Clerk's stamp:

CLERK OF THE COURT
FILED
MAY - 9 2012
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER	1101-17318 BK-
COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended **AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A 2000, c. B-9** **AND IN THE MATTER OF LEGACY COMMUNITIES INC., AIRDRIE CAPITAL CORPORATION and AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC., and FOUNDATION PLACE INC.** **AND IN THE MATTER OF THE BANKRUPTCY OF FOUNDATION MORTGAGE CORPORATION and FOUNDATION MORTGAGE "2" CORPORATION**
DOCUMENT	**AFFIDAVIT OF TRUTH OF STATEMENTS IN APPLICATION FOR BANKRUPTCY ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Grant Vogeli BURNET, DUCKWORTH & PALMER LLP 2400, 525 – 8TH AVENUE SW CALGARY, ALBERTA T2P 1G1 PH. (403) 403-260-0171 FX. (403) 260-0332

AFFIDAVIT OF RALPH BENNETSEN

Sworn on May 7, 2012

I, Ralph Bennetsen, of the City of Calgary, Alberta, **MAKE OATH AND SAY THAT**:

1. I am a director of Four Squared Management Inc. (the "**Four Squared**"), the application creditor herein, and as such, I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I verily believe the same to be true.

2. The facts as alleged in the application are within my own knowledge true (the "**Application**").

THE PARTIES

3. Four Squared is a corporation incorporated pursuant to the laws of the province of Alberta on June 30, 2011 with offices within the City of Calgary. Attached and marked as Exhibit "A" is a true copy of a Corporate Registry search for Four Squared.

4. The current directors of Four Squared are: Frank Lonardelli ("**Lonardelli**"), Wayne Tinker, Noel Winter ("**Winter**") and myself.

5. Foundation Mortgage Corporation ("**FM1**") is a corporation incorporated pursuant to the laws of the province of Alberta on September 20, 2007 with offices within the City of Calgary. Attached and marked as Exhibit "B" is a true copy of a Corporate Registry search for FM1.

6. The current director of FM1 is Ron Aitkens ("**Aitkens**").

7. Foundation Mortgage "2" Corporation ("**FM2**") is a corporation incorporated pursuant to the laws of the province of Alberta on September 3, 2008 with offices within the City of Calgary. Attached and marked as Exhibit "C" is a true copy of a Corporate Registry search for FM2.

8. The current director of FM2 is Aitkens.

9. Both FM1 and FM2 are associated with the Harvest Group of Companies (the "**Harvest Group**"). Pursuant to initial orders granted under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, a number of companies within the Harvest Group were granted protection from their creditors (the "**CCAA Proceedings**"). These companies include: Legacy Communities Inc., Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Inc., Foundation Place Capital Inc., and Foundation Place Inc. (the "**CCAA Companies**"). Aitkens is also a director of each of the CCAA Companies.

BACKGROUND

10. FM1 and FM2 were structured and used to raise capital and make loans to Harvest Group affiliates (the "**Affiliated Companies**") in order to allow the Affiliated Companies to invest in real estate opportunities. The capital raising efforts of both FM1 and FM2 took place in 2008 and 2009.

11. FM1 raised approximately $14,845,100.00 by way of $100.00 unsecured bond units (the "**FM1 Bonds**") under various offering memoranda (the "**FM1 Offerings**").

12. FM2 raised approximately $16,567,300.00 by way of $100.00 unsecured bond units (the "**FM2 Bonds**") under various offering memoranda (the "**FM2 Offerings**").

13. The investment proceeds raised pursuant to the FM1 Offerings were invested by FM1 in various loan transactions between FM1 and the Affiliated Companies (the "**FM1 Loan Portfolio**"). The Investment proceeds raised pursuant to the FM2 Offerings were also invested in various loan transactions between FM2 and the Affiliated Companies (the "**FM2 Loan Portfolio**").

14. In or around January 2011, Lonardelli established the executive land bank committee (the "**Committee**"). I was part of the Committee along with Lonardelli, Winter and Aitkens. The general purpose of the Committee was to review the financial challenges suffered by many of the Harvest Group of companies. Part of this review included an examination of the financial performance of both FM1 and FM2.

15. The initial reviews of FM1 and FM2 immediately identified a number of deficiencies in respect of the FM1 Loan Portfolio and FM2 Loan Portfolio (collectively, the "**Loan Portfolios**"). For example, serious concerns existed in relation to the security and equity position of the Loan Portfolios.

16. Compounding these concerns was the fact that, by the time we commenced the review of FM1 and FM2, the Affiliated Companies had already defaulted under the terms of the loans and security held within the Loan Portfolios. Moreover, the FM1 Bonds and FM2 Bonds purchased by investors pursuant to the FM1 Offerings and FM2 Offerings (collectively, the "**Bondholders**") were either matured and unpaid or maturing shortly and not likely to be paid.

17. In short, this initial review revealed that FM1 and FM2:

   (a) were suffering from a cash flow shortage;

   (b) held an unprotected and weak security / equity positions in respect of the Loan Portfolios; and

   (c) were likely unable to satisfy the FM1 Bond debt and FM2 Bond debt.

THE MANAGEMENT AGREEMENTS

18. In July 2011, management of the Harvest Group issued a letter to the Bondholders outlining the concerns that existed in respect of the insolvency of FM1 and FM2 (the "**July Correspondence**"). The July Correspondence advised the Bondholders that:

(a) FM1 and FM2 did not have the required cash to make interest payments to the Bondholders pursuant to the FM1 Offerings and FM2 Offerings;

(b) FM1 and FM2 would not be able to repay the FM1 Bond debt and FM2 Bond debt; and

(c) FM1 and FM2 would be engaging the services of Four Squared to devise and implement solutions to divest the assets held in the Loan Portfolios. Four Squared was incorporated to act as an independent at arms length management company to undertake the role described above.

Attached and marked as Exhibit "D" is a true copy of the July Correspondence.

The FM1 Management Agreement

19. In July 2011, FM1 entered into a management services agreement with Four Squared (the "**FM1 Management Agreement**"). The primary mandate of Four Squared under the FM1 Management Agreement was to take all steps necessary to protect and realize on the FM1 Loan Portfolio and then distribute all proceeds to the Bondholders on account of the FM1 Bond debt. Attached and marked as Exhibit "E" is a true copy of the FM1 Management Agreement.

20. Salient points of the FM1 Management Agreement include:

(a) FM1 agreed to retain and appoint Four Squared as its agent for the purpose of taking the necessary steps to realize upon the FM1 Loan Portfolio commencing in August 2011;

(b) FM1 agreed that the appointment of Four Squared under the FM1 Management Agreement was irrevocable and for an initial term of not less than 2 years, as may be extended by Four Squared for an additional 6 month period;

(c) the provision of monthly reporting by Four Squared to FM1 providing recommendations and/or findings with respect to the assets in the FM1 Loan Portfolio, and further providing Four Squared with the power and authority to give effect to such findings and recommendations;

(d) the provision of an opening portfolio report (the "**Opening Report**") and an annual portfolio report to FM1 and the FM1 Bondholders;

(e) FM1 agreed to provide Four Squared with all reasonable assistance that is required to allow Four Squared to fulfill its obligations under the FM1 Management Agreement. Further, FM1 agreed that the FM1 Management Fee (as defined in the FM1 Management Agreement) would become immediately due in full in the event FM1 failed to provide the assistance required by Four Squared in order to fulfill its duties under the FM1 Management Agreement; and

(f) FM1 agreed to pay Four Squared fees equal to 5.000 percent of the total face of the FM1 Loan Portfolio of $14,845,100.00, payable over 2 years in equal amounts on a monthly basis, plus applicable GST (the "**FM1 Management Fee**").

The FM2 Management Agreement

21. In July 2011, FM2 entered into a management services agreement with Four Squared (the "**FM2 Management Agreement**"). The mandate of Four Squared under the FM2 Management Agreement is virtually identical to that set out in the FM1 Management Agreement. Attached and marked as Exhibit "F" is a true copy of the FM2 Management Agreement.

22. Salient points of the FM2 Management Agreement include:

(a) the agreement by FM2 to retain and appoint Four Squared as its agent for the purpose of taking the necessary steps to realize upon the FM2 Loan Portfolio commencing in August 2011;

(b) FM2 agreed that the appointment of Four Squared under the FM2 Management Agreement was irrevocable and for an initial term of not less than 2 years, as may be extended by Four Square for an additional 6 month period;

(c) the provision of monthly reporting by Four Squared to FM2 providing recommendations and/or findings with respect to the assets in the FM2 Loan Portfolio, and further providing Four Squared with the power and authority to give effect to such findings and recommendations;

(d) the provision of an Opening Report and an annual portfolio report to FM2 and the FM2 Bondholders;

(e) FM2 agreed to provide Four Squared with all reasonable assistance that is required to allow Four Squared to fulfill its obligations under the FM2 Management Agreement. Further, FM2 agreed that the FM2 Management Fee (as defined in the FM2 Management Agreement) would become immediately due in full in the event FM2 failed to provide such assistance required by Four Squared in order to fulfill its duties under the FM2 Management Agreement; and

(f) FM2 agreed to pay Four Squared fees equal to 5.000 percent of the total face of the FM2 Loan Portfolio of $16,587,300.00, payable over 2 years in equal amounts on a monthly basis, plus applicable GST (the "**FM2 Management Fee**").

Breaches of the Management Agreements

23. Since the commencement of Four Squared's engagement under the FM1 Management Agreement and FM2 Management Agreement (collectively, the "**Management Agreements**") in July 2011, Four Squared has attempted to perform and carry out its obligations under the Management Agreements, including the delivery of a complete Opening Report. Attached and marked as Exhibit "G" is a true copy of the Opening Report (without attachments) delivered to FM1 and FM2 dated December 19, 2011.

24. I prepared the Opening Report on behalf of Four Square. I was most concerned about 4 aspects: (i) the collateral available, (ii) the security available, (iii) the ability of the Affiliated Companies to repay the loans granted by FM1 and FM2, and (iv) measures taken to recover principle amounts.

25. At the time the Opening Report was completed, Four Squared made the following findings in respect of the Loan Portfolios:

(a) several assets were already in foreclosure and required forced sale evaluations;

(b) almost all first mortgage positions were in default putting postponed FM1 and FM2 loans at risk;

(c) book values contained in the financial statements that were provided by FM1 and FM2 were higher than market value; and

(d) approximately half of the FM1 and FM2 loans were unsecured, contrary to the FM1 Offering and FM2 Offering.

26. Unfortunately, Four Squared was unable to fully complete the Opening Report as Four Squared was missing essential information as it related to the Loan Portfolios ("**Loan Information**"). Four Squared attempted on numerous occasions to obtain the Loan information from FM1 and FM2 without success.

27. By way of an example, I prepared a memorandum to management of FM1 and FM2 on November 10, 2011 requesting the Loan Information (the "**November Memorandum**"). Attached and marked as Exhibit "H" is a true copy of the November Memorandum.

28. In fairness, the November Memorandum did cause a series of email exchanges between management of FM1, FM2 and Four Squared, however, this email dialogue did not lead to the provision of the Loan Information. Attached and marked as Exhibit "I" is a true copy of various email correspondence exchanged on November 11, 2011.

29. Even after the Opening Report was provided to FM1 and FM2, Four Squared still encountered difficulty in obtaining the Loan Information. In fact, pursuant to an email exchange on January 11, 2012 between myself and Winter, Four Squared was basically instructed by Winter to stop all investigative activities as mandated pursuant to the Management Agreements. Attached and marked as Exhibit "J" is a true copy of the email correspondence exchanged on January 11, 2012.

30. I initially found the instruction from Winter odd since he is a director of Four Squared and was instrumental in the development of the mandate set out in the Management Agreements. However, I have now recognized that Winter is also involved in the management of both FM1 and FM2, and generally in the restructuring efforts of the CCAA Companies. Notwithstanding, I am still not entirely sure why FM1 and FM2 has been unwilling to provide the Loan Information

pursuant to the terms of the Management Agreements, but this breakdown in communication has effectively caused all meaningful communications between the parties to cease in respect of the performance of the Management Agreements.

31. I suspect that the findings contained in Opening Report (which revealed that the Loan Portfolios have been mismanaged) may have caused management of FM1 and FM2 to withdraw from its obligations under the Management Agreements.

32. I anticipated that the missing Loan Information may reveal further "shortcomings" of management of FM1 and FM2 in respect of the Loan Portfolios. I further note that most of the loans contained in the Loan Portfolios were made to Affiliated Companies known as 1330075 Alberta Ltd. and 1357686 Alberta Ltd. Aitkens is the sole director and 100 percent shareholder of each of these companies. Attached and marked as Exhibit "K" are true copies of Corporate Registry searches for 1330075 Alberta Ltd. and 1357686 Alberta Ltd.

33. A final memorandum was circulated to management of FM1 and FM2 on March 23, 2012 outlining the concerns of Four Squared in relation to the parties performance, rights and obligations under the Management Agreements (the "**March Memorandum**"). To date, Four Squared has not received any formal reply to the March Memorandum. Attached and marked as Exhibit "L" is a true copy of the March Memorandum.

34. A final report was delivered to management of FM1 and FM2 (the "**Final Report**") as a result of the termination of the Managements Agreement by Four Squared (as outlined below). Attached and marked as Exhibit "M" is a true copy of the Final Report.

35. The lack of cooperation of FM1 and FM2 under the Management Agreements and the findings made by Four Squared pursuant to the Opening Report give rise to a number of concerns, including:

(a) the fact that Four Squared is unable to perform its duties and obligations under the Management Agreements;

(b) the fact that Four Squared remains unpaid for its services rendered pursuant to the Management Agreements (see below);

(c) the fact that FM1 and FM2 are insolvent, and:

(i) is subject to other enforcement proceedings in respect of its assets and those assets remain unprotected.

(ii) FM1 and FM2 appear to be un- managed;

(iii) FM1 and FM2 have notified their Bondholders that they are not able to make payment on account of the FM1 Bond debt and FM2 Bond debt; and

(iv) payment of the FM1 Indebtedness and FM2 Indebtedness (as defined herein) to Four Squared is in serious jeopardy.

The FM1 Indebtedness

36. Monthly invoices have been rendered and issued to FM1 on account of the provision of management services pursuant to the FM1 Management Agreement (the "**FM1 Invoices**"). Attached and marked as Exhibit "N" is a true copy of the FM1 Invoices.

37. In addition to the accrual of unpaid FM1 Invoices, FM1 is fully liable to Four Squared in respect of the FM1 Management Fee. Pursuant to section 7 of the FM1 Management Agreement, in the event FM1 fails to provide such assistance required by Four Squared to perform its obligations under the FM1 Management Agreement, payment of the FM1 Management Fee accelerates and becomes immediately due and payable. As outlined above, FM1 is clearly in breach of the FM1 Management Agreement, accordingly, FM1 is indebted to Four Squared for the total FM1 Management Fee (the "**FM1 Indebtedness**").

38. By correspondence dated November 22, 2011 and January 11, 2012, Four Squared was notified by Terressa Moore, a director of FM1 and FM2, that FM1 and FM2 would not be paying Four Squared. Attached and marked as Exhibit "O" is a true copy of the correspondence (the "**Moore Correspondence**").

39. On April 30 2012, Four Squared terminated the FM1 Management Agreement and FM2 Management Agreement. Attached and marked as Exhibit "P" is a true copy of the April 30, 2012 Notice of Termination.

The FM2 Indebtedness

40. Monthly invoices have been rendered and issued to FM2 on account of the provision of management services pursuant to the FM2 Management Agreement (the "**FM2 Invoices**"). Attached and marked as Exhibit "Q" is a true copy of the FM2 Invoices.

41. FM2 paid only one of the FM2 invoices, invoice #1 in the amount of $36,284.72. All of the other FM2 invoices remain unpaid.

42. In addition to the accrual of unpaid FM2 Invoices, FM2 is fully liable to Four Squared in respect of the FM2 Management Fee. Pursuant to section 7 of the FM2 Management Agreement, in the event FM2 fails to provide such assistance required by Four Squared to perform its obligations under the FM2 Management Agreement, payment of the FM2 Management Fee would accelerate and become immediately due and payable. As outlined above, FM2 is clearly in breach of the FM2 Management Agreement, accordingly, FM2 is indebted to Four Squared for the total FM2 Management Fee (the "**FM2 Indebtedness**").

43. As noted in the Moore Correspondence, FM2 has notified Four Squared that it will not be paid the FM2 Indebtedness.

Acts of Bankruptcy

44. FM1 and FM2 are in default of payment of the FM1 Management Fee and FM2 Management Fees

45. FM1 and FM2 have indicated to Four Squared that it will not be paying the FM1 Indebtedness and FM2 Indebtedness.

46. By virtue of the nature of the Management Agreements itself, FM1 and FM2:

   (a) have made declarations of insolvency;

   (b) have given notice of its intention to suspend repayment of the FM1 Bonds and FM2 due and owing to the Bondholders; and

   (c) is subject to enforcement proceedings that has or may jeopardize the FM1 and FM2 assets.

