32 Staff alleges that the Respondents knew or ought to have known that all of the misrepresentations described above would reasonably be expected to have a significant effect on the market price or value of the SRC and SRE securities being sold to investors.

Breaches

33 As a result of the above, Staff alleges that:

33.1 the Respondents SRC, SRE and Aitkens breached section 92(4.1) of the *Act* by making, authorizing, permitting, or acquiescing in the making of statements to investors about the Project as described herein, in the SRC OM and the SRE OM, that they knew or ought to have known were misleading and untrue, or that omitted to state a fact or facts that were required to be stated, or that were necessary to be stated in order for the statement or statements not to be misleading, and would reasonably be expected to have a significant effect on the market price or value of the SRC and SRE securities;

33.2 the Respondents SRC, SRE and Aitkens breached section 2.9(12) of NI 45-106 by signing certificates in the SRC OM and the SRE OM which were not true.

33.3 each of the Respondents breached section 75(1)(a) of the *Act* by trading in securities of SRC and SRE without having been registered with the Executive Director;

33.4 each of the Respondents breached section 110 of the *Act* by engaging in illegal distributions of securities of SRC and SRE without having filed and received a receipt for a preliminary prospectus or prospectus and without an appropriate exemption; and

33.5 each of the Respondents breached section 92(4.1) of the *Act* by making authorizing, permitting, or acquiescing in the making of statements to investors about the Project at the Investor Seminars, that they knew or ought to have known were misleading or untrue, or that omitted to state a fact or facts that were required to be stated, or that were necessary to be stated in order for the statement or statements not to be misleading, and would reasonably be expected to have a significant effect on the market price or value of the SRC and SRE securities.

34 Staff alleges that the misconduct of the Respondents as described above also constituted conduct contrary to the public interest.

	)	ALBERTA SECURITIES COMMISSION
Calgary, Alberta, 16th June 2009.	)	
	)	
	)	*"Original Signed by"*
	)	John P. Petch
	)	Director, Enforcement

This is Exhibit DD referred to in the Affidavit of Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the Province of Alberta

DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

ALBERTA SECURITIES COMMISSION

SETTLEMENT AGREEMENT AND UNDERTAKING

Citation: Foundation Capital Corporation, Re, 2009 ABASC 425

Date: 20090820
Docket: E/03920

***Securities Act*, R.S.A. 2000, c. S-4, as amended (*Act*)**

Foundation Capital Corporation,
Spruce Ridge Capital Inc., Spruce Ridge Estates Inc.,
Beyer Consulting Ltd., Ronald James Aitkens and Roy Juergen Beyer (Settlors)

Introduction

1. The staff of the Alberta Securities Commission (respectively, **Staff** and **Commission**) conducted an investigation into allegations that the Settlors breached Alberta securities laws by making or authorizing, permitting, or acquiescing in the making of misleading statements to investors in 2008 about a real estate development project known as Spruce Ridge Estates **(Project)**.

2. The Settlors each admit that they breached those sections of the *Act* referred to in this Settlement Agreement and Undertaking **(Agreement)**, and acted contrary to the public interest.

3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertaking referred to in paragraph 33, each of the Settlors agrees to the facts and consequences set out in this Agreement.

4. Terms used in this Agreement have the same meaning as provided in Alberta securities laws, a defined term in the *Act*.

Parties

5. Foundation Capital Corporation **(FCC)** was incorporated in Alberta on June 15, 2005 and maintains its registered office in Lethbridge, Alberta. FCC has never been a reporting issuer. At all material times, Ron Aitkens **(Aitkens)** was its president, a director and owned 75% of its voting shares. FCC describes itself as being focused primarily on land development projects and the financing thereof.

6. Spruce Ridge Capital Inc. **(SRC)** was incorporated in Alberta on September 6, 2007 and maintains its registered office in Calgary, Alberta. SRC has never been a reporting issuer. At all material times, Ron Aitkens was its president, sole director and owned 40% of its voting shares. SRC is the capital raising arm for the Project, further described in paragraph 12 , and offered bonds to investors pursuant to an offering memorandum dated October 1, 2007 **(SRC OM)**.

7. Spruce Ridge Estates Inc. (SRE) was incorporated in Alberta on September 6, 2007 and maintains its registered office in Calgary, Alberta. SRE has never been a reporting issuer. At all material times, Ron Aitkens was its president, sole director and shareholder. SRE is the owner and developer of the Project. Investors who subscribed for SRC bonds were also offered Shares of SRE pursuant to a separate offering memorandum dated October 1, 2007 **(SRE OM)**.

8. Ronald James Aitkens **(Aitkens)** is a resident of Lethbridge, Alberta and, at all material times, was a director, officer and shareholder of each of FCC, SRC, and SRE. As such, Aitkens was the guiding mind of FCC, SRC and SRE and authorized, permitted or acquiesced in the creation and use of promotional materials relating to marketing the Project to investors. He is also a Certified Financial Planner. He has never been registered with Executive Director of the Commission in any capacity.

9. Beyer Consulting Ltd. **(Beyer Ltd.)** was incorporated in Alberta on July 13, 2001 and maintains its registered office in Edmonton, Alberta. Beyer Ltd has never been a reporting issuer. At all material times, Roy Juergen Beyer **(Beyer)** and his wife were its sole directors and shareholders. FCC contracted with Beyer Ltd. to provide FCC with marketing services relating to raising capital for the Project.

10. Roy Juergen Beyer **(Beyer)** is a resident of Calgary, Alberta and at all material times was a director and shareholder of Beyer Ltd. Beyer had participated in drafting the Project's marketing and promotional materials and was the main presenter at seminars held to market the Project between October 4, 2007 and June 18, 2008 **(Seminars)**. He has never been registered with the Executive Director of the Commission in any capacity.

11. At no time were FCC, SEC, SRC or Beyer Ltd. reporting issuers, as defined in the *Act*, as they were raising capital and involved in the distribution of securities pursuant to the provisions of National Instrument 45-106 "Prospectus and Registration Exemptions", which does not require that they be reporting issuers. Further, Aitkens and Beyer have never been required to be registered with the Executive Director given that the Project was to be funded by capital raised pursuant to this National Instrument.

Circumstances

12. The Project was largely conceived and implemented by Aitkens through FCC, SRC, SRE, and Beyer Ltd.. The Project required capital to acquire and develop a 923 acre parcel of land in Priddis, Alberta **(Lands)**. The plan is to submit for the approval of the Municipal District of Foothills **(MD)**, a proposal to "redesignate" the Lands for development and construction of a community called Spruce Ridge Estates which conceptually, could include a proposed PGA-class golf course, a five star hotel and up to 1,800 residences.

13. Between about October 4, 2007 and June 18, 2008, SRC and SRE raised at least $46 million, of which about $41.8 million was raised in Alberta from 1,731 Alberta investors. The proceeds were raised by selling 6%, 5 year term, redeemable bonds in SRC, and class B common shares of SRE, pursuant to the SRC OM and SRE OM.