47. This Affidavit is sworn in support of the Four Squared Application for a bankruptcy order in respect of the property of FM1 and FM2, or in the alternative, an Order placing FM1 and FM2 under protection in conjunction with the CCAA Companies pursuant to the current CCAA Proceedings.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 7th day of May, 2012. GV	
A Commissioner for Oaths in and for the Province of Alberta Grant Vogeli Lawyer.	**Ralph Bennetsen**

TAB A

Monday, April 16, 2012

Alberta Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2012/04/16
Time of Search: 11:12 AM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number: 17845935
Customer Reference Number:

Corporate Access Number: 2016162204
Legal Entity Name: FOUR SQUARED MANAGEMENT INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2011/06/30 YYYY/MM/DD

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
In and for the Province of Alberta

Registered Office:
Street: 1600, 333 - 7TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2Z1

Records Address:
Street: 1600, 333 - 7TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2Z1

Directors:

Last Name: BENNETSEN
First Name: RALPH
Street/Box Number: 229 - 17TH AVE SE
City: CALGARY
Province: ALBERTA

Postal Code: T2G 1H5

Last Name: LONARDELLI
First Name: FRANK
Street/Box Number: 229 - 17TH AVE SE
City: CALGARY
Province: ALBERTA
Postal Code: T2G 1H5

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

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

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SHARE STRUCTURE SCHEDULE ATTACHED HERETO
Share Transfers Restrictions:	SEE RESTRICTIONS ON SHARE TRANSFERS SCHEDULE ATTACHED HERETO
Min Number Of Directors:	1
Max Number Of Directors:	15
Business Restricted To:	NO RESTRICTIONS
Business Restricted From:	NO RESTRICTIONS
Other Provisions:	SEE OTHER RULES OR PROVISIONS SCHEDULE ATTACHED HERETO

Other Information:

Filing History:

Monday, April 16, 2012

List Date (YYYY/MM/DD)	Type of Filing
2011/06/30	Incorporate Alberta Corporation
2012/01/17	Change Director / Shareholder

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2011/06/30
Restrictions on Share Transfers	ELECTRONIC	2011/06/30
Other Rules or Provisions	ELECTRONIC	2011/06/30
Letter - Spelling Error	10000007107851875	2011/07/26

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

TAB B

Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2012/01/20
Time of Search: 02:51 PM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number: 17437034
Customer Reference Number:

Corporate Access Number: 2013512005
Legal Entity Name: FOUNDATION MORTGAGE CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2007/09/20 YYYY/MM/DD

Registered Office:
Street: 605, 2303 - 4 STREET SW
City: CALGARY
Province: ALBERTA
Postal Code: T2S 2S7

Records Address:
Street: 605, 2303 - 4 STREET SW
City: CALGARY
Province: ALBERTA
Postal Code: T2S 2S7

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012
A Commissioner for Oaths
in and for the Province of Alberta

Directors:

Last Name: AITKENS
First Name: RON
Street/Box Number: 4, 4002 - 9 AVE N
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8

Voting Shareholders:

Last Name:	AITKENS
First Name:	RON
Street:	4, 4002 - 9 AVENUE N
City:	LETHBRIDGE
Province:	ALBERTA
Postal Code:	T1H 6T8
Percent Of Voting Shares:	40

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

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SCHEDULE "A" ATTACHED HERETO
Share Transfers Restrictions:	NONE
Min Number Of Directors:	1
Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE "B" ATTACHED HERETO

Other Information:

Last Annual Return Filed:

Outstanding Returns:

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

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/09/20	Incorporate Alberta Corporation
2010/09/21	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/09/20
Other Rules or Provisions	ELECTRONIC	2007/09/20

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

TAB C

Alberta Corporation/Non-Profit Search
Corporate Registration System

Date of Search:	2012/01/20
Time of Search:	02:52 PM
Search provided by:	ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number:	17437038
Customer Reference Number:	

Corporate Access Number: 2014231225
Legal Entity Name: FOUNDATION MORTGAGE "2" CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2008/09/03 YYYY/MM/DD
Date of Last Status Change: 2011/03/31 YYYY/MM/DD

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

Revival/Restoration Date: 2011/03/31 YYYY/MM/DD

Registered Office:

Street:	#4, 4002 - 9TH AVENUE NORTH
City:	LETHBRIDGE
Province:	ALBERTA
Postal Code:	T1H 6T8

Records Address:

Street:	#4, 4002 - 9TH AVENUE NORTH
City:	LETHBRIDGE
Province:	ALBERTA
Postal Code:	T1H 6T8

Directors:

Last Name:	AITKENS
First Name:	RON
Street/Box Number:	#4, 4002 - 9TH AVENUE NORTH
City:	LETHBRIDGE

Province: ALBERTA
Postal Code: T1H 6T8

Voting Shareholders:

Last Name: AITKENS
First Name: RON
Street: #4, 4002 - 9TH AVENUE NORTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8
Percent Of Voting Shares: 40

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

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED HERETO.
Share Transfers Restrictions: NONE
Min Number Of Directors: 1
Max Number Of Directors: 11
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE SCHEDULE "B" ATTACHED HERETO.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2010	2011/03/31

Outstanding Returns:

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

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2008/09/03	Incorporate Alberta Corporation
2010/11/02	Status Changed to Start for Failure to File Annual Returns
2011/03/02	Status Changed to Struck for Failure to File Annual Returns
2011/03/31	Initiate Revival of Alberta Corporation
2011/03/31	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2011/03/31	Complete Revival of Alberta Corporation
2011/04/20	Change Director / Shareholder
2011/04/29	Change Address

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2008/09/03
Other Rules or Provisions	ELECTRONIC	2008/09/03

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

REGISTRAR OF CORPORATIONS

TAB D

HARVEST
GROUP OF COMPANIES

FMC
Foundation Mortgage Corporation

FM2C
Foundation Mortgage 2 Corporation

LETTER FROM THE CEO

July 2011

Dear Foundation Mortgage Investor

By now I hope you will have had the opportunity of joining me for either a face to face or webcast presentation on the Action Plan for the Foundation Mortgage Investment Funds.

Enclosed within this pack are details of the Action Plan that I have spoken about as well as a sample Investment Statement that you can expect from the Company on a quarterly basis, together with a current list of the projects to which the funds were loaned.

If you've been in the market over the last 5 years and have understood what is happening globally, nationally, internationally, regionally, and locally, it should not be hard to believe that real estate projects in Alberta that were developed anywhere between 2004 and 2008 with a completion date of 3 to 5 years later, are going to and have had significant challenges given the fact we've experienced all of these economic and political issues.

What I have actually come to understand from all of the investors that I've spoken with and had the opportunity to meet, is that our greatest failure is the fact that over the past two years of this challenging time we have not communicated with our valued investors clearly and often enough. On that note, I want to apologize for our lack of, and/or poor communication on behalf of myself, our company and all of our employees. And to that degree, we have no excuses but a firm commitment from all concerned to make it a more positive experience in the future.

What I have little concern for is the positive outcome of the Foundation Mortgage and Foundation Mortgage 2 actions, because I am confident we have the right plan, with the right people, executing the right strategy that focuses first and foremost on protecting the interests of you our investor and preserves your investment capital.

I trust that the team here at Harvest have managed to provide answers to address most of your Foundation Mortgage questions. However, if there is anything more that you require, I encourage you to work with your Agent or email us directly at fminvestors@theharvestgroup.ca and I will ensure that you are responded to within 2 business days.

Sincerely

Frank L Lonardelli
CEO

THIS IS EXHIBIT "D"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 17
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

HARVEST
GROUP OF COMPANIES

FMC
Foundation Mortgage Corporation

FM2C
Foundation Mortgage 2 Corporation

Investor Action Plan

for Foundation Mortgage and Foundation Mortgage 2 Projects

The Background

1. Foundation Mortgage Corporation (FMC) & Foundation Mortgage 2 Corporation (FM2C) were structures to raise capital and make loans Harvest Group Affiliates to allow them to invest in real estate. FMC & FM2C raised a combined total of approximately $31 Million in 2008-2009 from the sale of 11% bonds with varying maturity dates in 2011-2012.
2. Loans were made to Harvest Group Affiliates consistent with terms set forth in the Offering Memorandums. The underlying real estate assets are land for mixed use development primarily located in Alberta.
3. The intention of the Harvest Group was to syndicate some or all of these assets within the 3 year period of time to generate cash flow to pay the monthly interest rate of 11% and return investors' capital.

The Market

1. FMC & FM2C relied on development and/or syndication of these assets to generate cash flow to pay their interest obligations so that the Funds could in turn pay interest to investors. Since the global credit and real estate correction of 2008-09 demand for syndication and land development has been significantly affected with the number of annual housing starts in Calgary dropping dramatically since 2009 and absorption numbers at 1/3 of pre-recession numbers in the same area.
2. The absence of land sales has lead to a depleted cash flow for the purposes of making the 11% monthly interest payments and return of investment capital.
3. The HARVEST Group of Companies has stepped up to make the Affiliate's interest payments on loans and contributed cash over the past 4 months to support the monthly 11% per annum interest payments to investors.

The Reality

1. FMC & FM2C do not have the required cash available to continue making the 11% monthly interest payments or return investor capital and the Offering Memorandum states that "it is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity".
2. Effective June 1st, the 11% monthly interest cash distributions ceased for all Bondholders; For those Bonds that have not yet matured, interest at 11% will be accrued for the period to the end of the respective terms and added to the principal outstanding for these investors. The full amount will be paid out on a pro rata basis from the proceeds, upon divestiture of the assets.
3. The Harvest Group has committed to making a monthly cash interest payment to **All Bondholders**, matured or otherwise, to reflect an annual FIXED rate of 3.5%. The intention is that this will be paid monthly and treated as return of capital applied towards systematically paying down the principal outstanding on the Bonds. The amount of the monthly payment will remain static from month to month, and reconciled at the time when the capital is paid back in full.

#18, 11410 27th Street SE • Calgary AB T2Z 3R6 • (403) 253-5822

The Plan

1. The HARVEST Group of Companies new CEO **Frank Lonardelli** has been asked by Chairman Ron Aitkens to form an **Executive Land Bank Task Force** comprised of the best real estate and lending professionals available. This group has been engaged as advisors to HARVEST for several months now and has made a preliminary determination that the equity of the underlying land assets owned by the Affiliate Borrowers may exceed the amount outstanding on the loans over the next 24 month period – but not at today's market values.

2. The **Task Force** has been engaged as **Managers** of the Funds assets and loan portfolio, through FOUR SQUARED MANAGEMENT (4S) ~~to devise and implement solutions to divest the assets that first and foremost~~ **~~protects the Interests of our Investors~~**; to engage an accounting ~~and auditing firm to review the portfolio, the collections and distributions and to maximize the valuations of the assets~~.

3. Investors will receive a **quarterly report** from the **~~Manager~~** starting ~~September 30, 2011~~ with a ~~statement of [illegible]~~ and specifically on the progress of this conversion of the loan portfolio to cash. As lands/property are sold, and loan monies returned to [illegible] lump ~~sum payments will be made to investors on a pro rata basis and applied against their invested capital. The quarterly reports will include a financial report reviewed by a third party accounting firm with an annual report provided on the funds.~~

The Redemptions

1. **Redemptions received prior to June 1st**

   These investors will continue to receive the ~~3.5%~~ principal pay down until their Capital has been paid out in full.

2. **Redemptions received post June 1st**

   In the interests of treating all investors fairly, redemption requests received after June 1st will not be processed. All investors will continue to receive their 11% annual interest accrued until maturity as well as the monthly ~~3.5%~~ principal pay down until their capital has been paid out in full.

TAB E

MANAGEMENT SERVICES AGREEMENT

THIS IS EXHIBIT "E" referred to in the Affidavit of Ralph Bennetsen
Sworn before me this 7 Day of May, 2012
A Commissioner for Oaths in and for the Province of Alberta

FOUR SQUARED MANAGEMENT INC., a body corporate with its head office located at #18, 11410 – 27th Street SE, Calgary, Alberta, T2Z 3R6;

(the "Manager")

- and –

FOUNDATION MORTGAGE CORPORATION, a body corporate with its head office located at #18, 11410 – 27th Street SE, Calgary, Alberta, T2Z 3R6;

("FM1" or the "Corporation")

- and –

RON AITKENS, an individual of Lethbridge, Alberta;

(the "Founder and Promoter")

RECITALS:

A. The Corporation conducted certain financing and investment activities from 2007 to 2008 and operates to the present day, namely the offer, issue and sale of $14,845,100.00 of proceeds (the "Investment Proceeds"), via $100.00 unsecured bonds (the "Bonds") of the Corporation, pursuant to exemptions from the prospectus requirements of the respective securities laws in the jurisdictions in which it operates, more or less in accordance with the offering memorandum dated November 14, 2007 (the "Offering Memorandum"), and ancillary documents and presentation materials (the "Offering Materials"), copies of which are attached as Schedule "A", to this Agreement;

B. The Corporation applied the net investment proceeds ("Net Proceeds" as described in the Offering Materials), and in accordance with the terms of the Offering Materials, dutifully made loans (the "Loans"), in varying amounts to various Affiliates of the Founder and Promoter and so now holds a portfolio of loans and loan agreements and related mortgage security in respect of industrial or commercial properties owned by certain Affiliates, (the "Loan Portfolio"), which Loan Portfolio is as described in Schedule "B" to this Agreement;

C. The Corporation has issued $14,845,100.00 of $100.00 Bonds with various Maturity Dates to investors (the "Bondholders") as set forth in Schedule "C" attached hereto, some of which have reached their maturity date and some of which will mature in the next few months, and the

Corporation wishes to take such steps and actions as are necessary, advisable or prudent to ensure the maximum protection and repayment of Bond Maturity Values is achieved by retaining an independent firm to provide its guidance and transactional abilities;

D. The Affiliates have defaulted on their interest and principal repayment obligations to the Corporation under the terms of the Loans and the Corporation wishes to engage the Manager to enforce the Loans and to take steps to realize on the Loan Portfolio for and on behalf of the Corporation and the Bondholders;

E. The Manager possesses the skill and ability to be able to assist the Corporation in maximizing the recovery or realization on the Loan Portfolio on behalf of the Corporation and the Bondholders;

F. The directors and the shareholders of the Corporation have resolved to dissolve and wind-up the Corporation pursuant to Section 211 of the *Business Corporations Act* (Alberta), and to distribute all property and discharge all liabilities of the Corporation, including obligations to Bondholders; and

G. The Corporation wishes to irrevocably retain the Manager to take the steps that are necessary to realize on the Loan Portfolio to the benefit of all stakeholders of the Corporation, but first and foremost to the benefit of the Bondholders of the Corporation;

NOW THEREFORE IN CONSIDERATION of the covenants and conditions contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged and confirmed, the parties hereto agree as follows:

1. The Corporation agrees to retain and appoint the Manager as its agent for the purpose of taking all the necessary steps to realize on the Corporation's Loan Portfolio (which is described in Schedule "B" attached to this Agreement), such engagement to commence August 1, 2011 (the "Commencement Date"), with the Manager's services being as more particularly described in the Project Management Scope of Work which is attached as Schedule "D" hereto which defines, amongst other things: the Scope of Work; the form and frequency of reporting obligations of the Manager to the Corporation; the Manager's duties and obligations; the Management Fee(s) to be paid to the Manager and when; the personnel to be provided by the Manager in the performance of its duties; and such other matters as are appropriate in such circumstances.

2. The Corporation's appointment of the Manager shall remain in place and be for a period of not less than 2 years (the "Initial Term"), and remain in effect for as long as is required to complete the process of realizing on the Loan Portfolio and delivering a Final Portfolio Report to the Bondholders and the Corporation which shall occur no later than 60 days following the end of the Initial Term on June 30, 2013, unless this Agreement is extended as set forth below, in which case a new termination date will apply (the "Extended Term"), and the Final Portfolio report of the Manager shall then be due no later than 60 days following the end of the Extended Term . This Agreement may be extended by the Manager on notice to the Corporation for an additional 6 month period of time after the expiry of the Initial Term, with Management Fees, Scope of Work and other matters to be revisited at the time of renewal or extension, upon 3 months prior notice by the Manager to the Corporation.

3. The appointment of the Manager shall be irrevocable. The appointment of the Manager shall be effective upon:

(a) execution and delivery of this Agreement complete with all Schedules; and

(b) payment of the first 3 months apportioned Management Fee as described below.

4. The Manager shall during the Initial Term provide to the Corporation monthly reports in the form and scope agreed between the Corporation and the Manager and shall from time to time provide the Corporation with Written Recommendations or Findings with respect to certain assets in the Loan portfolio, and the Corporation hereby agrees to accept such Findings and recommendations, and hereby confers upon the Manager such power and authority over the specific Loans in the Loan Portfolio as to give effect to these Findings and Recommendations, and to execute and deliver such documents and agreements and other evidences in writing as may be necessary or advisable in the course of restructuring the Loan Portfolio and redeeming the interests of the Bondholders in full.

5. The Manager further agrees to provide an Opening Portfolio Report (in the form agreed between the parties) and thereafter an Annual Portfolio Report (in the form agreed between the parties) to the Corporation and the Bondholders, and within 60 days of the end of the Initial Term or any Extended Term (as defined below), and the Manager further to engage a recognized chartered accountancy and audit firm in Calgary, Alberta to provide financial management and assurance services in relation to the financial statements and reports of the Manager for and on behalf of the Corporation and the Bondholders.

6. This Agreement shall survive any declaration or action by the Corporation of insolvency, bankruptcy, assignment for the benefit of creditors or litigation by a bondholder or group of Bondholders seeking relief, and upon the occurrence of any such event as described in the Management Scope of Work (Schedule "D") and in such event, the obligation of the Corporation to pay the Total Management Fee(s) (as defined below) shall accelerate and become immediately due in full.

7. The Corporation agrees to provide the Manager with all reasonable assistance that is required to allow the Manager to fulfill its obligations under the terms of this Agreement. Failure to provide such assistance at the level required by the Manager to professionally and responsibly address the duties it has taken on, shall constitute an event of default under this Agreement and the Project Management Scope of Work described in Schedule "D", and the payment of the Total Management Fee(s) (as defined below) shall accelerate and become immediately due in full.

8. The Manager's responsibilities are as set out in the Project Management Scope of Work which is attached as Schedule "D" to this Agreement, it being the Parties' understanding that the Corporation's main purpose in retaining the Manager is to maximize the realization on the Loan Portfolio with a view to securing the funds required to pay the amounts owing to the Bondholders as set forth in Schedules "A" and "B" hereto;

9. The Corporation and the Manager agree that the order of priority in recovery or repayment of the amounts due on the Bonds shall be as follows:

(a) First to the payment of all professional service providers including accountants, lawyers and appraisers, including payment of the Manager's Fees as set forth herein;

(b) Next to the recovery or repayment of principal due under the Bonds and the monthly payment of 3.5% annual return of principal objectives to the Bondholders;

(c) Next, to the recovery and repayment of any remaining balance(s) of principal not repaid through monthly distributions during the term of this Agreement;

(d) Next to the payment of any and all accrued and unpaid interest owing to Bondholders;

(e) Lastly, any remaining surplus after discharge of all of the obligations to Bondholders, to the Corporation.

Notwithstanding the foregoing, the Manager shall be entitled to take payment of its Monthly Management Fees in arrears, if any, as and when Loans are realized upon and funds come back to the Manager for the Corporation and the Bondholders, on an as available basis, provided that the aforementioned priorities are maintained in the final reconciliation of accounts prior to formal dissolution and winding-up, and provided that the aggregate Monthly Management Fees for the Initial term do not exceed the Total Management Fees set forth above.

10. The Corporation agrees to pay the Manager, over the Initial Term of the Agreement, fees (the "Management Fees") equal to Seven ~~(7.0%)~~ 5% per cent of the total face value of the Loan Portfolio of $14,845,100.00 (for a "Total Management Fee of ~~$1,040,000.00~~ 742 255 plus applicable G.S.T.), such Total Management Fee to be apportioned over the 2 year Initial Term of the Agreement and payable, in equal amounts (the "Monthly Management Fee(s)") of 1/24th of the Total Management Fee, or the sum of $43,500 per month, plus applicable G.S.T., or such other payment arrangement as maybe agreed 30 427 to between the Corporation and the Manager. Management Fees for any extended or renewal term ("Extended Term") shall be agreed to by the parties prior to and as a condition of any Extended Term. Unpaid Management Fees shall accrue and become payable at such time as there are proceeds from disposition or collections on the Loan Portfolio sufficient to cover.

11. The Manager agrees that it will use reasonable care in the provision of its services under this Agreement and the Project Management Scope of Work attached as Schedule "D". The Corporation agrees that the Manager shall have no liability to it except in the case of losses caused by wilful misconduct of the Manager or gross negligence.

12. The Manager shall have the right but not the obligation to arrange debtor-in-possession financing (a "DIP Facility") to fund the management services of the Manager to the Corporation and the Bondholders, and possibly even to fund the payment of the Management Fee(s) set forth herein, and or the recoverable disbursements for professional appraisers, legal, accounting and tax advisors, that the Manager deems, necessary, advisable or prudent to the protection of itself an the Bondholders, and in the event that Manager brings such DIP Facility on commercially reasonable terms, the Corporation shall accept such DIP Facility and grant to the provider and the Manager such priority over the Bondholders as it may effect, without the consent of the Bondholders which the manager is free to seek.

Notwithstanding the foregoing, the Manager shall be entitled to take payment of its Monthly Management Fees in arrears, if any, as and when Loans are realized upon and funds come back to the Manager for the Corporation and the Bondholders, on an as available basis, provided that the aforementioned priorities are maintained in the final reconciliation of accounts prior to formal dissolution and winding-up, and provided that the aggregate Monthly Management Fees for the Initial term do not exceed the Total Management Fees set forth above.

10. The Corporation agrees to pay the Manager, over the Initial Term of the Agreement, fees (the "Management Fees") equal to Five (5.0%) per cent of the total face value of the Loan Portfolio of $14,845,100.00 (for a "Total Management Fee of $742,255.00 plus applicable G.S.T.), such Total Management Fee to be apportioned over the 2 year Initial Term of the Agreement and payable, in equal amounts (the "Monthly Management Fee(s)") of 1/24th of the Total Management Fee, or the sum of $30,930.00 per month, plus applicable G.S.T., or such other payment arrangement as maybe agreed to between the Corporation and the Manager. Management Fees for any extended or renewal term ("Extended Term") shall be agreed to by the parties prior to and as a condition of any Extended Term. Unpaid Management Fees shall accrue and become payable at such time as there are proceeds from disposition or collections on the Loan Portfolio sufficient to cover.

11. The Manager agrees that it will use reasonable care in the provision of its services under this Agreement and the Project Management Scope of Work attached as Schedule "D". The Corporation agrees that the Manager shall have no liability to it except in the case of losses caused by wilful misconduct of the Manager or gross negligence.

12. The Manager shall have the right but not the obligation to arrange debtor-in-possession financing (a "DIP Facility") to fund the management services of the Manager to the Corporation and the Bondholders, and possibly even to fund the payment of the Management Fee(s) set forth herein, and or the recoverable disbursements for professional appraisers, legal, accounting and tax advisors, that the Manager deems, necessary, advisable or prudent to the protection of itself an the Bondholders, and in the event that Manager brings such DIP Facility on commercially reasonable terms, the Corporation shall accept such DIP Facility and grant to the provider and the Manager such priority over the Bondholders as it may effect, without the consent of the Bondholders which the manager is free to seek.

13. The Corporation and the Promoter jointly represent and warrant as of the date of this Agreement as follows:

13. The Corporation and the Promoter jointly represent and warrant as of the date of this Agreement as follows:

(a) That the Corporation is a validly existing corporation under the *Business Corporations Act* (Alberta), in good standing as of the date of this Agreement, and that the Minute Books are current and reflect all of the material events of the Corporation;

(b) That the Corporation has the full power and authority to enter this Agreement with the Manager, and that any approvals or resolutions (Special or otherwise) of the shareholders of the Corporation have been obtained and are in full force and effect;

(c) The Offering Materials represented in Schedule "A" is a fair and accurate record of the materials disseminated in connection with the Offering of Bonds by the Corporation, and there are no other representations, inducements or statements made in connection with the exempt distribution of the Bonds that the Manager has not been made aware of as at the date of this Agreement;

(d) The Loan Portfolio represented in Schedule "B" is a fair and accurate representation of the Loan Portfolio, and there are no arrangements, pledges, hypothecations, promises, rights of first refusal or other verbal commitments altering the condition of the Loans;

(e) The Bond Register of the Corporation represented in Schedule "C" is a fair and accurate representation of the total number of issued and outstanding Bonds of the Corporation, and tracks any and all prior redemptions or cancellation of Bonds and all requests for redemptions or cancellation of Bonds as at the date of this Agreement;

(f) There are no other or similar agreements for the management of the Loan Portfolio issued to any 3rd party;

(g) The Manager has been or will be provided with all files of the Corporation with respect to the sale and closing of the issue of Bonds and with respect to the placing of loans forming the Loan Portfolio, and that the books and records of the Corporation including the loan agreements, related collateral or security, registrations are full, accurate and complete records of the Loans in the Loan Portfolio, as of the date of this Agreement;

(h) There is no litigation respecting the issue of the Bonds or the management of the Loans in the Loan Portfolio, relating to or affecting the Corporation's security relating to such Loans, that have not been disclosed to the Manager; and

(i) There are no other material events (as determined by the Manager), as of the date of this Agreement that have not been disclosed to the Manager.

14. The Corporation and the Promoter jointly and severally agree to indemnify and hold the Manager, and its shareholder, officers, directors, employees, consultants and agents, from and against any claims brought against it by any third party as a result of its provision of management services under the terms of this Agreement. This indemnity includes the costs of defending any action on a solicitor and client basis.

15. The Parties agree that the laws of the Province of Alberta govern this Agreement and that any dispute arising under the terms of this Agreement shall be referred to an arbitration to be conducted by a single arbitrator pursuant to the provisions of the *Arbitration Act* (Alberta).

16. The Parties agree that this Agreement represents the entire agreement between them and that it may only be amended by written agreement.

17. The Parties agree that this Agreement shall be binding on their respective heirs, successors and assigns.

SIGNED this ____ day of July, 2011, at the City of Calgary, in the Province of Alberta.

FOUR SQUARED MANAGEMENT INC.

Per: ______________________
Ralph Bennetsen, Director

Per: ______________________
Noel Winter, Director

____
WITNESS

FOUNDATION MORTGAGE CORPORATION

Per: ______________________
Ron Aitkens, Director

Per: ______________________
Terressa Moore, Director

PROMOTER

____
RON AITKENS

TAB F

MANAGEMENT SERVICES AGREEMENT

FOUR SQUARED MANAGEMENT INC., a body corporate with its head office located at #18, 11410 – 27th Street SE, Calgary, Alberta, T2Z 3R6;

(the "Manager")

THIS IS EXHIBIT "E"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May 2015
A Commissioner for Oaths
In and for the Province of Alberta

- and –

FOUNDATION MORTGAGE "2" CORPORATION, a body corporate with its head office located at #18, 11410 – 27th Street SE, Calgary, Alberta, T2Z 3R6;

("FM2" or the "Corporation")

- and –

RON AITKENS, an individual of Lethbridge, Alberta;

(the "Founder and Promoter")

RECITALS:

A. The Corporation conducted certain financing and investment activities from 2008 to 2009 and operates to the present day, namely the offer, issue and sale of approximately $16,567,300 of proceeds (the "Investment Proceeds"), via $100.00 unsecured bonds (the "Bonds") of the Corporation, pursuant to exemptions from the prospectus requirements of the respective securities laws in the jurisdictions in which it operates, more or less in accordance with the offering memorandum dated September 8, 2008 (the "Offering Memorandum") and ancillary documents and presentation materials (the Offering Memorandum and such ancillary documents being referred to as the "Offering Materials"), copies of which are attached as Schedule "A", to this Agreement;

B. The Corporation applied the net investment proceeds ("Net Proceeds" as described in the Offering Materials), and in accordance with the terms of the Offering Materials, dutifully made loans (the "Loans"), in varying amounts to various Affiliates of the Founder and Promoter and so now holds a portfolio of loans and loan agreements and related mortgage security in respect of industrial or commercial properties owned by certain Affiliates, (the "Loan Portfolio"), which Loan Portfolio is as described in Schedule "B" to this Agreement;

C. The Corporation has issued $16,567,300.00 of $100.00 Bonds with various Maturity Dates to investors (the "Bondholders") as set forth in Schedule "C" attached hereto, some of which have reached their maturity date and some of which will mature in the next few months, and the Corporation wishes to take such steps and actions as are necessary, advisable or prudent to ensure the maximum protection and repayment of Bond Maturity Values is achieved by retaining an independent firm to provide its guidance and transactional abilities;

D. The Affiliates have defaulted on their interest and principal repayment obligations to the Corporation under the terms of the Loans and the Corporation wishes to engage the Manager to enforce the Loans and to take steps to realize on the Loan Portfolio for and on behalf of the Corporation and the Bondholders;

E. The Manager possesses the skill and ability to be able to assist the Corporation in maximizing the recovery or realization on the Loan Portfolio on behalf of the Corporation and the Bondholders;

F. The directors and the shareholders of the Corporation have resolved to dissolve and wind-up the Corporation pursuant to Section 211 of the *Business Corporations Act* (Alberta), and to distribute all property and discharge all liabilities of the Corporation, including obligations to Bondholders; and

G. The Corporation wishes to irrevocably retain the Manager to take the steps that are necessary to realize on the Loan Portfolio to the benefit of all stakeholders of the Corporation, but first and foremost to the benefit of the Bondholders of the Corporation;

NOW THEREFORE IN CONSIDERATION of the covenants and conditions contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged and confirmed, the parties hereto agree as follows:

1. The Corporation agrees to retain and appoint the Manager as its agent for the purpose of taking all the necessary steps to realize on the Corporation's Loan Portfolio (which is described in Schedule "B" attached to this Agreement), such engagement to commence August 1, 2011 (the "Commencement Date"), with the Manager's services being as more particularly described in the Project Management Scope of Work which is attached as Schedule "D" hereto which defines, amongst other things: the Scope of Work; the form and frequency of reporting obligations of the Manager to the Corporation; the Manager's duties and obligations; the Management Fee(s) to be paid to the Manager and when; the personnel to be provided by the Manager in the performance of its duties; and such other matters as are appropriate in such circumstances.

2. The Corporation's appointment of the Manager shall remain in place and be for a period of not less than 2 years (the "Initial Term"), and remain in effect for as long as is required to complete the process of realizing on the Loan Portfolio and delivering a Final Portfolio Report to the Bondholders and the Corporation which shall occur no later than 60 days following the end of the Initial Term on June 30, 2013, unless this Agreement is extended as set forth below, in which case a new termination date will apply (the "Extended Term"), and the Final Portfolio report of the Manager shall then be due no later than 60 days following the end of the Extended Term . This Agreement may be extended by the Manager on notice to the Corporation for an additional 6 month period of time after the expiry of the Initial Term, with Management Fees, Scope of Work and other matters to be revisited at the time of renewal or extension, upon 3 months prior notice by the Manager to the Corporation.

3. The appointment of the Manager shall be irrevocable. The appointment of the Manager shall be effective upon:

(a) execution and delivery of this Agreement complete with all Schedules; and

(b) payment of the first 3 months apportioned Management Fee as described below.

4. The Manager shall during the Initial Term provide to the Corporation monthly reports in the form and scope agreed between the Corporation and the Manager and shall from time to time provide the Corporation with Written Recommendations or Findings with respect to certain assets in the Loan portfolio, and the Corporation hereby agrees to accept such Findings and recommendations, and hereby confers upon the Manager such power and authority over the specific Loans in the Loan Portfolio as to give effect to these Findings and Recommendations, and to execute and deliver such documents and agreements and other evidences in writing as may be necessary or advisable in the course of restructuring the Loan Portfolio and redeeming the interests of the Bondholders in full.

5. The Manager further agrees to provide an Opening Portfolio Report (in the form agreed between the parties) and thereafter an Annual Portfolio Report (in the form agreed between the parties) to the Corporation and the Bondholders, and within 60 days of the end of the Initial Term or any Extended Term (as defined below), and the Manager further to engage a recognized chartered accountancy and audit firm in Calgary, Alberta to provide financial management and assurance services in relation to the financial statements and reports of the Manager for and on behalf of the Corporation and the Bondholders.

6. This Agreement shall survive any declaration or action by the Corporation of insolvency, bankruptcy, assignment for the benefit of creditors or litigation by a bondholder or group of Bondholders seeking relief, and upon the occurrence of any such event as described in the Management Scope (Schedule "D") and in such event, the obligation of the Corporation to pay the Total Management Fee(s) (as defined below) shall accelerate and become immediately due in full.

7. The Corporation agrees to provide the Manager with all reasonable assistance that is required to allow the Manager to fulfill its obligations under the terms of this Agreement. Failure to provide such assistance at the level required by the Manager to professionally and responsibly address the duties it has taken on, shall constitute an event of default under this Agreement and the Project Management Scope of Work agreement described in Schedule "D", and the payment of the Total Management Fee(s) (as defined below) shall accelerate and become immediately due in full.

8. The Manager's responsibilities are as set out in the Project Management Scope of Work which is attached as Schedule "D" to this Agreement, it being the Parties' understanding that the Corporation's main purpose in retaining the Manager is to maximize the realization on the Loan Portfolio with a view to securing the funds required to pay the amounts owing to the Bondholders as set forth in Schedules "A" and "B" hereto;

9. The Corporation and the Manager agree that the order of priority in recovery or repayment of the amounts due on the Bonds shall be as follows:

   (a) First to the payment of all professional service providers including accountants, lawyers and appraisers, including payment of the Manager's Fees as set forth herein;

   (b) Next to the recovery or repayment of principal due under the Bonds and the monthly payment of 3.5% annual return of principal objectives to the Bondholders;

   (c) Next, to the recovery and repayment of any remaining balance(s) of principal not repaid through monthly distributions during the term of this Agreement;

   (d) Next to the payment of any and all accrued and unpaid interest owing to Bondholders;

   (e) Lastly, any remaining surplus after discharge of all of the obligations to Bondholders, to the Corporation.

Notwithstanding the foregoing, the Manager shall be entitled to take payment of its Monthly Management Fees in arrears, if any, as and when Loans are realized upon and funds come back to the Manager for the Corporation and the Bondholders, on an as available basis, provided that the aforementioned priorities are maintained in the final reconciliation of accounts prior to formal dissolution and winding-up, and provided that the aggregate Monthly Management Fees for the Initial term do not exceed the Total Management Fees set forth above.

10. The Corporation agrees to pay the Manager, over the Initial Term of the Agreement, fees (the "Management Fees") equal to Seven ~~(7.0%)~~ 5% per cent of the total face value of the Loan Portfolio of $16,587,300 (for a "Total Management Fee of ~~$1,155,000.00~~ 829 365 plus applicable G.S.T.), such Total Management Fee to be apportioned over the 2 year Initial Term of the Agreement and paid, in equal amounts (the "Monthly Management Fee(s)") of 1/24th of the Total Management Fee, or the sum of $48,125 34,556 per month, plus applicable G.S.T., or such other payment arrangement as maybe agreed to between the Corporation and the Manager. Management Fees for any extended or renewal term ("Extended Term") shall be agreed to by the parties prior to and as a condition of any Extended Term. Unpaid Management Fees shall accrue and become payable at such time as there are proceeds from disposition or collections on the Loan Portfolio sufficient to cover.

11. The Manager agrees that it will use reasonable care in the provision of its services under this Agreement and the Project Management Scope of Work attached as Schedule "D". The Corporation agrees that the Manager shall have no liability to it except in the case of losses caused by wilful misconduct of the Manager or gross negligence.

12. The Manager shall have the right but not the obligation to arrange debtor-in-possession financing (a "DIP Facility") to fund the management services of the Manager to the Corporation and the Bondholders, and possibly even to fund the payment of the Management Fee(s) set forth herein, and or the recoverable disbursements for professional appraisers, legal, accounting and tax advisors, that the Manager deems, necessary, advisable or prudent to the protection of itself an the Bondholders, and in the event that Manager brings such DIP Facility on commercially reasonable terms, the Corporation shall accept such DIP Facility and grant to the provider and the Manager such priority over the Bondholders as it may effect, without the consent of the Bondholders which the manager is free to seek.

Notwithstanding the foregoing, the Manager shall be entitled to take payment of its Monthly Management Fees in arrears, if any, as and when Loans are realized upon and funds come back to the Manager for the Corporation and the Bondholders, on an as available basis, provided that the aforementioned priorities are maintained in the final reconciliation of accounts prior to formal dissolution and winding-up, and provided that the aggregate Monthly Management Fees for the Initial term do not exceed the Total Management Fees set forth above.

10. The Corporation agrees to pay the Manager, over the Initial Term of the Agreement, fees (the "Management Fees") equal to Seven ~~(7.0%)~~ per cent of the total face value of the Loan Portfolio of $16,587,300 (for a "Total Management Fee of ~~$1,155,000.00~~ plus applicable G.S.T.), such Total Management Fee to be apportioned over the 2 year Initial Term of the Agreement and paid, in equal amounts (the "Monthly Management Fee(s)") of 1/24th of the Total Management Fee, or the sum of $48,125 per month, plus applicable G.S.T., or such other payment arrangement as maybe agreed to between the Corporation and the Manager. Management Fees for any extended or renewal term ("Extended Term") shall be agreed to by the parties prior to and as a condition of any Extended Term. Unpaid Management Fees shall accrue and become payable at such time as there are proceeds from disposition or collections on the Loan Portfolio sufficient to cover.