14. In order to raise these funds, the Settlors engaged in a variety of capital raising activities including radio and print advertising, distributing promotional materials, and conducting Seminars.

15. The promotional materials created by the Settlors included letters, brochures, flyers and Powerpoint presentations **(Promotional Materials)**. The Promotional Materials presented at the Investor Seminars were drafted by Beyer in reliance upon information supplied by Aitkens. Aitkens approved of all of the Promotional materials before they were circulated.

16. The Settlors were all engaged in either authoring or presenting, or both, the Promotional Materials and Seminars.

Misleading Statements about Support from MD

17. During seminars, held on February 26, 2008, and May 27, 2008, Beyer on behalf of the Settlors and in response to questions posed by potential investors, represented that, in his opinion, after meetings with officials from the MD, the MD officials were "very, very supportive" and/or "very, very favourable".

18. Staff alleges these statements were untrue and potentially misleading as the MD had yet to take a position about approving the development of the Project.

19. Staff further alleges that Beyer, on behalf of the Settlors, omitted to state all of the facts necessary for the above statements not to be misleading, because he failed to accurately represent concerns that had been expressed to the Settlors by the MD regarding the local residents historical concerns about population density, the visual impact of the Project and the use of groundwater.

20. As of this date, no application has been made to the MD to redesignate the Lands. However, the Settlors state that they intend to do so.

Misleading Statements about "Guarantee" on Bonds

21. During the Seminars, Beyer on behalf of the Settlors, presented a slide in a Powerpoint presentation, and verbally represented to attendees, that the bonds would pay "a guaranteed rate" of 6% per year for 5 years.

22. Staff alleges this statement was misleading because as stated in the SRC OM:

1. the bonds were redeemable by SRC on 90 days notice, in advance of the 5-year term,
2. the timing of and the distribution of interest payments were at the sole discretion of SRC, and
3. the loan from SRC to SRE was secured by a mortgage on the lands, while the bonds were unsecured and ranked *parri passu* with SRC's other unsecured creditors.

23. Staff alleges that the use of the term "guarantee" respecting the interest payments on the SRC bonds was misleading in light of the facts described in paragraph 22 and the risk of default in payment by SRC.

24. The Settlors state that in using the term "guaranteed rate" they had meant to convey the fact that the interest rate was "fixed" but nevertheless, acknowledge that the use of the term "guaranteed rate" was potentially misleading.

25. The Settlors further state that prior to becoming aware of the investigation being carried out by Staff, the Settlors had ceased the use of words "guaranteed rate".

Breaches

26. The Settlors admit that they breached section 92(4.1) of the *Act*, and acted contrary to the public interest by making or authorizing, permitting, or acquiescing in the making of the statements described herein to prospective investors about the Project at the seminars, held on February 26, 2008, and May 27, 2008, which they knew or ought to have known could be misleading or untrue, and because they omitted to state a fact or facts that were required to be stated, or that were necessary to be stated in order for the statement or statements not to be misleading, and would reasonably be expected to have a significant effect on the market price or value of the SRC and SRE securities.

Other Circumstances Relevant to Settlement

27. The Settlors state that it was never their intention to mislead investors about the nature or security of their investment and their breaches of the *Act* were not deliberate.

28. None of the Settlors has been previously sanctioned by the Commission.

29. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

30. FCC commits to paying a minimum of $100,000 to fund both internal sales agent registration for the Canadian Securities Course and training relating to improving compliance with Alberta securities laws, including National Instrument 31-103 regarding registration reform.

31. FCC has voluntarily agreed to pay $250,000 to the Commission to fund the creation, development and delivery of an exempt market training module to be provided to participants under the direction of the Commission. The funds will be payable as follows:

31.1 $100,000 on execution of this Agreement; and

31.2 $50,000 on the anniversary date of this Agreement in 2010, 2011 and 2,012.

31.3 FCC agrees these funds may be used for a similar educational purpose, at the Commission's discretion, in the event that the exempt market training module is no longer a suitable purpose for the funds.

32. FCC states it will have legal counsel review all future trades, seminars and marketing materials to ensure compliance with Alberta securities laws.

Settlement Payments and Undertakings

33. Based on these facts and admissions, each of the Settlors undertakes to the Executive Director of the Commission, upon execution of this Agreement, as follows:

33.1 Spruce Ridge Estates Inc. and Spruce Ridge Capital Inc. undertake to:

a) before distributing securities SRC and SRE will each file a new Offering Memorandum which complies with NI 45-106F2; and

b) appoint sufficient qualified directors and officers to ensure the proper oversight and operation of their respective businesses within 3 months.

33.2 Foundation Capital Corporation:

a) FCC agrees to pay $100,000 to settle the allegations against it; and

b) FCC agrees to pay $20,000 towards the cost of these proceedings.

33.3 With respect to Ron Aitkens (**Aitkens**):

a) Aitkens agrees to pay $30,000 to settle the allegations against him; and

b) Aitkens agrees to pay $15,000 towards the cost of these proceedings.

33.4 With respect to Roy Beyer (**Beyer**):

a) Beyer agrees to pay $20,000 to settle the allegations against him; and

b) Beyer agrees to pay $5,000 towards the cost of these proceedings.

Administration

34. Each of the Settlors acknowledges that they have sought independent legal advice and that they have voluntarily made the admissions herein.

35. Each of the Settlors waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

36. Each of the Settlors acknowledges that this Agreement may be referred to in any other proceedings under the *Act*, and in securities regulatory proceedings in other jurisdictions, but in no other proceedings and for no other purpose.

37. The Agreement resolves all issues involving the Settlors as described above, and Staff will take no further steps against any of them arising from these facts.

38. The Agreement may be executed in counterpart.

Signed by the duly authorized signatory of Foundation Capital Corporation at Calgary, Alberta this 19 day of August 2009, in the presence of:	)	FOUNDATION CAPITAL CORPORATION
Marjorie McCue WITNESS NAME	)	PER: *"Original Signed By* Ronald James Aitkens President
"Original Signed By" SIGNATURE		
Signed by the duly authorized signatory of Spruce Ridge Estates Inc. at Calgary, Alberta this 19 day of August 2009, in the presence of:	)	SPRUCE RIDGE ESTATES INC.
Marjorie McCue WITNESS NAME	)	PER: *"Original Signed By"* Ronald James Aitkens President
"Original Signed By" SIGNATURE		
Signed by the duly authorized signatory of Spruce Ridge Capital Inc. at Calgary, Alberta this 19 day of August 2009, in the presence of:	)	SPRUCE RIDGE CAPITAL INC.
Marjorie McCue WITNESS NAME	)	PER: *"Original Signed By"* Ronald James Aitkens President
"Original Signed By" SIGNATURE		
Signed by the duly authorized signatory of Beyer Consulting Ltd. at Red Deer, Alberta this 15 day of August 2009, in the presence of:	)	BEYER CONSULTING LTD.
Brian Anderson WITNESS NAME	)	PER: *"Original Signed By"* Roy Juergen Beyer President
"Original Signed By" SIGNATURE		