11. The Manager agrees that it will use reasonable care in the provision of its services under this Agreement and the Project Management Scope of Work attached as Schedule "D". The Corporation agrees that the Manager shall have no liability to it except in the case of losses caused by wilful misconduct of the Manager or gross negligence.

12. The Manager shall have the right but not the obligation to arrange debtor-in-possession financing (a "DIP Facility") to fund the management services of the Manager to the Corporation and the Bondholders, and possibly even to fund the payment of the Management Fee(s) set forth herein, and or the recoverable disbursements for professional appraisers, legal, accounting and tax advisors, that the Manager deems, necessary, advisable or prudent to the protection of itself an the Bondholders, and in the event that Manager brings such DIP Facility on commercially reasonable terms, the Corporation shall accept such DIP Facility and grant to the provider and the Manager such priority over the Bondholders as it may effect, without the consent of the Bondholders which the manager is free to seek.

Notwithstanding the foregoing, the Manager shall be entitled to take payment of its Monthly Management Fees in arrears, if any, as and when Loans are realized upon and funds come back to the Manager for the Corporation and the Bondholders, on an as available basis, provided that the aforementioned priorities are maintained in the final reconciliation of accounts prior to formal dissolution and winding-up, and provided that the aggregate Monthly Management Fees for the Initial term do not exceed the Total Management Fees set forth above.

10. The Corporation agrees to pay the Manager, over the Initial Term of the Agreement, fees (the "Management Fees") equal to Five (5.0%) per cent of the total face value of the Loan Portfolio of $16,587,300 (for a "Total Management Fee of $829,365.00 plus applicable G.S.T.), such Total Management Fee to be apportioned over the 2 year Initial Term of the Agreement and paid, in equal amounts (the "Monthly Management Fee(s)") of 1/24th of the Total Management Fee, or the sum of $34,556 per month, plus applicable G.S.T., or such other payment arrangement as maybe agreed to between the Corporation and the Manager. Management Fees for any extended or renewal term ("Extended Term") shall be agreed to by the parties prior to and as a condition of any Extended Term. Unpaid Management Fees shall accrue and become payable at such time as there are proceeds from disposition or collections on the Loan Portfolio sufficient to cover.

11. The Manager agrees that it will use reasonable care in the provision of its services under this Agreement and the Project Management Scope of Work attached as Schedule "D". The Corporation agrees that the Manager shall have no liability to it except in the case of losses caused by wilful misconduct of the Manager or gross negligence.

12. The Manager shall have the right but not the obligation to arrange debtor-in-possession financing (a "DIP Facility") to fund the management services of the Manager to the Corporation and the Bondholders, and possibly even to fund the payment of the Management Fee(s) set forth herein, and or the recoverable disbursements for professional appraisers, legal, accounting and tax advisors, that the Manager deems, necessary, advisable or prudent to the protection of itself an the Bondholders, and in the event that Manager brings such DIP Facility on commercially reasonable terms, the Corporation shall accept such DIP Facility and grant to the provider and the Manager such priority over the Bondholders as it may effect, without the consent of the Bondholders which the manager is free to seek.

13. The Corporation and the Promoter jointly represent and warrant as of the date of this Agreement as follows:

(a) That the Corporation is a validly existing corporation under the *Business Corporations Act* (Alberta), in good standing as of the date of this Agreement, and that the Minute Books are current and reflect all of the material events of the Corporation;

(b) That the Corporation has the full power and authority to enter this Agreement with the Manager, and that any approvals or resolutions (Special or otherwise) of the shareholders of the Corporation have been obtained and are in full force and effect;

(c) The Offering Materials represented in Schedule "A" is a fair and accurate record of the materials disseminated in connection with the Offering of Bonds by the Corporation, and there are no other representations, inducements or statements made in connection with the exempt distribution of the Bonds that the Manager has not been made aware of as at the date of this Agreement;

(d) The Loan Portfolio represented in Schedule "B" is a fair and accurate representation of the Loan Portfolio , and there are no arrangements, pledges, hypothecations, promises, rights of first refusal or other verbal commitments altering the condition of the Loans;

(e) The Bond Register of the Corporation represented in Schedule "C" is a fair and accurate representation of the total number of issued and outstanding Bonds of the Corporation, and tracks any and all prior redemptions or cancellation of Bonds and all requests for redemptions or cancellation of Bonds as at the date of this Agreement;

(f) There are no other or similar agreements for the management of the Loan Portfolio issued to any 3rd party;

(g) The Manager has been or will be provided with all files of the Corporation with respect to the sale and closing of the issue of Bonds and with respect to the placing of loans forming the Loan Portfolio, and that the books and records of the Corporation including the loan agreement, related collateral or security, registrations are full, accurate and complete records of the Loans in the Loan Portfolio, as of the date of this Agreement;

(h) There is no litigation respecting the issue of the Bonds or the management of the Loans in the Loan Portfolio, relating to or affecting the Corporation's security relating to such Loans, that have not been disclosed to the Manager; and

(i) There are no other material events (as determined by the Manager), as of the date of this Agreement that have not been disclosed to the Manager.

14. The Corporation and the Promoter jointly and severally agree to indemnify and hold the Manager, and its shareholder, officers, directors, employees, consultants and agents, from and against any claims brought against it by any third party as a result of its provision of management services under the terms of this Agreement. This indemnity includes the costs of defending any action on a solicitor and client basis.

15. The Parties agree that the laws of the Province of Alberta govern this Agreement and that any dispute arising under the terms of this Agreement shall be referred to an arbitration to be conducted by a single arbitrator pursuant to the provisions of the *Arbitration Act* (Alberta).

16. The Parties agree that this Agreement represents the entire agreement between them and that it may only be amended by written agreement.

17. The Parties agree that this Agreement shall be binding on their respective heirs, successors and assigns.

SIGNED this ____ day of July, 2011, at the City of Calgary, in the Province of Alberta.

FOUR SQUARED MANAGEMENT INC.	**FOUNDATION MORTGAGE 2 CORPORATION**
Per: ______________________	Per: ______________________
Ralph Bennetsen, Director	Ron Aitkens, Director
Per: ______________________	Per: ______________________
Noel Winter, Director	Terressa Moore, Director
	PROMOTER:
______________________	______________________
WITNESS	**RON AITKENS**

TAB G

Opening of Fin Report

FM 1 and FM 2 Summary Report

Date: December 19, 2011
Prepared by: Four Squared Management Inc.

Scott K report to bondholder

The following is our report to the Directors of FM 1 and FM 2. Our mandate is to maximize the loan portfolio to provide the greatest recovery of bond repayment to the bondholders. Our report is somewhat limited in its thoroughness since there is information yet to be disclosed by the shareholder. We are, however, in possession of sufficient information to provide a fairly accurate overview of the portfolio of loans and some recommendations. An example of the missing information is that at the time of writing we are missing all of the unregistered loan agreements. The sum of which total 48% of the monies advanced to the affiliates.

Since the announcement that FM was insolvent, could not pay bond distributions and there would be a winding down of the FM funds, we have been most concerned about 4 aspects; 1) collateral available, 2) security available, 3) the ability of the affiliates to repay the loans and 4) measures to be taken to recover principle amounts.

The conclusion we are proffering regarding the portfolio and its ability to recover FM principle is dramatically different than was stated to the Bondholders in August, 2011. The reasons for this are due to several unknown factors at the time.

Jul 2011

a) That several assets were already in foreclosure and required forced sale evaluations.
b) That almost all first mortgage positions were in default putting postponed FM loans at risk.
c) Book values in the financial statements that were provided were higher than market value.
d) That most of the FM 2 and some of the FM1 loans were unsecured.
e) Most of the Ronco affiliates are insolvent and functionally bankrupt.

1. Debt coverage – Tab 4 (collateral):

The attached spreadsheet (FM 1 and FM 2 Consolidated Debt Coverage by Borrower) summarizes our records to date with respect to available FM collateral if liquidated. This analysis indicates that overall there is a combined collateral deficiency of approximately $19,178,696 against total outstanding principle amounts of $27,292,783. This means there is only $8,114,087 of collateral to cover the debt.

The reason for such a substantial shortfall is multifaceted and can be summarized as follows:

THIS IS EXHIBIT "G"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
In and for the Province of Alberta

→ nobody refuted any thing contained in this report

→ email chain regarding the report recommendation

– Noel giving adverse advice re: FS and FM1 + FM2

a) Purchase prices in many cases were in excess of market value at the time the lands were acquired.
b) Market values have fallen since purchase.
c) Mortgage defaults and foreclosure actions on several assets have caused forced sale evaluations.
d) Underlying defects have caused a depletion of values.

An example of the foregoing is Calmar.

Purchase transfer date was September 22, 2008 at a purchase amount of $7,182,150 (book value). An appraisal done on August 14, 2008 indicated a market value of $4,500,000 (top of the market). Total debt on Calmar was at the time of closing $5,316,371 generating a collateral shortfall of $816,371.

Market values have since fallen. This depletion of equity is further impacted by mortgage defaults and foreclosure actions on this asset.

It is important to note in this case that the FM 1 loan amounts were advanced in 2008 from June to December. The mortgage was registered on title July 7, 2009.

Currently this asset shows a collateral shortfall of $2,436,371 effectively wiping out most of the FM 2nd and 3rd mortgage collateral.

One more note regarding the Cowan appraisal referenced above. One of the limiting conditions of the appraisal is as though there are no detrimental environmental conditions that could affect land values. In this case there is considerable contamination due to several abandoned oil wells. These were fairly well documented at the time of purchase. There is no doubt, this contamination negatively affects market value. Our evaluation does not include the negative impact of the contamination.

The Following is a brief discussion regarding each asset listed in the Financial statements of FM.

1. **Airdrie 2:**
   Foreclosure proceedings are complete and have caused a loss of collateral to FM 1 of 1,500,000 and FM 2 $1,600,000.

2. **Benchmark:**
   We are not fully informed regarding this asset, however, the amount owed to FM 1 is 163,997.

3. **Callaway:**

Financing was acquired to take out the existing VTB financing forestalling the loss of the east quarter section through an existing purchase agreement. There is a registered FM 1 mortgage in the amount of $1,544,897, however the FM2 mortgage in the amount of $4,500,000 is not registered according to our records. Ron Aitkens has advised that the lawyers are in the process of registering this mortgage.

The deficiency in total collateral against debt is $1,86743. This amount will likely be the shortfall against the FM 2 mortgage.

The VTB loan is due March 31, 2012 and there is little likelihood of acquiring new financing or in being able to syndicate the property in time.

We would like to note that we have based the market value of Calaway on the Altus appraisal dated 2010 at an average of $36,000 per acre. The property is currently listed at $55,000 per acre. Although there has been some interest there have been no offers at that price.

There is no doubt that the market is improving due to development speculation locally, but this is mostly in the realm of commercial development. This will have a positive effect on the land values.

Internally, the speculative value of this land has been hotly debated but it is the opinion of the author that the value of this land for residential development is inferior to other lands in the area that are ready for development. Further, there is considerable land in the area slated for commercial development. This places the time horizon of this land as commercial or residential development far into the future; in excess of 5 years.

Finally, the fact that the existing mortgage is due March 31, 2012, it is conceivable that this property may suffer the effects of financial stress and be evaluated lower than the current Altus appraisal. In this case the deficiency in collateral could double and place the unregistered FM2 mortgage in further jeopardy.

4. **Calmar Lands:**
Calmar Lands are under foreclosure by the 1st Mortgage holder ($323,000 Hancar) and the VTB with Calmar Lands is in default ($2,055,452). Litigation is pending regarding alleged misrepresentation to 1330075 AB Ltd. by Calmar Lands in respect to environmental issues. This actions is, however somewhat of a mute point since there is no equity in the asset.

In any event, the value of the Calmar lands against total debt indicates a collateral shortage of $2,436,371 against an FM 1 mortgage of $2,773,402 and an FM2 loan of $51,841.

5. **Priddis Mullen and Priddis Fish Creek:**
   This asset is in foreclosure by Mullen. This action has been postponed until third week in Dec 2011. It is likely that Wall will be successful in being permitted to list the property, however, the listing will likely be at forced sale values.

   The collateral shortfall in the sale of the Mullen lands against the Wall 2nd mortgage will likely cause Wall to begin foreclosure on Priddis Fish Creek lands. The shortfall to FM in this asset is against a registered FM2 mortgage of $1,165,000 and an unregistered FM 1 mortgage of $1,512,750.

   A further note; the FM 2 mortgage has been incorrectly registered.

6. **P&R Gateway:**
   The information we have on this asset is incomplete. Although we do have some registered loans associated with this asset, the information we have does not cover the amount of the loans.

7. **Hegadus Land:**
   The principle amount of this loan has been paid out by Railside. Our calculations show Railside still owes $52,261.29 in accrued interest.

8. **Priest Lake:**
   According to Ron Aitkens this loan has been paid although the accounts do not reflect this as yet.

9. **Swift Current:**
   According to Ron Aitkens this loan has been paid although the accounts do not reflect this yet.

10. **Windmill Harbour:**
    This asset has a VTB 1st mortgage ($8,000,000) that is in default by Harvest GP. There is insufficient collateral to provide security for the FM loans that totals $6,606,500.

11. **Cimarron:**
    This is an unsecured loan.

    It should be noted that Cimarron OM has raised about $3,000,000 to date. This amount is insufficient to enable Cimarron to purchase the subject lands from Harvest GP. Consequently, the lands still remain an asset of Harvest GP. Since Harvest has been unable to raise sufficient capital in a timely manner, these lands should either be sold to pay the outstanding debt and repay the Cimarron investors or Cimarron should entertain the participation of a joint venture partner to develop the land.

Since the FM loan to Cimarron was not disclosed in the Cimarron OM it cannot be registered against this asset. It has been proposed by Noel Winter and Ron Aitkens, this loan be registered against the Global site owned by a different affiliate. The FM loan of $3,200,000 will likely not be paid from the Cimarron assets of Harvest GP and is therefore at risk.

We have evaluated the collateral available at Cimarron as not including the bondholder debt of $3,000,000.

In fact, the collateral deficiency should technically be higher in the amount of the FM loan until the disposition of the loan is clarified. The collateral shortfall of the portfolio would in this case be higher by about $3,000,000 i.e. $22,178,696.

Further, this asset is at risk because of Harvest GP insolvency and the default of the Windmill Harbour VTB.

12. Leduc:

This loan has not been registered since it would require the approval of the JV partner, Wall. It is to be noted that Harvest GP is in arrears with respect to the JV.

We have evaluated this asset based on the value 50% of the land transfer (i.e. 50% of $1,800,000) – Tab 6. This evaluation along with the FM2 unregistered loan and the JV deficiency places Harvest GP in a negative collateral position.

We would like to point out, however, that there is a fair amount of value associated with this asset in respect to the purchase of the balance of the lands and its potential development, however this value is not likely to be realized for a few years.

Further, this asset is at risk because of Harvest GP insolvency and the default of the Windmill Harbour VTB.

13. Liberty Crossing:

We have little information regarding this loan and its purpose.

2. Security – Tab 4 and Tab 5:

Under the FM 1 and FM 2 Offering Memoranda there are several requirements with respect to the loans (OM sections 1.2 and 2.8.1). They are as follows:

a) Security must be placed by way of Collateral Mortgages on real estate assets to be acquired.
b) Security must be placed by way of Collateral Mortgages on real estate assets for the purpose of development and construction.
c) Unsecured loans could be placed as deposits for the acquisition of real estate assets.
d) Other commercially acceptable security including a General Security Agreement was to be placed against all loans by the affiliates.

We have included for reference a spreadsheet captioned Mortgage Summary where loan amounts and security is logged.

As mentioned earlier 48% of the loans remain to date unsecured. We would also like to point out that we have not received evidence of any other commercially acceptable security including a registered GSA. These two deficiencies in security are significant omissions of compliance with the OM.

3. Loan Accounts - Tab 4:

One of the missing items of information in the accounting is an accounting of the affiliate loans. We have in lieu of such accounting provided for reference a loan account summary wherein we have included monies advanced for loans and interest owed from the affiliates.

This shows that unallocated interest amounts of $4,723,875 have been paid to FM1 and distributed to the bond holders. There is outstanding interest owed by the affiliates in the amount of $401,480. For FM 2 the amounts are $3,542,761.32 and $371,638.45 respectively, notwithstanding the deficiency in collateral.

4. Financial Statements –Tab 2:

The financial statements are incomplete in that they do not provide details as to all types of transactions. For example there is no accounting for loan interest by borrower (revenue), there is no accounting for interest paid to the bond holders (expenses), nor is there any accounting for principle paid by the affiliates nor to the bond holders.

As a result, since the founding of FM 1 (Nov 2007) and FM 2 (Sept 2008) there have been no CRA fillings.

5. Recovery of Principle and Repayment of Bonds – Tab 4 and Tab 4:

The Bondholders of FM 1 have been issued $14,507,259 in bonds against principle Loan Principle Due FM1 of $12,352,891 yielding a deficiency in capital to repay bonds of $2,154,367. The accounts show retained earnings of $-2,154,367.

In FM 2 the figures are $16,229,458 outstanding bonds, 14,939,890 principle due and $1,289,567 capital deficiency with accounts showing retained earnings of $-1,606,824. The total capital deficiency is $3,443,935. Since the bond interest paid is 11% and the loan interest rates re 12% this spread is insufficient to cover the negative retained earnings. The interest rate charged the affiliates would have to have been approximately 17% to cover this capital deficiency. We are unclear what the plan was to pay this deficiency.

The total collateral deficiency as stated is $19,178,696 and the capital deficiency is negative $3,443,935, the total deficiency is therefore $22,622,631 against outstanding bonds of $30,736,717.

6. Covenant of the Affiliates:

The three main affiliates are 1330075 AB Ltd., 1357686 AB Ltd. and Harvest GP.

All of the assets of 1330075 AB Ltd. with the possible exception of Priest Lake and P&R Gateway are in some kind of distress and have insufficient assets to cover the outstanding loans.

Harvest GP is also underwater by virtue of Windmill Harbour. Cimarron, although not currently in distress, has raised about $3,000,000. This will likely have to be paid back to the investors since Cimarron OM has not been able to raise sufficient capital over the last 8 months to cover the requirements of the OM. As such Harvest GP will not be able to fulfill its loan obligations to FM. For this reason both 1330075 AB Ltd. and Harvest GP are not only insolvent but are functionally bankrupt.

Calaway (1357686 AB Ltd.) will likely be in distress early next year since its loan will be due in the first quarter of next year. It will be virtually impossible to raise sufficient debt to payout the FM loans. For this reason the only potential for this asset is liquidation either buy sale or syndication. Syndication is unlikely to be successful given the current market conditions and the ability of Harvest to raise capital. Sale is probably the most likely option.

None of these affiliates are generating revenue sufficient to meet their obligations (two no revenue at). None have sufficient collateral. All are consequently insolvent.

8. Recommendations:

With respect to the recovery of capital to FM our recommendations are as follows:

1. Calaway should be sold as soon as possible before it becomes distressed.

1101-4314

2. Cimarron should be sold or a joint venture established as soon as possible be before it becomes distressed since it is currently at risk with respect to Harvest GP insolvency.

3. Leduc should be sold as soon as possible since it is as risk with respect to Harvest GP insolvency.

4. Priest Lake holds some possibility of equity recovery for FM, however this may be unlikely since there is no GSA with respect to 1330075 AB Ltd.

   This asset is at risk due to 1330075 AB Ltd. insolvency.

5. Global site should also be sold to recover FM loans, however the company that holds this asset is not an FM debtor.

The other assets which hold major FM debt ($13,980,987) i.e Airdire 2, Calmar, Windmill Harbour and Priddis, hold virtually no chance for recovery of these loans since all are in default or in foreclosure with no collateral supporting the FM loans. Even with respect to Calaway the unsecured FM Loan of $4,450,000 will likely not be covered by the sale of Calaway. The foregoing 5 assets account for almost all of the impending losses to FM, this notwithstanding the loan made to Cimarron the status of which is in question.

Sincerely,

Ralph Bennetsen
Four Square Management Inc

TAB H

Memo:

Memo given to (by hand) Terressa that caused her to say "this is Horrible we can't send this to the bondholders" (not to email) 4

Date: November 10, 2011

From: Four Squared Management Inc.

To: Frank Lonardelli, Ron Aitkens, Terressa Moore, Ron Aitkens

FM 1 and FM 2 Summary Report:

To date we have been engaged in various activities that have concluded in two transactions i.e. the foreclosure of Airdrie 2 by Braun and the refinancing of the VTB on Calaway which has had the effect of temporarily protecting FM loans from foreclosure by other lenders.

We are about 70% complete in assembling all material documents in order to provide a complete report for the board of directors and the CEO. The majority of information missing includes detailed accounts and many loan agreements.

The following is a brief status commentary by asset:

1. **Airdrie 2:**
   Foreclosure proceedings are complete and have caused a loss to FM 1 of 1,500,000 and FM 2 $1,600,000.

2. **Benchmark:**
   We are not fully informed regarding this asset as yet, however I have been asked by the Harvest CEO to divest of this asset. We are uncertain as to the particulars and the purpose of the FM loan.

3. **Callaway Park:**
   Financing was acquired to take out the existing VTB financing forestalling the loss of the east quarter section through an existing quitclaim. There is a registered FM 1 mortgage in the amount of $1,544,897, however the FM2 mortgage in the amount of $4,500,000 is not registered according to our records.

4. **Calmar Lands:**
   Calmar Lands are under foreclosure by the 1st Mortgage holder ($323,000 Hancar) and the VTB with Calmar lands is in default ($2,055,452). Litigation is pending regarding alleged misrepresentation to by Calmar Lands to 1330075 AB Ltd.

5. **Priddis Mullen:**

THIS IS EXHIBIT "H"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

This asset is in foreclosure by Mullen which has been postponed until Nov 25, 2011.

If the action is successful the Wall second mortgagee will likely take action on Priddis Fish Creek. The short fall to FM on these two assets will be the loss of both FM 1 and FM 2 mortgages totaling $2,677,750. The FM 1 mortgage on this asset is unsecured ($1,512,749).

The remedy for FM if the judgment is in favor of Mullen is to redeem title. To do this FM would need cash in the amount will be about $7,500,000 to take out Mullen or $12,500,000 to take out Mullen and Wall. Since this is not possible the FM mortgages on the two Priddis assets are in serious jeopardy unless Ronco is able to secure new financing.

6. **Priddis Fish Creek:**
   The asset has an FM 1 mortgage registered in the amount of $1,100,000, however the accounts for FM 2 indicate it is an FM 2 asset. Either this asset was registered incorrectly or there is an accounting error. See comments above.

7. **P&R Gateway:**
   We have little information regarding this loan or the asset.

8. **Hegadus Land:**
   This land is owned by Railside.

9. **Priest Lake:**
   We have little information regarding this loan.

10. **Swift Current:**
    We have little information regarding this loan.

11. **Windmill Harbour:**
    This asset has a VTB 1st mortgage ($8,000,000) that is in default by Harvest GP. There is insufficient equity to provide security for the FM loans that total $6,606,500. These loans will certainly be lost to FM given that Ronco has no ability to pay this back at this time.

12. **Cimarron:**
    This loan is an unsecured loan.

13. **Leduc:**
    This loan has not been registered.

14. **Liberty Crossing:**
    We have little information regarding this loan and its purpose.

The attached spreadsheet summarizes our records to date. It indicates that in FM 1 there are confirmed secured loans in the amount of $9,122,299 and unsecured loans in the amount of $3,250,830. FM 2 has $4,431,499 in confirmed secured loans and $10,508,390 in unsecured loans.

We estimate that significant loss to the FM shareholders will occur. For example, between Windmill Harbour, the two Priddis assets and Airdrie 2 the loss to FM 1 and FM 2 will be $12,704,250 not including unpaid interest. Other loans are also in jeopardy.

The spreadsheet also indicates that of the number of confirmed secured loans are 6 and the number of unsecured (or unconfirmed) loans are 12. As stated we are missing many loan contracts, in fact we only have loan agreements for Windmill Harbour and Priddis 2. We have made numerous requests for this information to be turned over by the FM shareholder since the beginning of September 2011.

Further, we would like to point out the OM requires Collateral security by way of mortgages on all loans except deposits for acquisitions. The OM also provides that additional commercially acceptable security is to be provided such as a GSA. We have not been provided with any information regarding such other security.

From the information we have received, our initial assessment of FM 1 and FM 2 is that the provisions of the OM have not been fully adhered to. This along with market diminution of asset value, Ronco defaults and the general insolvency of many of the Ronco affiliates has put FM in serious jeopardy with respect to fully recovering the bondholder investments.

It is our recommendation that for the assets that have sufficient equity that FM foreclose on the Ronco affiliates and divest of the assets to recover the loans. More specific recommendations will be provided when we are in possession of the balance of the loan agreements.

Ralph Bennetsen

TAB I

From: "Terressa Moore" <Terressa.Moore@foundationsecurities.ca>
Subject: Re: FM Update from Four Squared Managemet
Date: November 11, 2011 2:35:13 PM MST
To: "Ralph Bennetson Forward" <bsr@ismprojects.net>

I'm amazed you could do anything with FM you have absolutely no info. That has to change and I don't think its going to come from Ron. I will help you guys as much as I can. Let's meet next week.

From: Ralph Bennetsen [mailto:bsr@ismprojects.net]
Sent: Friday, November 11, 2011 02:11 PM
To: Terressa Moore
Subject: Re: FM Update from Four Squared Managemet

One more thing. To this point Noel and I have spent I would say upwards of 2000 hours or more over the last year working the portfolio where the FM loans are. We have prior to the 4 Square agreement been working hard without compensation, to determine if there is a business case, market value etc for the respective assets and what may be a potential exit strategy for each asset.

The conclusion at this point is: First, for most of the assets there is no business case (e.g. Windmill and Calmar etc) and for those that do have a business case the execution is seriously problematic. Second, liquidation to recover FM capital in most assets is hampered because such things as market value diminution, litigation and illiquidity.

The report will include what we know as a result of this effort along with specific recommendations. The report must also accurately reflect the FM legal and equity position. These latter bits are why we really need to have the information I have outlined.

On 2011-11-11, at 1:10 PM, Terressa Moore wrote:

> Oh I thought you were suggesting this go to investors!
> Oh this is a great report to directors because I had no idea you were missing all this info.

THIS IS EXHIBIT " I "
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May , 2012
A Commissioner for Oaths
in and for the Province of Alberta

> This definately needs to go to Ron.
>
> **From:** Ralph Bennetsen [mailto:bsr@ismprojects.net]
> **Sent:** Friday, November 11, 2011 01:06 PM
> **To:** Terressa Moore
> **Subject:** Re: FM Update from Four Squared Managemet
>
> Terressa:
>
> Yes it is horrible and it was intended to be so. But understand this is memorandum is not intended to be sent out to the investors but to be sent to the board of directors; in particular Ron who has at this point charged with providing contractual particulars of all the loans.
>
> The limitation in reporting mentioned is simply that all information available needs to be assembled so as to give as accurate a reporting as possible. For example, If there is a deficiency in security with respect to a loan, I want to make sure that it is a deficiency that can be explained or accurately reported rather than something simply not compiled.
>
> The point of the memo is to inform that I am missing information. Also, it is not sufficient to make a phone call to be told of something but rather to be given the resource documents as information. Without these I am concerned the report will not accurately reflect the state of matters.
>
> Further, I am sure the accounting does not fully or accurately represent money owed to FM. For example, at one point Ron was going to move an FM loan (unregistered) in the amount of about 4.45 million lent to Callaway to the Global asset so as to provide registered security. Now a disclosure deficiency in the Cimarron OM may require that an FM loan to Cimarron in the amount of 3.2 million (unregistered) is perhaps to be moved to the Global site. The however Global asset has insufficient market value to provide sufficient security to cover both of these loans. This is problematic for the Callaway Loan since it looses advantage as unregistered in terms of priority if registered out of time with other debt.
>
> These kind of problems seem to be systemic but can be cleaned up in many cases.

These matters need to be concluded, the appropriate security applied to protect the FM bondholders, documentation provided to 4 Square as soon as possible and the accounts adjusted to reflect what is due to the FM shareholders and from whom.

I want to generate a report that indicates we have been managing this competently. At this point I cannot say that.

So the purpose of the opening report (not the summary memo to the directors and the CEO) is to report on matters such as:

has the obligation of the OM been fulfilled if not what is the deficiency,
have the FM loans the security required by the OM,
have the loans been accounted for accurately,
what is the current exposure in terms of security and equity as it relates to debt priority and market value of the assets,
what is the plan to liquidate the assets so as to recover FM capital.

The summary memo is purposed to establish where we are with respect to accurate and complete information so this charge can be executed.

Ralph

On 2011-11-10, at 6:10 PM, Terressa Moore wrote:

> Ralph,
>
> This update is absolutely horrible and I certainly would not send this out to investors. Since most of the projects say we have no information, and then an invoice for services, they are going to say are you not getting paid to get information?
>
> I am not 100% sure how hard people are digging for this information considering that Hegadus land says no information and I was able to obtain that information in one phone call.
>
> I did notice the statement that says because of the deficiency in information it limits the ability of Four Squared to complete the detailed opening report as suppose to be in the agreement. I am not 100% convinced on that. I am not trying to be difficult just doing my director duty.
> Perhaps I can help get information that you are missing. Now that we have time this update could sound a lot better. It basically is saying we know nothing about anything and that will not fly with investors.
>
> I believe it is the job of everyone to get this stuff fixed up and straightened out.
> My two cents J
>
> Thanks
>
> ---
>
> <image001.png>

TAB J

THIS IS EXHIBIT "J"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012
[redacted]
A Commissioner fo[redacted]
In and for the Province [redacted]

From: Ralph Bennetsen <bsr@ismprojects.net>
Subject: **Re: To the Directors of FM 1 and FM 2; cc the Directors of Four Squared Management Inc.**
Date: January 11, 2012 5:12:21 PM MST
To: Noel Winter <noel.winter@okko.ca>
Cc: Ron Aitkens <ron@harvestcmi.com>, Terressa Moore <Terressa.Moore@foundationsecurities.ca>, Frank Lonardelli <frank.lonardelli@arlingtonstreet.ca>, "'David N Murphy'" <dmurphy@foxbridgedevelopment.com>

Noel:

First, Peter Wall called me and I am only relaying his message. Second, if there are activities that you have been engaged in which affect the FM mortgages then you should keep me apprised and not be so enigmatic. Finally, I think it is my charge to discover material information that affects the FM portfolio and possible actions by third parties that could be damaging to the FM position. Consequently I will not refrain from accepting such information from interested parities and keeping the directors Informed.

Ralph

On 2012-01-11, at 4:21 PM, Noel Winter wrote:

> Ralph,
>
> Thanks for your update.
>
> There are activities underway to correct some of the deficiencies in the FM1 & FM2 loan portfolios and to improve their positions. I am concerned that your conversations with other 3rd parties may not incorporate the most current information. Please refrain from further discussions with 3rd parties (eg. Peter Wall) until we have met to catch up.
>
> Please call me.
>
> Noel
>
> ---
>
> **From:** Ralph Bennetsen [mailto:bsr@ismprojects.net]
> **Sent:** January 11, 2012 4:06 PM
> **To:** Ron Aitkens; Terressa Moore
> **Cc:** Frank Lonardelli; Noel Winter; Wayne Tinker
> **Subject:** To the Directors of FM 1 and FM 2; cc the Directors of Four Squared Management Inc.
>
> Dear Ron and Terressa:
>
> As requested, I previously sent you a summary of loans with the amounts and the names of the affiliate borrows for inclusion in your financial status report to the FM Bond Holders (another copy is herewith attached).
>
> We would like to point out that as Directors there are 5 additional matters that require your attention:
>
> 1. Further to the loan summary, I would like to point out that the report indicates (based on the disclosure by Ron and a review of the accounts) that loan principle in the total amount of $550,000 have been repaid FM 1 and FM 2. These amounts do not include other distributions promised in the July 2011 letter. According to the Four Squared Management Agreement and the Letter sent out to the Bondholders in July of 2011, these monies need to be disbursed in priority as follows:
>
> First to Four Squared: $238,748.78
> Second to the Bond Holders: $311,251.22
>
> These amounts are due and payable forthwith since most are in arrears since November 2011.
>
> 2. The Letter to the Bondholders promises to include a financial report that has been reviewed by a third party. We have provided (by hand) to you a report summarizing the entire portfolio along with financial details, extensive

exhibits and we have been providing ongoing advice on the matter of divesting the assets. We have not engaged a third party accounting firm as stated in the Letter to the investors. We have not done so because of difficulty in acquiring complete information from the shareholder regarding the outstanding affiliate loans. At this juncture, I think we now have sufficient information (although still incomplete) to productively engage an independent accounting firm to review the financial affairs of FM. To do so, we need the direction and approval of the Directors of FM. We will entertain proposals from independent accounting firms, and will present them for your review in the near future.

3. Further, as discussed, Ron, let me know when you want to go meet with the Martinson's and Peter Wall to attempt to initiate possible solutions for the Windmill Harbour, Calmar, Leduc and Priddis assets.

I got a call from Peter Wall today. He is getting really impatient and has been trying to contact you. He says unless you and he come to some satisfying resolution he will be faced with foreclosure on Priddis and activating the shotgun clause at Leduc. He wants you to resolve the conflict with the $840,000 FM 2 loan at Leduc quickly so you and he can register a charge on Leduc on account of his interest in Priddis. He also wants to know if there is any movement on financing for Priddis.

4. I received an email from the City of Calmar who has been approached by a potential purchaser of a portion of these lands. I will let you know when I have more information regarding this.

5. I understand that the Cimarron OM has now been delisted as an offering by the dealership. This places into serious question the ability of Cimarron and or Harvest GP to repay the unsecured Cimarron Loan of $3,200,000 since the other fast approaching financial obligations of the Cimarron project will take priority. Divestiture of the Cimarron asset to repay the loan appears therefore not to be an option. Can you provide direction as to what you propose to do with respect to providing repayment and or other collateral security for this loan?

Attached also attached, herewith, is a statement of accounts for Four Squared.

Thanks

Ralph Bennetsen.
Four Squared Management Inc.

TAB K

Alberta Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2012/04/23
Time of Search: 02:17 PM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number: 17880364
Customer Reference Number: 548427-1

This IS EXHIBIT "K" referred to in the Affidavit of Ralph Bennetsen
Sworn before me this 7 Day of May, 2012
A Commissioner for Oaths in and for the Province of Alberta

Corporate Access Number: 2013576869
Legal Entity Name: 1357686 ALBERTA LTD.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2007/10/22 YYYY/MM/DD

Registered Office:
Street: #4 4002 9TH AVENUE NORTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8

Records Address:
Street: #4 4002 9TH AVENUE NORTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8

Directors:

Last Name: AITKENS
First Name: RONALD
Middle Name: JAMES
Street/Box Number: #4, 4002 9TH AVENUE NORTH
City: LETHBRIDGE
Province: ALBERTA

Postal Code: T1H 6T8

Voting Shareholders:

Last Name:	AITKENS
First Name:	RON
Street:	#4, 4002 - 9 AVE N
City:	LETHBRIDGE
Province:	ALBERTA
Postal Code:	T1H 6T8
Percent Of Voting Shares:	100

Details From Current Articles:

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

Share Structure:	SEE SCHEDULE "A" ATTACHED HERETO
Share Transfers Restrictions:	SEE SHARE TRANSFERS RESTRICTIONS ELECTRONIC ATTACHMENT
Min Number Of Directors:	1
Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE OTHER PROVISIONS ELECTRONIC ATTACHMENT

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2010	2010/11/04

Outstanding Returns:

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

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/10/22	Incorporate Alberta Corporation

2008/02/29	Change Director / Shareholder
2008/02/29	Change Address
2010/11/04	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/10/22
Restrictions on Share Transfers	ELECTRONIC	2007/10/22
Other Rules or Provisions	ELECTRONIC	2007/10/22

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

Alberta Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2012/04/23
Time of Search: 02:15 PM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number: 17880340
Customer Reference Number: 548427-1

Corporate Access Number: 2013300757
Legal Entity Name: 1330075 ALBERTA LTD.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2007/06/14 YYYY/MM/DD

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

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

Directors:

Last Name: AITKENS
First Name: RON
Street/Box Number: 4-4002-9 AVE N
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1H 6T8

Voting Shareholders:

Last Name:	AITKENS
First Name:	RON
Street:	70 PHEASANT ROAD N
City:	LETHBRIDGE
Province:	ALBERTA
Postal Code:	T1H 4X4
Percent Of Voting Shares:	100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE ATTACHED SCHEDULE "A"
Share Transfers Restrictions:	NO SHARES OF THE CAPITAL OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE SANCTION OF A MAJORITY OF THE DIRECTORS OF THE CORPORATION, AS EVIDENCED BY A RESOLUTION IN WRITING OF THE DIRECTORS.
Min Number Of Directors:	1
Max Number Of Directors:	15
Business Restricted To:	NO RESTRICTIONS
Business Restricted From:	NO RESTRICTIONS
Other Provisions:	SEE ATTACHED SCHEDULE "B"

Holding Shares In:

Legal Entity Name
EGREEN CORPORATION
1407483 ALBERTA LTD.
HAIKU MANAGEMENT GP INC.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2010	2010/08/31

Outstanding Returns:

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

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/06/14	Incorporate Alberta Corporation
2010/08/31	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/06/14
Other Rules or Provisions	ELECTRONIC	2007/06/14

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

REGISTRAR OF CORPORATIONS

TAB L

THIS IS EXHIBIT "L"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

MEMORANDUM

DATED March 23, 2012

TO: The Directors of Foundation Mortgage Corporation and Foundation Mortgage "2" Corporation (the **Corporations**); Terressa Moore and Ron Aitkens

FROM: Four Squared Management Inc. Per: Ralph Bennetsen

We refer to the Management Agreement between Four Squared Management Inc. (the Manager) and Foundation Mortgage Corporation dated July, 2011 and a similar Management Agreement entered into between the Manager and Foundation Mortgage "2" Corporation dated July, 2011.