Signed by Ronald James Aitkens at Calgary, Alberta, this 19 day of August, 2009, in the presence of:

Marjorie McCue
WITNESS NAME

"Original Signed By"
SIGNATURE

"Original Signed By"
RONALD JAMES AITKENS

Signed by Roy Juergen Beyer at Red Deer, Alberta, this 19 day of August, 2009, in the presence of:

Brian Anderson
WITNESS NAME

"Original Signed By"
SIGNATURE

"Original Signed By"
ROY JUERGEN BEYER

ALBERTA SECURITIES COMMISSION

Calgary, Alberta, August 20, 2009

"Original Signed By"
John P. Petch
Director, Enforcement

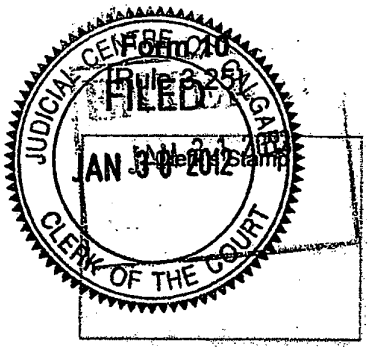
This is Exhibit EE referred to in the Affidavit of Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the Province of Alberta

DAVID LOGAN
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

Form 10
(Rule 3.25)



COURT FILE NUMBER	1201-01303
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	**NEO EXPLORATION INC.**
DEFENDANTS	D1 **FOUNDATION RESOURCES LIMITED PARTNERSHIP by it general partner, FOUNDATION** D2 **RESOURCES GP CORPORATION, and the said ~~FOUNDATION RESOURCES LIMITED PARTNERSHIP, FOUNDATION RESOURCES GP CORPORATION,~~** D3 **0865701 B.C. LTD.; TRUSTEE OF FOUNDATION GROUP CAPITAL** D4 **TRUST, HARVEST CAPITAL** D5 **MANAGEMENT INC., RONALD** D6 D7 **AITKENS, MARK McCARTHY, ROY** D8 **BEYER, TERRESSA MOORE,** D9 D10 **FRANK LONARDELLI , TOM STAN** D11 **and SCOTT ROHRER** D12
DOCUMENT	**STATEMENT OF CLAIM**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Caron & Partners LLP** 2100, 700 – 2 Street S.W. Calgary, Alberta T2P 2W1 **Attention: Arthur H. Wenngatz** Phone: (403) 262-3000 Fax: (403) 237-0111 File: 46423-000

; By General partner

SCD 27400000

SCJD-01563413
P1 → D1-D2 only

SCDEC-

1/30/2012 3:36:01 PM CH
DOCUMENT #: 1201-01303
QUEENS BENCH FEES $200.00
TOTAL $200.00
CHEQUE $200.00
Item count: 1
Trans:295876 030001004-001001

NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

THE PARTIES

1. **Neo Exploration Inc.** is a body corporate duly incorporated pursuant to the provisions of the Alberta *Business Corporations Act* and carrying on business in the Province of Alberta with its head office located in Calgary, Alberta (hereinafter "Neo").

2. **Foundation Resources Limited Partnership** is a limited partnership registered and carrying on business in the Province of Alberta pursuant to the provisions of the Alberta Partnership Act with its principal place of business located in Calgary, Alberta (hereinafter "Foundation LP").

3. **Foundation Resources GP Corporation** is a body corporate duly incorporated pursuant to the provisions of the Alberta *Business Corporations Act* and carrying on business in the Province of Alberta with its principal place of business located in Calgary, Alberta (hereinafter "Foundation GP").

4. Foundation GP is the general partner of Foundation LP and in such capacity is responsible for the management of Foundation LP and, pursuant to s. 11 and s. 56 of the *Partnership Act* (Alberta), is liable for the actions, omissions and debts of Foundation LP.

5. **0865701 B. C. Ltd.** is a corporation organized under the laws of the Province of British Columbia and is the trustee (hereinafter the "Trustee") of Foundation Group Capital Trust, a commercial trust created in British Columbia (hereinafter the "Trust"). The Trust has offices in Calgary, Alberta and was the issuer of securities as detailed in a Confidential Offering Memorandum dated May 12, 2011 (hereinafter the "Offering Memorandum").

6. The securities being offered for sale pursuant to the terms of the Offering Memorandum were trust units of the Trust. The Trust used the unit sale proceeds to purchase trust units of the Foundation Group Business Trust, which in turn used the proceeds to purchase limited partnership units of Foundation LP. Foundation LP used proceeds of prior and similar Offering Memorandum's to acquire shares of Neo in a series of non-arms length transactions.

7. **Harvest Capital Management Inc.** is a body corporate incorporated and carrying on business in the Province of Alberta pursuant to the provisions of the Alberta *Business Corporations Act* with its head office located in Calgary, Alberta (hereinafter "Harvest").

8. **Foundation Resources Oil and Gas** (hereinafter "FROG") was is trade name and operating arm of Foundation LP, through which Foundation LP operates and conducts its business affairs.

9. Harvest and the Trustee were and are the managers of the Trust.

10. **Ronald Aitkens, Mark McCarthy, Roy Beyer, Terressa Moore, Frank Lonardelli, Tom Stan and Scott Rohrer** (hereinafter collectively the "Personal Defendants" or individually by their last name) are business people residing in Calgary, Alberta.

11. Harvest, the Trustee, Aitkens, Beyer and Moore were the promoters of the Offering Memorandum and certified and guaranteed that the Offering Memorandum did not contain any misrepresentations.

12. Aitkens, Beyer and McCarthy are the directors of the Trustee.

13. Aitkens and Beyer are the directors of Foundation GP.

14. Stan is the President of Foundation GP, and at all material times, acted as an advisor to Harvest.

15. Aitkens is the sole director of Harvest.

16. Lonardelli was at all material times the CEO of Harvest Group of Companies.

17. Rohrer was the Chief Investment Officer of Foundation LP, Foundation GP and FROG, from commencement until mid 2011.

18. Harvest as Administrator of the Trust certified and guaranteed that the Offering Memorandum did not contain any misrepresentations.

19. At all times material hereto Neo was engaged in oil and gas exploration and development in Canada and the United States of America.

20. Neo possesses an interest in 10 sections of land located near Crossfield, Alberta (the "Crossfield Lands") sufficient to permit Neo to explore and extract from the Crossfield Lands oil, gas and other petroleum products found thereunder.

21. At all times material hereto Foundation LP had a stated purpose of being engaged in acquiring and investing in oil and gas properties as well as acquiring equity holdings in corporate entities engaged in oil and gas exploration and development such as Neo.

22. Foundation LP, Foundation GP, the Trustee and Harvest (hereinafter collectively the "Corporate Defendants") were at all material times:

a. under the common control of the Personal Defendants;

b. operating in a non-arms length manner;
c. operating at the direction of the Personal Defendants, for a common purpose;
d. used interchangeably when dealing with third parties; and
e. failed to maintain their individual, corporate and business identity or purpose.

FARMOUT AGREEMENT

23. On or about September 24, 2010 Neo and Foundation LP entered into a written contract concerning the exploration and development of the Crossfield Lands (the "Farmout Agreement").

24. Under the terms of the Farmout Agreement, Foundation LP agreed to develop, by drilling, completing, equipping and abandoning or capping, four wells on the Crossfield Lands before August 31, 2011 (and subsequently extended by agreement to October 31, 2011), using horizontal multi-fracture technology ("Farmout Wells"). Upon satisfaction of this obligation, and upon complying with the provisions of the Farmout Agreement, Foundation LP would earn a working interest in the Farmout Wells and related portion of the Crossfield Lands, equal to 75% of the petroleum substances produced in the Cardium Formation, by the Farmout Wells until Foundation LP recovered its cost to develop the Farmout Wells, and thereinafter 50% of the production from the Farmout Wells.

25. The Farmout Agreement further provided that Neo would develop the Farmout Wells on behalf of and at the cost of Foundation LP.

26. Pursuant to the express terms of the Farmout Agreement, Foundation LP agreed to pay all of the costs associated with Neo's development of the Farmout Wells in accordance with the Farmout Agreement on a timely basis. The parties further agreed that Foundation LP would make payment with respect to Neo's services in accordance with the provisions the Canadian Association of Petroleum Landmen 1990 Operating Procedure which procedure was incorporated in to and made part of the Farmout Agreement.

27. Between September 1, 2010 and January 30, 2011 Neo developed two Farmout Wells on the Crossfield Lands for and at the request of Foundation LP, the expenses for which were authorized and approved by Foundation LP in accordance with the terms of the Farmout Agreement.

28. In breach of the Farmout Agreement Foundation LP has failed to develop the remaining two Farmout Wells on the Crossfield Lands and as a consequence of that breach failed to earn or retain any working interest in the petroleum substances and the Farmout Wells in any part of the Crossfield Lands.

29. Additionally, Foundation LP failed to pay the costs of drilling, completing and equipping the Test Well and the 1st Commitment Well on a timely basis, or at all. As a result, Foundation LP was in default of the Farmout Agreement and Foundation LP thereby failed to earn or retain any working interest in the petroleum substances in any part of the Farmout Lands and in respect to any of the Farmout Wells.

30. As Foundation LP has not earned any working interest in respect to any of the Farmout Lands, Foundation LP is not entitled to receive or retain any revenues from the production of any of the Test Well or the 1st Commitment Well, including any revenue received from the sale or disposition of Load Oil derived from either well.

31. Neo states that Foundation LP has no entitlement to any monies received by Neo from the sale of production from any of the Farmout Lands. Any monies paid or agreed to be paid to Foundation LP from the sale of production was conditional upon Foundation LP paying outstanding costs for drilling and completing the Test Well and the 1st Commitment Well in a timely manner, and upon Foundation LP fulfilling its contractual obligations to Neo in respect to the remaining 2 Commitment Wells.

32. On or about November 1, 2011, Neo provided Foundation LP with notice of default for having failed to drill, complete, equip, cap or abandon the remaining 2 Commitment Wells by the new deadline date of October 31, 2011. The notice further terminated the Farmout Agreement and notified Foundation LP that it had not earned any working interest in any of the Farmout Lands.

33. Neo, in anticipation of Foundation LP earning its interest under the Farmout Agreement, paid to Foundation LP between December 2010 and November of 2011, the sum of $1,563,413.47 for the sale of production of petroleum substances from the Farmout Lands. As Foundation LP failed to earn any working interest in any of the Famout Lands, these funds paid to Foundation LP are due to be returned to Neo.

34. Neo rendered Invoice #NEOFROG 13 dated November 1, 2011, to Foundation LP seeking the return of the funds owing in the sum of $1,563,413.47.

35. Foundation LP has failed or neglected, and continues to fail or neglect to pay the amount so due to Neo. Neo states, and the facts are, that these funds are trust funds, which Foundation LP holds in trust for Neo.

36. Further, Foundation LP and Foundation GP intentionally withheld funds for an extended period after the funds were due, for the drilling of the first two Farmout Wells, knowing that such action would cause, and did cause Neo to be unable to pay its suppliers (some of whom where shareholders) in a timely fashion, thereby causing liens to be placed upon the Wells, and

damaging long standing relations, all of which caused damages to Neo. These damages were, or should have reasonably been foreseeable by Foundation GP and Foundation LP.

MISREPRESENTATION AND OMMISSION IN OFFERING MEMORANDUM

37. The Trustee, the Trust, Harvest and the Personal Defendants represented in the Offering Memorandum that Foundation LP had drilled and earned an interest in two Farmout Wells on the Crossfield Lands and then falsely, intentionally, or negligently represented in the Offering Memorandum that Foundation LP had an "option" to continue drilling on the Crossfield Lands, when they knew, or ought to have known, that Foundation LP was obligated to drill, complete, equip, and cap or abandon an additional two Farmout Wells before earning any working interest in the Farmout Wells, and related Crossfield Lands under the Farmout Agreement (hereinafter the "Misrepresentation").

38. The Trustee, the Trust, Harvest and the Personal Defendants also falsely and intentionally, or negligently omitted disclosing the Farmout Agreement as a material contract in the Offering Memorandum, even though they knew, or ought to have known, that Foundation LP was committed to develop two additional Farmout Wells pursuant to the terms of the Farmout Agreement at a cost which would exceed a minimum of $7,000,000.00 (hereinafter the "Omission").

39. The Misrepresentation and the Omission caused harm and damage to Neo and was also a part of the larger plot to cause further harm and damage to Neo. At the time of the Omission and Misrepresentation, to the knowledge of the Defendants, Neo was attempting to raise funds through an Offering Memorandum. The Omission and Misrepresentations confused the investing public and Neo's agents as to the interest of Foundation LP under the Farmout Agreement, and the ownership of the Farmout Lands and Farmout Wells. This in turn defeated the attempts of Neo to raise capital, thereby causing financial harm to Neo. This damage to Neo was and should have been reasonably foreseeable by the Defendants.

CONSULTING AGREEMENT

40. On or about December 23, 2009, Neo entered into a Consulting Agreement with Foundation LP (hereinafter the "Consulting Agreement") pursuant to which Neo agreed to manage certain of the assets of Foundation LP, and to provide certain limited purpose, advice and direction regarding same. The Consulting Agreement will be produced at the Trial of the within action for its precise terms and effect.