We further refer you to the opening report of the Manager dated December 19, 2011 and the follow up report sent to you on January 11, 2012, as well as numerous e-mails between directors and officers of the Manager and your agent, Noel Winter.

The purpose of this Memorandum is to put you on notice that the Corporations are in breach of the respective Management Agreements referenced above.

The particulars of the breach include but are not limited to:

- failure to provide adequate information to the Manager as required pursuant to Section 7 of the Management Agreements;
- failure to respond to legitimate requests for information and answers to legitimate questions posed by the Manager as required pursuant to Section 7 of the Management Agreements;
- failure to accept Manager's recommendations and failure to execute documentation to carry out such recommendations as required pursuant to Section 4 of the Management Agreements.
- failure to provide reporting to the Bondholders of the Corporations as per the Manager's request; and
- significant and material conflicts of interest as between the board of directors of the Corporations in their personal capacity, the Corporations and the Bondholders of the Corporations.

As a result of the foregoing breaches, the Manager is unable to meet its objectives to properly report to the Bondholders and to recover the monies owed to the Corporations and the Bondholders.

We hereby give you notice that the Manager has no choice but to take action arising from such breaches. Accordingly, the Manager hereby gives you two (2) options which would be acceptable to the Manager as courses of action going forward, namely:

OPTION 1

The Corporations provide whatever consents as may be necessary to allow the Manager to make a court application to confirm the authority of the Manager to fulfil its obligations under the Management Agreements to the Corporations and to the Bondholders, which court action may include an application for protection under the Companies Creditors Arrangement Act. In particular but without restricting the generality of the foregoing, the application will allow the Manager to do the following:

(a) establish an operating budget;

(b) acquire DIP financing;

(c) hire an independent auditor;

(d) retain consultants regarding restructuring and insolvency issues, including legal counsel;

(e) orchestrate the resignation of the current directors of the Corporations and replace them with directors who are not in a conflict of interest;

(f) commence legal actions against the affiliates of the Corporations to obtain required security on the assets of such affiliates and to realize upon any security already in place;

(g) file caveats on the titled assets of the affiliates where required security is currently not in place; and

(h) appoint an investor committee of the Bondholders to whom the Manager will report.

Further, once such court application has been made, notice of the foregoing would be given to the Bondholders either directly or through the investor committee appointed pursuant to such court order. The Alberta Securities Commission would also be advised of the foregoing; or

Option 2

The Management Agreements be terminated by mutual agreement as between the Manager, the Corporations, Ron Aitkens and Noel Winter, in accordance with the Termination Agreements, drafts of which are attached as Schedule "A" and "B", respectively, and all parties shall fully comply with the provisions of such Termination Agreements, inclusive of completing all obligations required to be completed by the Closing Date as defined therein.

If you are not prepared to agree to either of the foregoing options, this Memorandum shall be notice to you that the Manager intends to unilaterally terminate the Management Agreements based on the breaches set forth above and to notify the Bondholders of such unilateral termination and of the breaches of the respective Management Agreement resulting in such unilateral termination.

Please provide your response by 5:00 o'clock PM on March 28, 2012 if you are prepared to proceed with either Option 1 or Option 2. Failing a response or in the event of a response that does not accept Option 1 or 2, the Manager will take all steps as it may consider necessary arising from the breaches of the Management Agreements by the addressees hereof, including the unilateral termination and notice to Bondholders as indicated above.

Ralph Bennetsen

Termination Agreement

This Agreement made effective the 30 day of March, 2012

Four Squared Management Inc., a corporation registered in the Province of Alberta

(the Manager)

and

Foundation Mortgage Corporation., a corporation registered in the Province of Alberta

(the Corporation)

and

Ron Aitkens, an individual of Lethbridge AB

(the Founder & Promoter)

and

Noel Winter, an individual of Calgary AB

(Winter)

Recitals:

1 The Manager, the Corporation and the Founder & Promoter entered into a Management Agreement dated July, 2011 (the **Management Agreement**) whereby the Manager agreed to provide certain management services for the ultimate benefit of the bondholders of the Corporation (the **Bondholders**), and in particular, to assist in recovering loans from certain affiliate companies owned by Ron Aitkens (the **Affiliate Companies**).

2 The Manager commenced on or about September 1, 2011 and has conducted a review of the Corporation's portfolio and has issued reports complete with recommendations to the directors of the Corporation.

3 The Manager has to date fully complied with and fulfilled its obligations to the Corporation the provision of management services as required under the Management Agreement, except where precluded from doing so by the acts or omissions of the Corporation or the Founder & Promoter.

4 The Promoter & Founder of the Corporation is the sole shareholder of the Corporation and a director of the Corporation

5 Winter is acting as an agent of the Founder & Promoter and of the Affiliate Companies, and is also a Shareholder and Director of the Manager.

NOW AND THEREFORE IN CONSIDERATION of the covenants and consideration contained herein in this Termination Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged and confirmed, the parties hereto agree as follows:

1 The parties hereto hereby mutually agree to terminate the Management Agreement upon the following terms:

(a) The Corporation and the Manager agree that as and from the Closing Date (as hereinafter defined) there are no further agreements or obligations from one party to the other with respect to or arising from the Management Agreement, and the Management Agreement shall be null and void and of no further force or effect;

(b) As and from the Closing Date, the Corporation hereby releases the Manager from any and all obligations that arose pursuant to the Management Agreement prior to the Closing Date. Subject to the indemnity as set forth in Section 1(c) and full compliance with Sections 1(d) and (e) hereof, effective as and from the Closing Date, the Manager hereby releases the Corporation from any and all obligations arising pursuant to the Management Agreement prior to the Closing Date. Effective as at the Closing Date, the Founder & Promoter hereby releases the Manager and its directors, officers and employees from any and all obligations arising pursuant to the Management Agreement prior to the Closing Date. Effective as at the Closing Date, Winter hereby releases the Manager and its directors, officers and employees from any and all obligations pursuant to the Management Agreement, or arising from Winter's status as a director and officer of the Manager prior to the Closing Date;

(c) The Corporation and the Founder & Promoter hereby agree, on a joint and several basis, to indemnify and hold harmless the Manager and its directors, officers and employees from any action by the Bondholders or any other third parties in respect of the Manager's efforts to fulfill its obligations under the Management Contract;

(d) Winter hereby resigns unconditionally as a director of the Manager and agrees to transfer his shares in the Manager to the corporate treasury of the Manager, and further agrees to execute any documents required to transfer his shares and forthwith surrenders his rights as a voting shareholder and director of the Manager and surrenders all rights to any claims to any past, present or future compensation from the Manager; and

(e) The Corporation agrees to pay on the Closing Date, the sum of $• (an amount to be mutually agreed) in full satisfaction of all past, present and future management fees that may now or in the future be owing pursuant to the Management Agreement.

2 All conditions, covenants and provisions contained herein shall be fully effective upon the Closing Date and all parties hereto agree to tender all agreements, certificates, consideration and monies required to fulfill this agreement by the Closing Date;

3 The Closing Date of this agreement shall be March 30, 2012.

4 Time shall be of essence hereof.

5 The parties hereto agree that this agreement shall be binding upon their respective heirs, personal representatives, successors and assigns.

6 The Parties agree that this agreement represents the entire agreement between them and that it may only be amended by written agreement.

7 This Agreement shall be governed by the laws of the province of Alberta and all parties hereto agree that they shall attorn to courts of competent jurisdiction in Alberta.

8 This Agreement may be executed in counterpart.

In Witness Whereof, the parties have executed this Agreement as of the day and year first above written.

FOUNDATION MORTGAGE CORPORATION

Per: Ron Aitkens, Director

Terressa Moore, Director

FOUR SQUARED MANAGEMENT INC.

Per: Ralph Bennetsen, Director

RON AITKENS

Witness

NOEL WINTER

Witness

Termination Agreement

This Agreement made effective the 30 day of March, 2012

Four Squared Management Inc., a corporation registered in the Province of Alberta

(the Manager)

and

Foundation Mortgage Corporation 2., a corporation registered in the Province of Alberta

(the Corporation)

and

Ron Aitkens, an individual of Lethbridge AB

(the Founder & Promoter)

and

Noel Winter, an individual of Calgary AB

(Winter)

Recitals:

1 The Manager, the Corporation and the Founder & Promoter entered into a Management Agreement dated July, 2011 (the **Management Agreement**) whereby the Manager agreed to provide certain management services for the ultimate benefit of the bondholders of the Corporation (the **Bondholders**), and in particular, to assist in recovering loans from certain affiliate companies owned by Ron Aitkens (the **Affiliate Companies**).

2 The Manager commenced on or about September 1, 2011 and has conducted a review of the Corporation's portfolio and has issued reports complete with recommendations to the directors of the Corporation.

3 The Manager has to date fully complied with and fulfilled its obligations to the Corporation the provision of management services as required under the Management Agreement, except where precluded from doing so by the acts or omissions of the Corporation or the Founder & Promoter.

4 The Promoter & Founder of the Corporation is the sole shareholder of the Corporation and a director of the Corporation

5 Winter is acting as an agent of the Founder & Promoter and of the Affiliate Companies, and is also a Shareholder and Director of the Manager.

NOW AND THEREFORE IN CONSIDERATION of the covenants and consideration contained herein in this Termination Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged and confirmed, the parties hereto agree as follows:

1 The parties hereto hereby mutually agree to terminate the Management Agreement upon the following terms:

(a) The Corporation and the Manager agree that as and from the Closing Date (as hereinafter defined) there are no further agreements or obligations from one party to the other with respect to or arising from the Management Agreement, and the Management Agreement shall be null and void and of no further force or effect;

(b) As and from the Closing Date, the Corporation hereby releases the Manager from any and all obligations that arose pursuant to the Management Agreement prior to the Closing Date. Subject to the indemnity as set forth in Section 1(c) and full compliance with Sections 1(d) and (e) hereof, effective as and from the Closing Date, the Manager hereby releases the Corporation from any and all obligations arising pursuant to the Management Agreement prior to the Closing Date. Effective as at the Closing Date, the Founder & Promoter hereby releases the Manager and its directors, officers and employees from any and all obligations arising pursuant to the Management Agreement prior to the Closing Date. Effective as at the Closing Date, Winter hereby releases the Manager and its directors, officers and employees from any and all obligations pursuant to the Management Agreement, or arising from Winter's status as a director and officer of the Manager prior to the Closing Date;

(c) The Corporation and the Founder & Promoter hereby agree, on a joint and several basis, to indemnify and hold harmless the Manager and its directors, officers and employees from any action by the Bondholders or any other third parties in respect of the Manager's efforts to fulfill its obligations under the Management Contract;

(d) Winter hereby resigns unconditionally as a director of the Manager and agrees to transfer his shares in the Manager to the corporate treasury of the Manager, and further agrees to execute any documents required to transfer his shares and forthwith surrenders his rights as a voting shareholder and director of the Manager and surrenders all rights to any claims to any past, present or future compensation from the Manager; and

(e) The Corporation agrees to pay on the Closing Date, the sum of $• (an amount to be mutually agreed) in full satisfaction of all past, present and future management fees that may now or in the future be owing pursuant to the Management Agreement.

2 All conditions, covenants and provisions contained herein shall be fully effective upon the Closing Date and all parties hereto agree to tender all agreements, certificates, consideration and monies required to fulfill this agreement by the Closing Date;

3 The Closing Date of this agreement shall be March 30, 2012.

4 Time shall be of essence hereof.

5 The parties hereto agree that this agreement shall be binding upon their respective heirs, personal representatives, successors and assigns.

6 The Parties agree that this agreement represents the entire agreement between them and that it may only be amended by written agreement.

7 This Agreement shall be governed by the laws of the province of Alberta and all parties hereto agree that they shall attorn to courts of competent jurisdiction in Alberta.

8 This Agreement may be executed in counterpart.

In Witness Whereof, the parties have executed this Agreement as of the day and year first above written.

FOUNDATION MORTGAGE CORPORATION 2

Per: Ron Aitkens, Director

Terressa Moore, Director

FOUR SQUARED MANAGEMENT INC.

Per: Ralph Bennetsen, Director

RON AITKENS

Witness

NOEL WINTER

Witness

TAB M

Final Report to the Directors of FM and FM 2

THIS IS EXHIBIT "M"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
In and for the Province of Alberta

CONFIDENTIAL

DATED: April 30, 2012

TO: The Directors
Foundation Mortgage Corporation (FM1)

And: Foundation Mortgage "2" Corporation (FM2)

*(collectively the "**Corporations**")*

FROM: Four Squared Management Inc. (Ralph Bennetsen)

We refer you to the Initial Report of the Manager dated September 19, 2011, the First Interim Report dated December 19, 2011 and the 2nd Interim Report dated January 11, 2012, (collectively the "Prior Reports"), as well as numerous e-mails between directors and officers of the Manager and your agent, Noel Winter. Copies of these are already in your possession.

These reports have been approved of by the Directors of the Manager.
Copies are attached for your convenience.

We stand by the findings and recommendations made in those reports, which are based on the best information made available to the Manager to perform these tasks. In that search for relevant, crucial information we have been directed to and relied on your agent Noel Winter.

We have exhausted every effort in communicating questions and analysis without satisfactory or effective responses from FM1 or FM2, or the affiliated parties to whom many of the Corporations' loans have been made.

This relationship has not been fruitful to the objective of delivering to the Bondholders of FM1 and FM2, a clear understanding of the circumstances and set of attainable remedies and recovery of invested funds by the Corporations.

We would also report that the business of the Manager in relation to the Corporations is at an end with the Termination of the Management Services Agreements by the Manager, as contained in the Termination Notice delivered coincidentally with this Final Report.

We would also like to report that we have been unsuccessful in getting your agent Noel Winter to give any further particulars regarding any activities that could affect the position of the FM bondholders than stated above. It may be that this gentleman has information that could be of concern to the Corporations' Bondholders.

Accordingly, the Manager re-affirms and restates the findings and recommendations given in the Prior Reports as part of this Final Report.

We confirm for the record our understanding in accepting this engagement in the first instance, that the Corporations make every effort to protect and register security for the advances it has made to related parties in particular and begin to take steps to enforce said security and recover principal and accrued interest from the various borrowers from the Corporations, and that any proceeds from any asset divestiture from the various borrowers shall be available to and recover principal and accrued interest and be distributed to the Bondholders as per the September 2011 obligations of the Directors of FM and FM2, to begin making compensatory payments and to begin the process of realizing the Corporations" assets and retiring obligations to its Bondholders.

Given the state of discord between the principals of the Manager and the Corporations, and given other matters, claims and proceedings that are underway with respect to some of the assets of the Corporations which the Manager was engaged to pursue, we feel we have no choice but to communicate the termination of the arrangement between the Manager and the Corporations, by sending notice directly to the FM 1 and FM2 Bondholders, and providing a copy to the Monitor Ernst & Young under the CCAA proceedings involving certain of the related and affiliated parties to the investigation, and have done so.

Lastly, we attach a Final Statement of Account of all monies due pursuant to the Management Services Agreements between the Corporations and the Manager to the termination of those agreements.

Payment is due.

Sincerely;

Four Squared Management Inc.

Ralph Bennetsen
Managing Director

Attachments:

September 19, 2011 - Initial Report
December 19, 2011 - Interim Report
January 11, 2012 - 2nd Interim Report

Statement of Account as at April 30, 2012

Notice of Termination dated April 30, 2012

MEMORANDUM

DATED March 23, 2012

TO: The Directors of Foundation Mortgage Corporation and Foundation Mortgage "2" Corporation (the **Corporations**); Terressa Moore and Ron Aitkens

FROM: Four Squared Management Inc. Per: Ralph Bennetsen

We refer to the Management Agreement between Four Squared Management Inc. (the Manager) and Foundation Mortgage Corporation dated July, 2011 and a similar Management Agreement entered into between the Manager and Foundation Mortgage "2" Corporation dated July, 2011.

We further refer you to the opening report of the Manager dated December 19, 2011 and the follow up report sent to you on January 11, 2012, as well as numerous e-mails between directors and officers of the Manager and your agent, Noel Winter.

The purpose of this Memorandum is to put you on notice that the Corporations are in breach of the respective Management Agreements referenced above.

The particulars of the breach include but are not limited to:

- failure to provide adequate information to the Manager as required pursuant to Section 7 of the Management Agreements;

- failure to respond to legitimate requests for information and answers to legitimate questions posed by the Manager as required pursuant to Section 7 of the Management Agreements;

- failure to accept Manager's recommendations and failure to execute documentation to carry out such recommendations as required pursuant to Section 4 of the Management Agreements.

- failure to provide reporting to the Bondholders of the Corporations as per the Manager's request; and

- significant and material conflicts of interest as between the board of directors of the Corporations in their personal capacity, the Corporations and the Bondholders of the Corporations.

As a result of the foregoing breaches, the Manager is unable to meet its objectives to properly report to the Bondholders and to recover the monies owed to the Corporations and the Bondholders.

We hereby give you notice that the Manager has no choice but to take action arising from such breaches. Accordingly, the Manager hereby gives you two (2) options which would be acceptable to the Manager as courses of action going forward, namely:

OPTION 1

The Corporations provide whatever consents as may be necessary to allow the Manager to make a court application to confirm the authority of the Manager to fulfil its obligations under the Management Agreements to the Corporations and to the Bondholders, which court action may include an application for protection under the Companies Creditors Arrangement Act. In particular but without restricting the generality of the foregoing, the application will allow the Manager to do the following:

(a) establish an operating budget;

(b) acquire DIP financing;

(c) hire an independent auditor;

(d) retain consultants regarding restructuring and insolvency issues, including legal counsel;

(e) orchestrate the resignation of the current directors of the Corporations and replace them with directors who are not in a conflict of interest;

(f) commence legal actions against the affiliates of the Corporations to obtain required security on the assets of such affiliates and to realize upon any security already in place;

(g) file caveats on the titled assets of the affiliates where required security is currently not in place; and

(h) appoint an investor committee of the Bondholders to whom the Manager will report.

Further, once such court application has been made, notice of the foregoing would be given to the Bondholders either directly or through the investor committee appointed pursuant to such court order. The Alberta Securities Commission would also be advised of the foregoing; or

Option 2

The Management Agreements be terminated by mutual agreement as between the Manager, the Corporations, Ron Aitkens and Noel Winter, in accordance with the Termination Agreements, drafts of which are attached as Schedule "A" and "B", respectively, and all parties shall fully comply with the provisions of such Termination Agreements, inclusive of completing all obligations required to be completed by the Closing Date as defined therein.

If you are not prepared to agree to either of the foregoing options, this Memorandum shall be notice to you that the Manager intends to unilaterally terminate the Management Agreements based on the breaches set forth above and to notify the Bondholders of such unilateral termination and of the breaches of the respective Management Agreement resulting in such unilateral termination.

Please provide your response by 5:00 o'clock PM on March 28, 2012 if you are prepared to proceed with either Option 1 or Option 2. Failing a response or in the event of a response that does not accept Option 1 or 2, the Manager will take all steps as it may consider necessary arising from the breaches of the Management Agreements by the addressees hereof, including the unilateral termination and notice to Bondholders as indicated above.

Ralph Bennetsen

From: Ralph Bennetsen <bsr@ismprojects.net>
Subject: **To the Directors of FM 1 and FM 2; cc the Directors of Four Squared Management Inc.**
Date: January 11, 2012 4:06:12 PM MST
To: Ron Aitkens <ron@harvestcmi.com>, Terressa Moore <Terressa.Moore@foundationsecurities.ca>
Cc: Frank Lonardelli <frank.lonardelli@arlingtonstreet.ca>, Winter Noel <noel.winter@okko.ca>, Wayne Tinker <wayne.tinker@okko.ca>
2 Attachments, 132 KB

Dear Ron and Terressa:

As requested, I previously sent you a summary of loans with the amounts and the names of the affiliate borrows for inclusion in your financial status report to the FM Bond Holders (another copy is herewith attached).

We would like to point out that as Directors there are 5 additional matters that require your attention:

1. Further to the loan summary, I would like to point out that the report indicates (based on the disclosure by Ron and a review of the accounts) that loan principle in the total amount of $550,000 have been repaid FM 1 and FM 2. These amounts do not include other distributions promised in the July 2011 letter. According to the Four Squared Management Agreement and the Letter sent out to the Bondholders in July of 2011, these monies need to be disbursed in priority as follows:

First to Four Squared:	$238,748.78
Second to the Bond Holders:	$311,251.22

These amounts are due and payable forthwith since most are in arrears since November 2011.

2. The Letter to the Bondholders promises to include a financial report that has been reviewed by a third party. We have provided (by hand) to you a report summarizing the entire portfolio along with financial details, extensive exhibits and we have been providing ongoing advice on the matter of divesting the assets. We have not engaged a third party accounting firm as stated in the Letter to the investors. We have not done so because of difficulty in acquiring complete information from the shareholder regarding the outstanding affiliate loans. At this juncture, I think we now have sufficient information (although still incomplete) to productively engage an independent accounting firm to review the financial affairs of FM. To do so, we need the direction and approval of the Directors of FM. We will entertain proposals from independent accounting firms, and will present them for your review in the near future.

3. Further, as discussed, Ron, let me know when you want to go meet with the Martinson's

and Peter Wall to attempt to initiate possible solutions for the Windmill Harbour, Calmar, Leduc and Priddis assets.

I got a call from Peter Wall today. He is getting really impatient and has been trying to contact you. He says unless you and he come to some satisfying resolution he will be faced with foreclosure on Priddis and activating the shotgun clause at Leduc. He wants you to resolve the conflict with the $840,000 FM 2 loan at Leduc quickly so you and he can register a charge on Leduc on account of his interest in Priddis. He also wants to know if there is any movement on financing for Priddis.

4. I received an email from the City of Calmar who has been approached by a potential purchaser of a portion of these lands. I will let you know when I have more information regarding this.

5. I understand that the Cimarron OM has now been delisted as an offering by the dealership. This places into serious question the ability of Cimarron and or Harvest GP to repay the unsecured Cimarron Loan of $3,200,000 since the other fast approaching financial obligations of the Cimarron project will take priority. Divestiture of the Cimarron asset to repay the loan appears therefore not to be an option. Can you provide direction as to what you propose to do with respect to providing repayment and or other collateral security for this loan?

Attached also attached, herewith, is a statement of accounts for Four Squared.

Thanks

Ralph Bennetsen.
Four Squared Management Inc.

FM 1 & 2 Loa...cx (97.8 KB)

Four Squared Management Inc. Statement of Account

Contract Payment Schedule	Total Portfolio Amount	Rate	Total Amount	Term	Monthly Draw
FM 1 Contract	$ 14,845,100.00	5%	$ 742,255.00	24	$ 30,927.29
FM 2 Contract	$ 16,587,300.00	5%	$ 829,365.00	24	$ 34,556.88

Charges to Be Invoiced (not including GST)					Due to Date	Invoice No	Date	Amount	GST	Total	Total Unpaid to date	Paid	Paid to date
	Sep-11												
Invoiced		FM 1	$30,927.29			4	6-Dec-11	30,927.29	1,546.36	32,473.66	32,473.66		
Invoiced		FM 2	$34,556.88			1	22-Nov-11	34,556.88	1,727.84	36,284.72		36,284.72	36,284.72
		Total	$65,484.17	$ 65,484.17									
	Oct-11												
Invoiced		FM 1	$30,927.29			5	6-Dec-11	30,927.29	1,546.36	32,473.66	64,947.31		
Invoiced		FM 2	$34,556.88			2	22-Nov-11	34,556.88	1,727.84	36,284.72	101,232.03		
		Total	$65,484.17	$ 65,484.17	$ 130,968.33								
	Nov-11												
Invoiced		FM1	$30,927.29			6	6-Dec-11	30,927.29	1,546.36	32,473.66	133,705.69		
Invoiced		FM 2	$34,556.88			3	6-Dec-11	34,556.88	1,727.84	36,284.72	169,990.41		
		Total	$65,484.17	$ 65,484.17	$ 196,452.50								
	Dec-11												
Invoiced		FM1	$30,927.29			7	8-Jan-11	$30,927.29	1,546.36	$32,473.66	202,464.06		
Invoiced		FM 2	$34,556.88			8	8-Jan-11	$34,556.88	1,727.84	$36,284.72	238,748.78		
		Total	$65,484.17	$ 65,484.17	$ 261,936.67								

Note: The following Principle Amounts have been recovered from the affiliates to FM since the commencement of the 4 Squared Contract was entered into.

Amounts Recovered to FM 1	Swift Current	250,450.00
Amounts recovered to FM 1	Railside	211,413.00
Amounts recovered to FM 2	Priest Lake	88,137.00
Total		550,000.00

The above referenced unpaid invoices in the amount of $238,748,78 are therefore due and payable forthwith.
The balance of funds should be distributed to the FM Bond holders. This amount being: $ 311,251.22

FM 1 and FM 2 Summary Report

Date: December 19, 2011
Prepared by: Four Squared Management Inc.

The following is our report to the Directors of FM 1 and FM 2. Our mandate is to maximize the loan portfolio to provide the greatest recovery of bond repayment to the bondholders. Our report is somewhat limited in its thoroughness since there is information yet to be disclosed by the shareholder. We are, however, in possession of sufficient information to provide a fairly accurate overview of the portfolio of loans and some recommendations. An example of the missing information is that at the time of writing we are missing all of the unregistered loan agreements. The sum of which total 48% of the monies advanced to the affiliates.

Since the announcement that FM was insolvent, could not pay bond distributions and there would be a winding down of the FM funds, we have been most concerned about 4 aspects; 1) collateral available, 2) security available, 3) the ability of the affiliates to repay the loans and 4) measures to be taken to recover principle amounts.

The conclusion we are proffering regarding the portfolio and its ability to recover FM principle is dramatically different than was stated to the Bondholders in August, 2011. The reasons for this are due to several unknown factors at the time.

a) That several assets were already in foreclosure and required forced sale evaluations.
b) That almost all first mortgage positions were in default putting postponed FM loans at risk.
c) Book values in the financial statements that were provided were higher than market value.
d) That most of the FM 2 and some of the FM1 loans were unsecured.
e) Most of the Ronco affiliates are insolvent and functionally bankrupt.

1. Debt coverage – Tab 4 (collateral):

The attached spreadsheet (FM 1 and FM 2 Consolidated Debt Coverage by Borrower) summarizes our records to date with respect to available FM collateral if liquidated. This analysis indicates that overall there is a combined collateral deficiency of approximately $19,178,696 against total outstanding principle amounts of $27,292,783. This means there is only $8,114,087 of collateral to cover the debt.

The reason for such a substantial shortfall is multifaceted and can be summarized as follows:

a) Purchase prices in many cases were in excess of market value at the time the lands were acquired.
b) Market values have fallen since purchase.
c) Mortgage defaults and foreclosure actions on several assets have caused forced sale evaluations.
d) Underlying defects have caused a depletion of values.

An example of the foregoing is Calmar.

Purchase transfer date was September 22, 2008 at a purchase amount of $7,182,150 (book value). An appraisal done on August 14, 2008 indicated a market value of $4,500,000 (top of the market). Total debt on Calmar was at the time of closing $5,316,371 generating a collateral shortfall of $816,371.

Market values have since fallen. This depletion of equity is further impacted by mortgage defaults and foreclosure actions on this asset.

It is important to note in this case that the FM 1 loan amounts were advanced in 2008 from June to December. The mortgage was registered on title July 7, 2009.

Currently this asset shows a collateral shortfall of $2,436,371 effectively wiping out most of the FM 2nd and 3rd mortgage collateral.

One more note regarding the Cowan appraisal referenced above. One of the limiting conditions of the appraisal is as though there are no detrimental environmental conditions that could affect land values. In this case there is considerable contamination due to several abandoned oil wells. These were fairly well documented at the time of purchase. There is no doubt, this contamination negatively affects market value. Our evaluation does not include the negative impact of the contamination.

The Following is a brief discussion regarding each asset listed in the Financial statements of FM.

1. **Airdrie 2:**
   Foreclosure proceedings are complete and have caused a loss of collateral to FM 1 of 1,500,000 and FM 2 $1,600,000.

2. **Benchmark:**
   We are not fully informed regarding this asset, however, the amount owed to FM 1 is 163,997.

3. **Callaway:**

Financing was acquired to take out the existing VTB financing forestalling the loss of the east quarter section through an existing purchase agreement. There is a registered FM 1 mortgage in the amount of $1,544,897, however the FM2 mortgage in the amount of $4,500,000 is not registered according to our records. Ron Aitkens has advised that the lawyers are in the process of registering this mortgage.

The deficiency in total collateral against debt is $1,86743. This amount will likely be the shortfall against the FM 2 mortgage.

The VTB loan is due March 31, 2012 and there is little likelihood of acquiring new financing or in being able to syndicate the property in time.

We would like to note that we have based the market value of Calaway on the Altus appraisal dated 2010 at an average of $36,000 per acre. The property is currently listed at $55,000 per acre. Although there has been some interest there have been no offers at that price.

There is no doubt that the market is improving due to development speculation locally, but this is mostly in the realm of commercial development. This will have a positive effect on the land values.

Internally, the speculative value of this land has been hotly debated but it is the opinion of the author that the value of this land for residential development is inferior to other lands in the area that are ready for development. Further, there is considerable land in the area slated for commercial development. This places the time horizon of this land as commercial or residential development far into the future; in excess of 5 years.

Finally, the fact that the existing mortgage is due March 31, 2012, it is conceivable that this property may suffer the effects of financial stress and be evaluated lower than the current Altus appraisal. In this case the deficiency in collateral could double and place the unregistered FM2 mortgage in further jeopardy.

4. **Calmar Lands:**

Calmar Lands are under foreclosure by the 1st Mortgage holder ($323,000 Hancar) and the VTB with Calmar Lands is in default ($2,055,452). Litigation is pending regarding alleged misrepresentation to 1330075 AB Ltd. by Calmar Lands in respect to environmental issues. This actions is, however somewhat of a mute point since there is no equity in the asset.

In any event, the value of the Calmar lands against total debt indicates a collateral shortage of $2,436,371 against an FM 1 mortgage of $2,773,402 and an FM2 loan of $51,841.

5. **Priddis Mullen and Priddis Fish Creek:**
   This asset is in foreclosure by Mullen. This action has been postponed until third week in Dec 2011. It is likely that Wall will be successful in being permitted to list the property, however, the listing will likely be at forced sale values.

   The collateral shortfall in the sale of the Mullen lands against the Wall 2nd mortgage will likely cause Wall to begin foreclosure on Priddis Fish Creek lands. The shortfall to FM in this asset is against a registered FM2 mortgage of $1,165,000 and an unregistered FM 1 mortgage of $1,512,750.

   A further note; the FM 2 mortgage has been incorrectly registered.

6. **P&R Gateway:**
   The information we have on this asset is incomplete. Although we do have some registered loans associated with this asset, the information we have does not cover the amount of the loans.

7. **Hegadus Land:**
   The principle amount of this loan has been paid out by Railside. Our calculations show Railside still owes $52,261.29 in accrued interest.

8. **Priest Lake:**
   According to Ron Aitkens this loan has been paid although the accounts do not reflect this as yet.

9. **Swift Current:**
   According to Ron Aitkens this loan has been paid although the accounts do not reflect this yet.

10. **Windmill Harbour:**
    This asset has a VTB 1st mortgage ($8,000,000) that is in default by Harvest GP. There is insufficient collateral to provide security for the FM loans that totals $6,606,500.

11. **Cimarron:**
    This is an unsecured loan.

    It should be noted that Cimarron OM has raised about $3,000,000 to date. This amount is insufficient to enable Cimarron to purchase the subject lands from Harvest GP. Consequently, the lands still remain an asset of Harvest GP. Since Harvest has been unable to raise sufficient capital in a timely manner, these lands should either be sold to pay the outstanding debt and repay the Cimarron investors or Cimarron should entertain the participation of a joint venture partner to develop the land.

Since the FM loan to Cimarron was not disclosed in the Cimarron OM it cannot be registered against this asset. It has been proposed by Noel Winter and Ron Aitkens, this loan be registered against the Global site owned by a different affiliate. The FM loan of $3,200,000 will likely not be paid from the Cimarron assets of Harvest GP and is therefore at risk.

We have evaluated the collateral available at Cimarron as not including the bondholder debt of $3,000,000.

In fact, the collateral deficiency should technically be higher in the amount of the FM loan until the disposition of the loan is clarified. The collateral shortfall of the portfolio would in this case be higher by about $3,000,000 i.e. $22,178,696.

Further, this asset is at risk because of Harvest GP insolvency and the default of the Windmill Harbour VTB.

12. **Leduc:**
This loan has not been registered since it would require the approval of the JV partner, Wall. It is to be noted that Harvest GP is in arrears with respect to the JV.

We have evaluated this asset based on the value 50% of the land transfer (i.e. 50% of $1,800,000) – Tab 6. This evaluation along with the FM2 unregistered loan and the JV deficiency places Harvest GP in a negative collateral position.

We would like to point out, however, that there is a fair amount of value associated with this asset in respect to the purchase of the balance of the lands and its potential development, however this value is not likely to be realized for a few years.

Further, this asset is at risk because of Harvest GP insolvency and the default of the Windmill Harbour VTB.

13. **Liberty Crossing:**
We have little information regarding this loan and its purpose.

2. Security – Tab 4 and Tab 5:

Under the FM 1 and FM 2 Offering Memoranda there are several requirements with respect to the loans (OM sections 1.2 and 2.8.1). They are as follows:

a) Security must be placed by way of Collateral Mortgages on real estate assets to be acquired.
b) Security must be placed by way of Collateral Mortgages on real estate assets for the purpose of development and construction.
c) Unsecured loans could be placed as deposits for the acquisition of real estate assets.
d) Other commercially acceptable security including a General Security Agreement was to be placed against all loans by the affiliates.

We have included for reference a spreadsheet captioned Mortgage Summary where loan amounts and security is logged.

As mentioned earlier 48% of the loans remain to date unsecured. We would also like to point out that we have not received evidence of any other commercially acceptable security including a registered GSA. These two deficiencies in security are significant omissions of compliance with the OM.

3. Loan Accounts - Tab 4:

One of the missing items of information in the accounting is an accounting of the affiliate loans. We have in lieu of such accounting provided for reference a loan account summary wherein we have included monies advanced for loans and interest owed from the affiliates.

This shows that unallocated interest amounts of $4,723,875 have been paid to FM1 and distributed to the bond holders. There is outstanding interest owed by the affiliates in the amount of $401,480. For FM 2 the amounts are $3,542,761.32 and $371,638.45 respectively, notwithstanding the deficiency in collateral.