41. Neo states that during the course of the Consulting Agreement, Neo fulfilled its limited purpose obligations properly to Foundation LP, and provided to Foundation LP the required advice, direction and information, all in the best interests of Foundation LP.

42. Neo further states that the Personal Defendants, in conflict of their fiduciary obligations to the Corporate Defendants took steps, provided directions, provided programs, and provided instructions to Neo that were all contrary to the best interests of Foundation LP and the Trust. These steps, directions, programs and instructions were solely in the best interests of the Personal Defendants.

43. As above stated, during the course of the Consulting Agreement, the Personal Defendants, while repeatedly instructing Neo to take steps that were not in the best interests of Foundation LP, but were in the financial interests of the Personal Defendants, threatened Neo and its Directors that should Neo fail to take these steps or directions, the Personal Defendants would cause the following steps to be taken:

a. Cause the Corporate Defendants to sue Neo and its Directors making allegations that were not accurate;

b. Cause material harm to Neo's continued relationship with its primary lender with whom the Corporate Defendants banked;

c. Cause Neo's loans to be called by its lender;

d. Take steps to damage Neo's relationship with its suppliers, shareholders, business affiliates and financial and capital market agents;

e. Would improperly interfere with and block Neo's ability to raise equity capital, thereby leaving Neo even more vulnerable to the actions of the Defendants;

f. Take over control of Neo;

g. Interfering with the management and proper operation of the Board of Directors of Neo; and

h. Take such further and other steps to damage Neo and its Directors, the full nature and extent of which will be proven at the Trial of the within action.

44. As a result of the actions of the Defendant, Neo was required to, and did on June 2, 2011, give Notice of Termination of the Consulting Agreement in accordance with Section 2.4 of the Consulting Agreement, effective 90 days after Notice was given.

WHITE NORTH ENERGY CORP.

45. Pursuant to the terms of the Consulting Agreement, in return for the services rendered by Neo, Neo would earn:

a. a 5% management fee (hereinafter the "Management Fee"), having an "in kind" working interest equal to 5% of the Property acquired by Foundation LP from each acquisition plus applicable GST and or alternatively a 5% fee of the Acquisition Value, plus applicable GST; and

b. an option to acquire an additional "in kind" working interest equal to 20% of the Property acquired by the Partnership from each Acquisition (each such option hereafter referred to as an "Option" and collectively the "Options"). The exercise price for each Option at any point in time (the "Exercise Price") to be calculated with the provisions of Section 4.24 of the Consulting Agreement.

46. As a direct result of the introduction by Neo, and geological and geophysical work done by Neo on the company and lands and interests owned by White North Energy Corp., (hereinafter "White North") Foundation LP acquired White North for the stated cost of $12,500,000.00, pursuant to which Neo is entitled to:

a. its Management Fee for the acquisition, and therefore:
   i) a declaration as to the ownership of an "in kind" working interest equal to 5% of the lands and assets of White North; or
   ii) a fee of $625,000.00 plus applicable GST;

   plus

b. its Option, and therefore a declaration as to the 20% option on the acquisition of White North, as outlined above.

47. Neo is entitled to its Management Fee and Option(s) on any subsequent Acquisitions by Foundation LP or the remaining Defendants which arise as a result of the introduction by Neo to the Property or Corporation, or any geological, geophysical, engineering, technical, petroleum and/or business development work giving rise to same, and seeks a declaration confirming its interest so held and an accounting from Foundation LP, and the remaining Defendants.

48. Neo states that, Foundation LP, and the remaining Defendants, hold any and all Management Fee's, and Option's, in relation to their acquisition of White North, and arising from any subsequent Acquisitions which arose as a result of the introduction by Neo to the Property

or Corporation so acquired, or any geological, geophysical, engineering, technical, petroleum and/or business development work giving rise to same, in trust for Neo.

FIDUCIARY OBLIGATIONS

49. At all material times, the Defendants and each of them knew, or ought to have known that:

a. Foundation LP, and other companies controlled, directly or indirectly, by the Personal Defendants was a material shareholder of Neo;

b. The parties were involved in a business relationship;

c. The Defendants had the scope to exercise discretion and power which would have the effect to affect the legal and practical interests, values and viability of Neo;

d. That Neo was peculiarly vulnerable to or at the mercy of the Defendants; and

e. The parties were in an unequal financial and bargaining position.

50. As a result of the above Neo states and the facts are that the Defendants, and each of them, owed to Neo a fiduciary obligation to Neo to:

a. Act within the standards of loyalty;

b. Act honestly and in good faith;

c. To take all steps to avoid a conflict of interest, and conflict of duty; and

d. Avoid dealing in self interests.

51. The Defendant's and each of them breached their fiduciary duties to Neo, in:

a. refusing to pay the expenses incurred by Neo in developing the Farmout Wells on the Crossfield Lands with the intention of forcing Neo into financial ruin and with a plan to acquire the Crossfield Lands for themselves;

b. by suggesting to Neo that it did not have the funds to pay its obligations to Neo while at the same time obtaining new funds from new sales of units, the proceeds of which were principally used to pay commissions and to pay returns to previous

investors of units, all to maintain the guise of performance and legitimacy of the Trust;

c. by publically belittling the management and technical skill of Neo to its shareholders, to the Trust's unit holders and to independent financial backers;

d. by threatening litigation orally and in writing with respect to fictitious issues knowing that Neo was engaged in raising capital through the sale of shares and that such threatened litigation would have to be disclosed to prospective shareholders and investors;

e. engaging in the program of Self Interest for the Personal Defendants as hereinafter outlined;

f. by attempting to force Neo to participate and support the transfer from Treasury of $15,000,000.00 of shares of Neo to Aitkens without consideration as hereinafter outlined;

g. threatening to terminate the Consulting Agreement without cause;

h. threatening to, and attempting to take over Neo;

i. suggesting in its investor material and presentations, that the present proposed sale of assets by Neo was in fact a bankruptcy or receivership sale, thereby undermining the sale process and values to be received thereunder;

j. interference with Neo's banking arrangements;

k. attempting to bankrupt or "break" Neo; and

l. such further and other breaches as may be proven at the Trial of the within matter.

52. Further, Neo states that at all material times the Defendants knew that the size of the projects and the expenses to be incurred by Neo were such that a failure by the Defendants to honour the terms of the Farmout Agreement and to continue with the program of Self Interest would jeopardize Neo's financial viability.

53. Neo asserts that the Defendants' conduct was high-handed and malicious and worthy of sanction by an award of punitive and/or exemplary damages.

PROGRAM OF SELF INTEREST OF THE PERSONAL DEFENDANTS

54. Neo states that the Personal Defendants had a program of Self Interest which was exercised by the Personal Defendants contrary to the interests of the Corporate Defendants, its shareholders, unit holders and contrary to the interests of Neo.

55. Neo states that the Personal Defendants, and each of them, through corporations and interests held by them, acquired assets including shares in Neo, for fair market value. These assets, in turn, would be moved directly or through a series of transactions, by the Personal Defendants, through corporations or entities owned or controlled by them, such that the end product of these assets and shares would be transferred to the Trust at a value which represented a significant "lift" to the value of those assets, all for the significant and material financial benefit of the Personal Defendants.

56. In particular the programs of Self-Interest and Self-Dealing by the Personal Defendants included the following:

a. Harvest, a company controlled by some or all of the Personal Defendants acquired a "mega warrant" which allowed Harvest to purchase $15,000,000.00 worth of shares in Neo at a stated price of $1.75 per share. Harvest in turn immediately transferred the shares to the Trust, through Foundation LP at a stated cost of $3.25 per share. Through this process the Trust acquired 4,015,000 shares in Neo at a stated cost of $13,048,751.00, which resulted in an immediate financial gain or "lift" to Harvest and the Personal Defendants in the sum of $6,022,500.00; and

b. Exen Resources Inc, a related corporation, owned and controlled by the Personal Defendants sold the Crossfield Lands to Neo in exchange for shares in Neo at a stated price of $1.75 per share. Shortly thereafter, 1,933,810 shares in Neo, which had an actual acquisition cost of $3,384,167.50 were transferred to the Trust through Foundation LP for $4,267,500.00 representing a further financial gain or "lift" to Exen and the Personal Defendants, in the sum of $883,332.50.

57. Further, on November 12, 2010, at a time when the Defendant's knew, or ought to have known, that Neo was vulnerable to the actions of Aitkens and the remaining Defendants, the Defendants demanded inter alia that:

a. Neo allow FROG to invest a further $1,800,000 ("Initial Payment") by December 31st with an additional $2,000,000 by March 31, 2011. The Initial Payment to be allocated as follows:

i) $600,000.00 for lead order in the Neo Offering Memorandum at $3.25 per share;
ii) $1,400,000 of $2.25 Warrants

b. Neo agree to reduce the 20% option buy in that it was entitled to under the terms of the Consulting Agreement, to a period of less than one year;

c. That Neo see that:
   i) Fifty percent (50%) of the shares owned by Harvest or Aitkens for the Crossfield Lands be assigned back to Neo in return for half of the original Cardium assets, to be transferred to Harvest or Aitkens, or
   ii) that Neo Shares representing half of the present value of the Crossfield Lands be assigned to Harvest or Aitkens at the value of $1.75 per share, without cost to Harvest or Aitkens;

d. That designated representatives of FROG or Harvest be appointed to the Neo Board of Directors; and

e. that Neo agree to the merger of Neo into FROG and Foundation LP, by converting all Neo stock into new FROG non-voting units, series B.

58. As Neo was of the view that this proposal was fraudulent, was not appropriate for, nor in the best interests of its shareholders, it refused to complete the same, notwithstanding the continued threats and coercion from the Defendants.

59. As Neo would not agree to participate in the Personal Defendants' programs of Self-Interest and Self-Dealing in January and February of 2010, Foundation LP illegally obtained the shareholders list of Neo, and purported to purchase approximately 1.5 million shares of Neo, from existing shareholders of Neo, which would have improperly taken Foundation LP over the 20% threshold for shareholdings in Neo. This was a further attempt by the Defendants to improperly take over control and management of Neo, and had the further effect of damaging Neo's relationship with potential investors, all of which was, or should have been, reasonably foreseeable by the Defendants.

60. Neo further states, and the facts are, that the Personal Defendant's program, directions and instructions to Neo were always for the sole purpose of obtaining the maximum "lift" for their own benefit and all of the steps taken by them, and taken by the Corporate Defendants at the direction of the Personal Defendants were for that primary purpose. All steps thereafter were to disguise this "lift". The net effect of such actions was to obtain significant and material profit by

the Personal Defendants to the detriment of the unit holders of the Trust, and independent of the duties owed to Neo.

61. Neo states that when Neo objected to the actions of the Personal Defendants, and the directions being provided to Neo, the Personal Defendants, personally, and through corporations and entities controlled by them, directly or indirectly:

a. threatened Neo;
b. took steps to harm Neo;
c. attempted to buy out and take over control of Neo;
d. harmed its relationship with its business affiliates, partners and suppliers;
e. harmed its relationship with its banker; and
f. attempted to shut down Neo,

all with the purpose of removing Neo's objection to the conduct of the Personal Defendants to allow the Defendants to:

i. keep the appearance that the Trust was thriving and successful;
ii. cover the "lift" received;
iii. maintain the veneer of legitimacy of the Corporate Defendants; and
iv. blame any losses from the Neo acquisition and the "lift" on Neo and on to Neo's management.

62. Further, Neo asserts that the Trustee, the Trust, Harvest and the Personal Defendants persuaded and induced Foundation GP and Foundation LP to breach the Farmout Agreement with the intention of causing the harm, loss and damage to Neo that would result therefrom.

63. Further, Neo asserts that, the Trustee, the Trust, Harvest and the Personal Defendants indirectly induced Foundation GP and Foundation LP to breach the Farmout Agreement through the unlawful acts of the Misrepresentation and the Omission.

64. In addition, Defendants conspired with the predominate purpose and intent to cause harm and loss to Neo and carried out the conspiracy through, among other things, breaches of the Farmout Agreement, the Misrepresentation, the Ommission, falsely belittling the management and skill of Neo and the threats of litigation of fictitious issues and the other methods as herein noted. Further or in the alternative, the conspiracy was carried out through, among other things, the unlawful or overt acts of breaching the Farmout Agreement, the Misrepresentation, falsely belittling the management and skill of Neo and the threat of litigation of fictitious issues knowing that these acts would cause loss or damage to Neo.

65. Neo further asserts that through these same acts the Defendants intentionally interfered with Neo's contractual relations and caused harm, loss and damage to Neo.

66. Neo asserts that the Defendants actions have interfered with its relations with its creditors and bankers, with its ability to raise money in the capital markets and secure other investment and investors or partners to develop its assets including the Crossfield Lands. Moreover, the Defendants have interfered with Neo's ability to mitigate the harm, loss and damage caused by the Defendants.