4. Financial Statements –Tab 2:

The financial statements are incomplete in that they do not provide details as to all types of transactions. For example there is no accounting for loan interest by borrower (revenue), there is no accounting for interest paid to the bond holders (expenses), nor is there any accounting for principle paid by the affiliates nor to the bond holders.

As a result, since the founding of FM 1 (Nov 2007) and FM 2 (Sept 2008) there have been no CRA fillings.

5. Recovery of Principle and Repayment of Bonds – Tab 4 and Tab 4:

The Bondholders of FM 1 have been issued $14,507,259 in bonds against principle Loan Principle Due FM1 of $12,352,891 yielding a deficiency in capital to repay bonds of $2,154,367. The accounts show retained earnings of $-2,154,367.

In FM 2 the figures are $16,229,458 outstanding bonds, 14,939,890 principle due and $1,289,567 capital deficiency with accounts showing retained earnings of $-1,606,824. The total capital deficiency is $3,443,935. Since the bond interest paid is 11% and the loan interest rates re 12% this spread is insufficient to cover the negative retained earnings. The interest rate charged the affiliates would have to have been approximately 17% to cover this capital deficiency. We are unclear what the plan was to pay this deficiency.

The total collateral deficiency as stated is $19,178,696 and the capital deficiency is negative $3,443,935, the total deficiency is therefore $22,622,631 against outstanding bonds of $30,736,717.

6. Covenant of the Affiliates:

The three main affiliates are 1330075 AB Ltd., 1357686 AB Ltd. and Harvest GP.

All of the assets of 1330075 AB Ltd. with the possible exception of Priest Lake and P&R Gateway are in some kind of distress and have insufficient assets to cover the outstanding loans.

Harvest GP is also underwater by virtue of Windmill Harbour. Cimarron, although not currently in distress, has raised about $3,000,000. This will likely have to be paid back to the investors since Cimarron OM has not been able to raise sufficient capital over the last 8 months to cover the requirements of the OM. As such Harvest GP will not be able to fulfill its loan obligations to FM. For this reason both 1330075 AB Ltd. and Harvest GP are not only insolvent but are functionally bankrupt.

Calaway (1357686 AB Ltd.) will likely be in distress early next year since its loan will be due in the first quarter of next year. It will be virtually impossible to raise sufficient debt to payout the FM loans. For this reason the only potential for this asset is liquidation either buy sale or syndication. Syndication is unlikely to be successful given the current market conditions and the ability of Harvest to raise capital. Sale is probably the most likely option.

None of these affiliates are generating revenue sufficient to meet their obligations (two no revenue at). None have sufficient collateral. All are consequently insolvent.

8. Recommendations:

With respect to the recovery of capital to FM our recommendations are as follows:

1. Calaway should be sold as soon as possible before it becomes distressed.

2. Cimarron should be sold or a joint venture established as soon as possible be before it becomes distressed since it is currently at risk with respect to Harvest GP insolvency.

3. Leduc should be sold as soon as possible since it is as risk with respect to Harvest GP insolvency.

4. Priest Lake holds some possibility of equity recovery for FM, however this may be unlikely since there is no GSA with respect to 1330075 AB Ltd.

   This asset is at risk due to 1330075 AB Ltd. insolvency.

5. Global site should also be sold to recover FM loans, however the company that holds this asset is not an FM debtor.

The other assets which hold major FM debt ($13,980,987) i.e Airdire 2, Calmar, Windmill Harbour and Priddis, hold virtually no chance for recovery of these loans since all are in default or in foreclosure with no collateral supporting the FM loans. Even with respect to Calaway the unsecured FM Loan of $4,450,000 will likely not be covered by the sale of Calaway. The foregoing 5 assets account for almost all of the impending losses to FM, this notwithstanding the loan made to Cimarron the status of which is in question.

Sincerely,

Ralph Bennetsen
Four Square Management Inc

Four Squared Management Inc. Statement of Account

Contract Payment Schedule	Total Portfolio Amount	Rate	Total Amount	Term	Monthly Draw
FM 1 Contract	$ 14,845,100.00	5%	$ 742,255.00	24	$ 30,927.29
FM 2 Contract	$ 16,587,300.00	5%	$ 829,365.00	24	$ 34,556.88

Charges to Be Invoiced (not including GST)					Due to Date	Invoice No	Date	Amount	GST	Total	Total Unpaid to date	Paid	Paid to date
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Invoiced		FM 1	$30,927.29			4	6-Dec-11	30,927.29	1,546.36	32,473.66	32,473.66		
Invoiced		FM 2	$34,556.88			1	22-Nov-11	34,556.88	1,727.84	36,284.72		36,284.72	36,284.72
		Total	$65,484.17	$ 65,484.17									
	Oct-11												
Invoiced		FM 1	$30,927.29			5	6-Dec-11	30,927.29	1,546.36	32,473.66	64,947.31		
Invoiced		FM 2	$34,556.88			2	22-Nov-11	34,556.88	1,727.84	36,284.72	101,232.03		
		Total	$65,484.17	$ 65,484.17	$ 130,968.33								
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Invoiced		FM1	$30,927.29			6	6-Dec-11	30,927.29	1,546.36	32,473.66	133,705.69		
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Invoiced		FM 2	$34,556.88			8	8-Jan-11	$34,556.88	1,727.84	$36,284.72	238,748.78		
		Total	$65,484.17	$ 65,484.17	$ 261,936.67								
	Jan-12												
Invoiced		FM1	$30,927.29			9	05-Mar-12	$30,927.29	1,546.36	$32,473.66	271,222.44		
Invoiced		FM 2	$34,556.88			10	05-Mar-12	$34,556.88	1,727.84	$36,284.72	307,507.16		
		Total	$65,484.17	$ 65,484.17	$ 327,420.83								

TAB N

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: December 6, 2011
INVOICE # 4

FOR: FM 1 Management Services

BILL TO:
Terressa Moore
FM1
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services September 2011			$ 30,927.29

SUBTOTAL	$ 30,927.29
RATE	5.00%
GST	1,546.36
OTHER	
TOTAL	$ 32,473.66

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

THIS IS EXHIBIT "N"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

THANK YOU FOR YOUR BUSINESS!

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: December 6, 2011
INVOICE # 5

FOR: FM 1 Management Services

BILL TO:
Terressa Moore
FM1
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services October 2011			$ 30,927.29

SUBTOTAL	$ 30,927.29
RATE	5.00%
GST	1,546.36
OTHER	
TOTAL	$ 32,473.66

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

THANK YOU FOR YOUR BUSINESS!

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: December 6, 2011
INVOICE # 6

FOR: FM 1 Management Services

BILL TO:
Terressa Moore
FM1
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services November 2011			$ 30,927.29
		SUBTOTAL	$ 30,927.29
		RATE	5.00%
		GST	1,546.36
		OTHER	
		TOTAL	$ 32,473.66

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

THANK YOU FOR YOUR BUSINESS!

Four Squared Management Inc

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: January 8, 2012
INVOICE # 7

BILL TO:
Terressa Moore
FM1
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

FOR: FM 1 Management Services

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services December 2011			$ 30,927.29

SUBTOTAL	$ 30,927.29
RATE	5.00%
GST	1,546.36
OTHER	
TOTAL	$ 32,473.66

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

THANK YOU FOR YOUR BUSINESS!

TAB O

From: "Terressa Moore" <Terressa.Moore@foundationsecurities.ca>
Subject: **Four Squared**
Date: November 22, 2011 5:17:54 PM MST
To: "Frank Lonardelli" <Frank.Lonardelli@theharvestgroup.ca>, "Ralph Bennetsen" <bsr@ismprojects.net>
1 Attachment, 19.1 KB

Frank/Ralph:

Ralph submitted invoices for Four Squared Management totaling $72,569.44.
He needs to get money paid to him pretty quickly, I completely understand that and agree totally.

If this invoice is paid, there is a probability that the payments to investors will not be made in November and December which in my opinion is NOT good for going forward, your credibility and beyond the bond.
I am willing to pay to 4squared any monies that are left over above and beyond the payments to cover those two months to investors but not anything more at this time. There would be funds to pay one of the months invoiced for (half of total).

Any other time if a property is sold or a loan recovered, I do realize that this service gets paid first however, I do not believe it is in the best interest of the company to force that payment now.

Obviously, 4 squared can demand payment because it is in the contract that professional services get paid first. I did sign the contract, I am asking that it not be enforced at this time.
I think in this situation, if we pay one invoice, everyone benefits. Investors, You, Beyond the Bond and Ralph.

That all being said, Ron is still suppose to get funds to cover the 90k needed each month for these payments and that is still the case as I did not tell him we moved the funds. Cannot hide it really if he looks but he will have to look to find out. If he even gets one company (FM1 or FM2) month covered then nothing here is an issue and both invoices can be paid easily and I would be happy to do so.

You boys can discuss and get back to me.

TERRESSA MOORE EMDR Support

A #14, 11410 - 27th Street SE, Calgary AB T2Z 3R6
P (403)253-5822 TF 1-866-312-8720
E terressa.moore@foundationsecurities.ca
W www.foundationsecurities.ca

FOUNDATION SECURITIES

building your secure foundation

THIS IS EXHIBIT "O"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 7
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

From: "Terressa Moore" <Terressa.Moore@foundationsecurities.ca>
Subject: **Re: To the Directors of FM 1 and FM 2; cc the Directors of Four Squared Management Inc.**
Date: January 11, 2012 4:54:16 PM MST
To: "Ralph Bennetson Forward" <bsr@ismprojects.net>, "Ron Aitkens Harvest" <ron@harvestcmi.com>
Cc: "Frank ASI Forward" <frank.lonardelli@arlingtonstreet.ca>, <noel.winter@okko.ca>, "Wayne Tinker Forward" <wayne.tinker@okko.ca>

Ralph
Thanks for this email. Let me be perfectly clear on my position at this time to you and four squared. Those loans that were paid back was to make the interest payments to investors and that is where the money went. Everyone knows this. I could not justify giving such a huge amount to four squared to the investors.
Reaction would not be in your favor.

I would like to see plans on how things will move forward and how the funds will get back on each asset. I really haven't seen anything on that matter except its impossible and if that is four squared opinion then that needs to be stated and a new team brought in to do the work.

I hope everyone can keep these investors in mind and focus on that and not use this for any other agendas.

I am out of the office on personal issues until monday and will work on an update for investors at that time.

From: Ralph Bennetsen [mailto:bsr@ismprojects.net]
Sent: Wednesday, January 11, 2012 04:06 PM
To: Ron Aitkens Harvest; Terressa Moore
Cc: Frank ASI Forward; Winter Noel <noel.winter@okko.ca>; Wayne Tinker Forward
Subject: To the Directors of FM 1 and FM 2; cc the Directors of Four Squared Management Inc.

Dear Ron and Terressa:

As requested, I previously sent you a summary of loans with the amounts and the names of the affiliate borrows for inclusion in your financial status report to the FM Bond Holders (another copy is herewith attached).

We would like to point out that as Directors there are 5 additional matters that require your attention:

1. Further to the loan summary, I would like to point out that the report indicates (based on the disclosure by Ron and a review of the accounts) that loan principle in the total amount of $550,000 have been repaid FM 1 and FM 2. These amounts do not include other distributions promised in the July 2011 letter. According to the Four Squared Management Agreement and the Letter sent out to the Bondholders in July of 2011, these monies need to be disbursed in priority as follows:

First to Four Squared:	$238,748.78
Second to the Bond Holders:	$311,251.22

These amounts are due and payable forthwith since most are in arrears since November 2011.

2. The Letter to the Bondholders promises to include a financial report that has been reviewed by a third party. We have provided (by hand) to you a report summarizing the entire portfolio along with financial details, extensive exhibits and we have been providing ongoing advice on the matter of divesting the assets. We have not engaged a third party accounting firm as stated in the Letter to the investors. We have not done so because of difficulty in acquiring complete information from the shareholder regarding the outstanding affiliate loans. At this juncture, I think we now have sufficient information (although still incomplete) to productively engage an independent accounting firm to review the financial affairs of FM. To do so, we need the direction and approval of the Directors of FM. We will entertain proposals from independent accounting firms, and will present them for your review in the near future.

3. Further, as discussed, Ron, let me know when you want to go meet with the Martinson's and Peter Wall to attempt to initiate possible solutions for the Windmill Harbour, Calmar, Leduc and Priddis assets.

I got a call from Peter Wall today. He is getting really impatient and has been trying to contact you. He says unless you and he come to some satisfying resolution he will be faced with foreclosure on Priddis and activating the shotgun clause at Leduc. He wants you to resolve the conflict with the $840,000 FM 2 loan at Leduc quickly so you and he can register a charge on Leduc on account of his interest in Priddis. He also wants to know if there is any movement on financing for Priddis.

4. I received an email from the City of Calmar who has been approached by a potential purchaser of a portion of these lands. I will let you know when I have more information regarding this.

5. I understand that the Cimarron OM has now been delisted as an offering by the dealership. This places into serious question the ability of Cimarron and or Harvest GP to repay the unsecured Cimarron Loan of $3,200,000 since the other fast approaching financial obligations of the Cimarron project will take priority. Divestiture of the Cimarron asset to repay the loan appears therefore not to be an option. Can you provide direction as to what you propose to do with respect to providing repayment and or other collateral security for this loan?

Attached also attached, herewith, is a statement of accounts for Four Squared.

Thanks

Ralph Bennetsen.
Four Squared Management Inc.

TAB P

Notice of Termination

DATED April 30, 2012

TO: The Directors of Foundation Mortgage Corporation and Foundation Mortgage "2" Corporation (the "**Corporations**")

FROM: Four Squared Management Inc. Per: Ralph Bennetsen

We refer to the Memorandum dated March 23, 2012, the Management Agreement between Four Squared Management Inc. (the Manager) and Foundation Mortgage Corporation dated July, 2011 ("Management Agreement 1"), and the Management Agreement between the Manager and Foundation Mortgage "2" Corporation dated July, 2011 (Management Agreement 2) are hereinafter collectively, the Management Agreements".

We further refer you to the opening report of the Manager dated December 19, 2011 and the follow up report sent to you on January 11, 2012, as well as numerous e-mails between directors and officers of the Manager and your agent, Noel Winter.

The Corporations are in breach of the respective Management Agreements which breaches include, without limitation:

- failure to pay outstanding invoices submitted by the Manager to the Corporations (the "Outstanding Invoices");
- failure to provide adequate information to the Manager as required pursuant to Section 7 of the Management Agreements;
- failure to respond to legitimate requests for information and answers to legitimate questions posed by the Manager as required pursuant to Section 7 of the Management Agreements;
- failure to accept Manager's recommendations and failure to execute documentation to carry out such recommendations as required pursuant to Section 4 of the Management Agreements; and
- failure to provide reporting to Corporations' bondholders in accordance with the Manager's directions.

As a result of the foregoing breaches outlined (the "Breaches"), the Manager is unable to perform its duties and obligations under the Management Agreements. Accordingly, we hereby give you notice that the Manager is hereby terminating the Management Agreements, without prejudice to any and all rights of the Manger under the Management Agreements and at law including, without limitation, recovery of those amounts due pursuant to the Outstanding Invoices, and all losses and deficiencies sustained by the Manager as a result of the Breaches and resulting from the termination of the Management Agreements.

Therefore; we hereby give you notice that Four Squared Management is hereby Terminating the above referenced agreement without prejudice to the rights of Four Squared Management under the Management Agreement which rights shall survive.

Sincerely,
Four Squared Management Inc.

Per Ralph Bennetsen

THIS IS EXHIBIT "P"
referred to in the Affidavit of
Ralph Bennetsen
Sworn before me this 1
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

TAB Q

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: November 22, 2011
INVOICE # 1

FOR: FM 2 Management Services

BILL TO:
Terressa Moore
FM 2
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services September 2011			$ 34,556.88

SUBTOTAL	$ 34,556.88
RATE	5.00%
GST	1,727.84
OTHER	
TOTAL	$ 36,284.72

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

THANK YOU FOR YOUR BUSINESS!

THIS IS EXHIBIT " Q "
referred to in the Affidavit of
Ralph Bennytsen
Sworn before me this 1
Day of May, 2012

A Commissioner for Oaths
in and for the Province of Alberta

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: November 22, 2011
INVOICE # 2

FOR: FM 2 Management Services

BILL TO:
Terressa Moore
FM 2
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services October 2011			$ 34,556.88
		SUBTOTAL	$ 34,556.88
		RATE	5.00%
		GST	1,727.84
		OTHER	
		TOTAL	$ 36,284.72

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

THANK YOU FOR YOUR BUSINESS!

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: December 6, 2011
INVOICE # 3

FOR: FM 2 Management Services

BILL TO:
Terressa Moore
FM 2
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services October 2011			$ 34,556.88
		SUBTOTAL	$ 34,556.88
		RATE	5.00%
		GST	1,727.84
		OTHER	
		TOTAL	$ 36,284.72

Make all checks payable to **Your Company Name**
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THANK YOU FOR YOUR BUSINESS!

Four Squared Management Inc

INVOICE

Four Squared Management Inc
18 11420 27th Street SE
Calgary AB, T2Z 3R6
Phone (403) 816 5680

DATE: January 8, 2012
INVOICE # 8

BILL TO:
Terressa Moore
Foundation Mortgage 2
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

FOR: FM 2 Management Services

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services December 2011			$ 30,927.29

SUBTOTAL	$ 30,927.29
RATE	5.00%
GST	1,546.36
OTHER	
TOTAL	$ 32,473.66

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THANK YOU FOR YOUR BUSINESS!

Four Squared Management Inc

INVOICE

Four Squared Management Inc
1722 Kensington Road NW
Calgary AB, T2N 3R3
Phone (403) 816 5680

DATE: March 14, 2012
INVOICE # 10

FOR: FM 2 Management Services

BILL TO:
Pauline Philips
Foundation Mortgage 2
18 11420 27th Street SE
Calgary AB
Phone: 403 253 5822

DESCRIPTION	HOURS	RATE	AMOUNT
Management Services January 2012			$ 34,556.88
		SUBTOTAL	$ 34,556.88
		RATE	5.00%
		GST	1,727.84
		OTHER	
		TOTAL	$ 36,284.72

Make all checks payable to **Your Company Name**
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

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