Remedy sought:

1. Wherefore Neo claims against Foundation GP and Foundation LP:

   a. Judgment for $1,563,413.47 from those matters outlined in paragraphs 32 and 33 herein, and a declaration that those funds held by Foundation GP and Foundation LP, are trust funds held in trust for Neo;

   b. A declaration that Neo is entitled to its Management Fee for the acquisition of White North, and therefore, granting:
      i. a declaration as to the ownership by Neo of an "in kind" working interest equal to 5% of the lands and assets of White North Energy Corp. free and clear of all encumbrances; or
      ii. or alternatively, Judgment for its fee in the sum of $625,000.00 plus applicable GST; and
      iii. Further, a declaration that those interests outlined in paragraphs 1 b) i) and ii) are held by Foundation GP and Foundation LP in trust for Neo;

   c. A declaration that Neo is entitled to its Option, and therefore a declaration that it holds its interests in the 20% option on the acquisition of White North Energy Corp., as outlined above, and a further declaration that those interests are held by Foundation GP and Foundation LP in trust for Neo;

   d. Further, a declaration that Foundation LP, and the remaining Defendants, hold any and all Management Fee's, and Option's, in relation to their acquisition of White North, and arising from any subsequent Acquisitions which arose as a result of the introduction by Neo to the Properties or Corporation's so acquired, or any geological, geophysical, engineering, technical petroleum and/or business development work giving rise to same, in trust for Neo, and a full accounting from all of the Defendants in relation to same;

e. Further, or in the alternative, damages for breach of the Farmout Agreement to compensate Neo for its loss of profit and/or loss in value of the Crossfield Lands in such sum as will be proven at the trial of this action but in any event in excess of $2,500,000.00 together with interest thereon pursuant to the provisions of the Farmout Agreement;

f. Punitive and/or exemplary damages for the Defendant's breach of the duty of good faith owed to Neo in such sum as this Honourable Court shall deem just;

g. Interest on all amounts found due and owing; and

h. Costs on a solicitor and his own client full indemnity basis, alternately on a solicitor/client basis or in the alternative on a party/party basis.

2. Wherefore NEO claims against all of the Defendants, jointly and severally;

a. Damages for the Misrepresentation and Omission in the Offering Memorandum in the sum of $7,000,000.00 or such further and other sum as proven at the Trial of this action;

b. Damages for breach of the Defendants' fiduciary obligation owed to Neo as aforesaid in such sum as will be proven at the Trial of this action but in any event in excess of $15,000,000.00;

c. Damages for the loss and harm caused Neo resulting from their conspiracy and intentional interference with Neo's contractual relations in an amount to be proven at the Trial of the within action;

d. Damages for loss of reputation with Neo's suppliers and business partners of not less than $400,000.00;

e. Damages for the loss of capital through interference with fund raising activities, in the sum of $5,000,000;

f. Punitive and/or exemplary damages for the Defendants' breach of the duty of good faith owed to Neo in such sum as this Honourable Court shall deem just;

g. Interest on all amounts found due and owing; and

h. Costs on a solicitor and his own client full indemnity basis, alternately on a solicitor/client basis or in the alternative on a party/party basis.

NOTICE TO THE DEFENDANTS

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff against you.

This is Exhibit FF referred to in the Affidavit of
Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the
Province of Alberta

DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

Keith G. Prosser

Suite 206, 400 Crowfoot Cr NW, Calgary, AB T3G 5H6
403-298-0642 / keithp@sterlingbridge.ca
DOB: October 1, 1957

Biography

Mr. Prosser has spent his entire professional and academic career in the financial services industry, with experience in risk management, sales & marketing, investor relations, and the public markets. He is currently the Founder and CEO of the Sterling Bridge Financial Group ["Sterling"].

Since its inception in 1999 Sterling has been engaged in the business of direct lending to the commercial real estate sector in the provinces of Alberta and British Columbia.

Mr. Prosser is a respected industry member, and in 2009 he was asked by the Alberta Securities Commission to participate with them on a transition committee of the Canadian Securities Administrators respecting National Instrument 31-103.

He has recent experience in restructuring having recently crafted a proposal to reorganize Sterling's pooled investment program that ultimately received 90% support from its shareholders.

Mr. Prosser is an experienced operator having grown his company from start-up in 1999 to its current portfolio of over $150MM and over 400 investors. In 2006, Mr. Prosser understood the need for strengthened corporate capacity, and in 2008 a transaction was concluded whereby the ownership group was expanded to include a Swiss investment fund, and an ultra high net-worth U.S. resident. The timing of the expanded ownership group has served the company well during the recent economic downturn.

Academic

University of Western Ontario B.A. - 1984

Canadian Securities Course – 1987 / Conduct & Practices Exam – 1998

Career

CIBC: 02 / 76 – 04 / 81

- Management Training program
  - Various postings in southern Ontario

CIBC: 01 / 85 – 03 / 95

- Resumed career [Hamilton, Ontario]
- Transferred to Calgary 1991 – Branch Manager
- Last posting Credit Risk Management Group [Calgary]

Laurentian Bank of Canada: 08 / 95 – 01 / 98

- Sales Manager – Prairie Region [Calgary, AB]

Rogers & Partners Securities: 05 / 98 - 09 / 98

- Stock Broker [Calgary, AB]

Investors Acceptance Corporation: 09 / 98 – 09 / 99

- Investor Relations [Calgary, AB]

Sterling Bridge Financial Group: 09/99 – Present

- *NB: Corporate name change from Meridian Mortgage Corp [2007]*

- Sterling's lending and fund management activities in Alberta and British Columbia are regulated by RECA and the ASC, and FICOM and the BCSC respectively. Sterling is a registered Mortgage Broker, and is in the final stages of the registration process with the ASC as an Investment Fund Manager, Restricted Portfolio Manager, and Exempt Market Dealer under National Instrument 31-103.

Public Directorships

Western Equity Loans Ltd.: Mar/03 – May/04

- Subsidiary of Western Pacific Trust [CDNX – WP]

Heartwood Capital Corporation [CDNX – HWC]: June/03

- RTO – E-Tronics Battery Support Systems

Stonecliffe Capital Inc. [CDNX – SNT]: Nov/04

- RTO – Ruby Red Resources

This is Exhibit GG referred to in the Affidavit of
Kyle Brown sworn before me on April 11, 2012.

A Commissioner for Oaths in and for the
Province of Alberta

DAVID LeGEYT
Barrister & Solicitor

DAVID LeGEYT
Barrister & Solicitor

PRINT NAME AND EXPIRY/LAWYER

LeGeyt, David

From: Kyle Brown [brownke@shaw.ca]
Sent: Monday, April 09, 2012 8:02 PM
To: Nicole Shurko; whmckeen@hotmail.com; barryfdevlin@shaw.ca; doug@canwesthockey.com; lgans@telusplanet.net
Cc: Mann, David; LeGeyt, David
Subject: FW: Explanation of resignations of Craig Burrows & Richard Korble from Foundation Securities

This was sent from an investor to me, I didn't receive this.

Kyle.

From: "Craig Burrows" <craig@craigburrows.ca>
Date: April 9, 2012 6:12:51 PM MDT
To: "Craig Burrows" <craig@craigburrows.ca>
Subject: Explanation of resignations of Craig Burrows & Richard Korble from Foundation Securities

Dear Investors,

My name is Craig Burrows and I had the opportunity to meet many of you last fall as the new President and Ultimate Designated Person for Foundation Securities Corp. ("FSC"). I assumed these roles on September 22, 2011 and have since resigned on January 12, 2012. The purpose of this letter is to clarify some misinformation regarding my resignation from FSC that has been given out by the Harvest Group of Companies' Investor Relations Department.

As I presented to over 800 Harvest investors from Lethbridge, Calgary, Red Deer and Edmonton, I thought it was important for investors to truly understand why myself and our Chief Compliance Officer (CCO), Richard Korble, gave our resignation notices to Ron Aitkens, Chair of the Harvest Group of Companies.

I would like to cover three main issues in this letter: why I joined FSC, why I left FSC, and my concerns for investors moving forward.

Why I joined FSC

Last fall, I was approached by the then CEO of the Harvest Group of Companies, Frank Lonardelli, to lead a management buy-out of the dealership from Harvest and create a new Exempt Market Dealer (EMD) that would be more responsive to our clients. I felt at the time that FSC, under a new ownership and control structure, had the potential to establish itself as one of Canada's leading EMDs because of its existing agent network, its strong support staff and back-office infrastructure.

One of the reasons for the new ownership structure and control was to preserve independence from Harvest. My mandate was deliver superior returns to our investors, not to raise money for one specific issuer. In this spirit I hired Richard Korble as our new CCO but I also wanted him to be the CFO. Mr. Korble is a CFA and former securities regulator and I felt he brought a needed

skill set to the management team. The importance of having a qualified CCO & CFO was not only to ensure offering materials were compliant but actually to fairly review the business model and prospects of these offerings. We wanted to create a process and structure that weeded out those investment opportunities that would not be suitable for our client base or those issuers that were not committed to transparency and openness to our clients.

Unfortunately, as you are all aware, Harvest has had many products that were failing to live up to investors' expectations. Those products to name a few were FM1, FM2, Beyond the Bond (8 land deals), and FROG. Needless to say, their track record on these products were poor but I felt that Mr. Lonardelli had a vision to turn this company around and help the investors.

I personally supported Mr. Lonardelli efforts to improve the transparency and integrity of Harvest. We both believed in transparency and being honest with our clients, no matter how uncomfortable it was for us to meet investors and give them the bad news. Harvest needed a plan to show investors that there was an alternative to doing nothing and praying for the best. Mr. Lonardelli introduced "Beyond the Bond" as a way to provide the security for the majority of investors who invested in 8 land holdings (Legacy, Airdrie, Foundation Place, Railside, Stoneyview, Rockyview, Spruce Ridge, and potentially Harbourview).

As CEO, Mr. Lonardelli instructed Colliers to perform an appraisal of the combined lands and the value came in at approximately $60 million (Harvest had originally raised $200 million). Two of the major reasons between what was raised and today's values appears to be the "lift" that was clearly in the OM as well as commissions to agents. There is no question that the land was bought at the height of the market which would also reduce the value of the investments. We'll have to wait for an update in appraisal value to see if there has been any move on valuation. What we do know is 4 out of the 8 properties have gone into CCAA (http://documentcentre.eycan.com/Pages/Main.aspx?SID=228).

Why I left FSC

I had a few investors try to contact me but initially I thought it was inappropriate to discuss why I left until I saw a few e-mails from Harvest to their investors that seemed to imply that I left simply because of the resignation of Frank Lonardelli in December.

While I felt Mr. Lonardelli resignation from Harvest was not a good sign, this is not the main reason for our resignation as there were more compelling reasons why Mr. Korble and I resigned from FSC.

As a matter of fact, it was during our due diligence review that matters came to light that we found particularly troubling as well as the affidavit by Ron Aitkens that was submitted to the Courts through a CCAA application on December 21, 2011: (http://documentcentre.eycan.com/eycm_library/Legacy/English/Motion%20Materials/1.%20Initial%20Application,%20December%2021,%202011/Affidavit%20of%20R.%20Aitkens,%20sworn%20December%2020,%202011.PDF).

In his affidavit there are admissions that shocked us. I wanted to let all those who heard me speak in Lethbridge, Calgary, Red Deer, and Edmonton regarding the future of Harvest know that after many meetings with Mr. Aitkens between November and December of 2011 regarding the "Beyond the Bond" proposal, that at no time did he mention that he removed millions of dollars out of Legacy to invest in other projects (especially over $4 million into Panama).

Furthermore, I was also led to believe that the investors owned all 500 acres of that project which we have discovered is not correct.

I also find it even more troubling that the DIP financing would be provided by Harvest Capital Management Inc. (as detailed in the CCAA filing), the same company that removed over $9 million from the Legacy project that is controlled by Ron Aitkens. DIP financing allows him to have first security ahead of the original investors on this project.

In the end, our due diligence into FSC and the revelations of the CCAA filings were the main reasons that Mr. Korble and I resigned and notified the appropriate regulatory bodies of our departure.

How do investors move forward?

I'm sure this is a very difficult time for all investors as more facts come to light and the realization that the returns and past promises that have been made are not going to be materializing at this time.

Compounding the difficulty, in my opinion, is that Harvest was not being as transparent as they should have been over the last few years and it was difficult for many of you to be informed that as bonds were coming due that the original terms could not be honoured.

The good news from the CCAA applications is that an Unsecured Creditors Committee ("UCC") has been sanctioned by the Courts to represent the creditors and try to protect the interests of all investors. The existence of this Committee provides a voice to the court that can push for greater scrutiny of what has happened, how it happened, how it will be addressed, and is anyone personally responsible for what has happened. If I was an investor, I'd be happy to know that I have fellow investors looking out for our interests to find a way to protect my investment.

If this CCAA proceeds in a typical fashion, you will likely be given a number of re-organization proposals to pick from, including one from the old management of Harvest. After the poor track record of these projects and the large lifts of money that has been taken from the projects, you must ask yourself if you have confidence in the current managers of your investment or do you need a new team to lead these projects? Another piece of information that has recently come to light is from Ernst & Young who are the Court appointed Monitors for these CCAAs. In their report, http://documentcentre.eycan.com/eycm_library/Legacy/English/Monitor's%20Reports/Second%20Report%20of%20the%20Monitor%20-%20FINAL%20-%20filed.pdf , they feel that there is $2.4 million missing from the Legacy bank account.

I wish you all the best. I felt that the right thing to do was explain why we left to correct any misinformation that you might have heard. Many of you came to hear me speak on behalf of Harvest and FSC. You deserved to know the facts as I made it very clear in those presentations that I would not continue on as the President of FSC unless I believed the investors were the companies' #1 priority. Hopefully you'll have a range of choices to weigh during these proceedings.

Best Regards,

Craig Burrows

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