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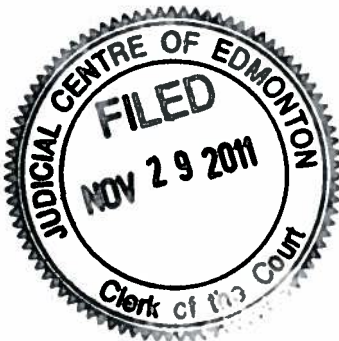
COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

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



AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGMENT OF ARMAC INVESTMENTS LTD.  
(AB), LAKE EDEN PROJECTS INC. (AB), 1204583  
ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB),  
WESTRIDGE PARK LODGE DEVELOPMENT CORP  
(AB), and WESTRIDGE PARK LODGE AND GOLF  
RESORT LTD. (AB), HALF MOON LAKE RESORT  
LTD. (AB), NO. 50 CORPORATE VENTURES LTD.  
(BC), FISHPATHS RESORTS CORPORATION (BC),  
ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES  
LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC),  
JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT  
MOUNTAIN PROPERTIES LTD. (BC), and CHERRY  
BLOSSOM PARK DEVELOPMENT CORP (BC)  
(collectively, the "Purdy Group of Companies")

DOCUMENT

**PROPOSED MONITOR'S REPORT ON DEBTOR'S  
CASH FLOW STATEMENT**

**NOVEMBER 29, 2011**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**PROPOSED MONITOR**  
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<b>APPENDIX A</b>	<b>Cash-Flow Statement and Notes</b>
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## **INTRODUCTION**

1. In accordance with section 10(2) of the *Companies Creditors' Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA"), the Purdy Group of Companies ("Purdy" or the "Company") has prepared a 9-week cash flow forecast for their receipts and disbursements for the period of November 30, 2011 to January 27, 2012 (the "Cash-Flow Statement"). In preparing the Cash-Flow Statement, management of the Company has used the probable and hypothetical assumptions as set out in the notes A-I (the "Notes") to the Cash-Flow Statement.
2. A copy of the signed Cash-Flow Statement and Notes are appended as Exhibit "K" to the Affidavit of Jack Kenneth Purdy sworn November 25, 2011 (the "November 25<sup>th</sup> Purdy Affidavit") and are attached hereto as Appendix A.
3. As indicated in the Cash-Flow Statement, the Company estimates that it will have total receipts of approximately \$1,413,800 and total disbursements of approximately \$1,140,000 for the period of November 30, 2011 to January 27, 2012. As reflected in the Cash-Flow Statement and as set out in the November 25<sup>th</sup> Purdy Affidavit, the Company has sufficient funds to satisfy its projected uses of cash for the next 9 weeks, which is also discussed further in the Notes to the Cash-Flow Statement.

## **PROPOSED MONITOR'S REVIEW OF THE CASH-FLOW STATEMENT**

4. We have reviewed the Cash-Flow Statement in our capacity as proposed monitor (the "Proposed Monitor") of the Company. The sole purpose of the Proposed Monitor's report is to provide the Court with our findings with respect to our review of the Company's Cash-Flow Statement as to its reasonableness in accordance with section 23(1)(b) of the CCAA.
5. Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the management and employees of the Company. Since hypothetical assumptions need not be supported, our procedures

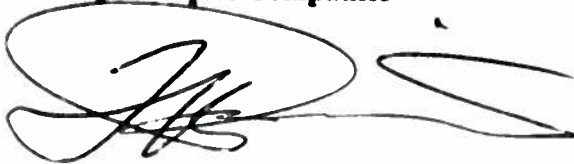
with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash-Flow Statement. We have also reviewed the support provided by management of the Company for the probable assumptions and the preparation and presentation of the Cash-Flow Statement.

#### **PROPOSED MONITOR'S OPINION ON CASH-FLOW STATEMENT**

6. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:
  - a) the hypothetical assumptions are not consistent with the purpose of the Cash-Flow Statement;
  - b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash-Flow Statement, given the hypothetical assumptions; or
  - c) the Cash-Flow Statement does not reflect the probable and hypothetical assumptions.
7. Since the Cash-Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash-Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.
8. The Cash-Flow Statement has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, this 29<sup>th</sup> day of November, 2011.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Proposed Monitor of  
Purdy Group of Companies**

A handwritten signature in black ink, appearing to be 'Tim Reid', written over a horizontal line.

**Tim Reid, CA•CIRP  
Managing Director**

# APPENDIX A

**PURDY GROUP OF COMPANIES  
STRATHCONA COUNTY  
ALBERTA**

November 25, 2011

**Alvarez & Marsal Canada ULC  
Bow Valley Square II  
Suite 3300, 205 - 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V7**

**Attention: Tim Reid, CA-CIRP**

**Dear Sir:**

**Re: Proceedings under the Companies' Creditors Arrangement Act ("CCAA")  
Responsibilities/Obligations and Disclosure with Respect to Cash Flow Projections**

In connection with the application by the Purdy Group of Companies ("Purdy"), as listed in Appendix A to this letter, for the commencement of proceedings under the CCAA in respect of Purdy, the management of Purdy (the "Management") has prepared the attached Cash-Flow Statement and the assumptions on which the Cash-Flow Statement is based.

Purdy confirms that:

1. The Cash-Flow Statement and the underlying assumptions are the responsibilities of Purdy;
2. All material information relevant to the Cash-Flow Statement and to the underlying assumptions has been made available to Alvarez & Marsal Canada ULC (the "Proposed Monitor"), in its capacity as Proposed Monitor, and
3. Management has taken all actions that it considers necessary to ensure:
  - a. That the individual assumptions underlying the Cash-Flow Statement are appropriate in the circumstances; and
  - b. That the individual assumptions underlying the Cash-Flow Statement, taken as a whole, are appropriate in the circumstances.

Yours truly,  
Purdy Group of Companies



**Jack Purdy  
President & Chief Executive Officer**

**PURDY GROUP OF COMPANIES  
STRATHCONA COUNTY  
ALBERTA**

**APPENDIX A**

**LISTING OF PURDY GROUP OF COMPANIES**

**ARMAC INVESTMENTS LTD. (AB)**

**LAKH EDEN PROJECTS INC. (AB)**

**1204583 ALBERTA INC. (AB)**

**1317517 ALBERTA INC. (AB)**

**WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB)**

**WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB)**

**HALF MOON LAKE RESORT LTD. (AB)**

**NO. 50 CORPORATE VENTURES LTD. (BC)**

**FISHPATHS RESORTS CORPORATION (BC)**

**ARMAC INVESTMENT LTD. (BC)**

**OSTROM ESTATES LTD. (BC)**

**HAWKEYE MARINE GROUP LTD. (BC)**

**JUBILEE MOUNTAIN HOLDINGS LTD. (BC)**

**GIANT MOUNTAIN PROPERTIES LTD. (BC)**

**CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)**





## APPENDIX A

Purdy Group of Companies  
 Projected Cash Flow Statement  
 For the period of November 30, 2011 to January 27, 2012 (the "Forecast Period")  
 (in CDN dollars)

Week ending	Week 1 20-Nov-11	Week 2 27-Dec-11	Week 3 03-Jan-12	Week 4 10-Jan-12	Week 5 17-Jan-12	Week 6 24-Jan-12	Week 7 31-Jan-12	Week 8 07-Feb-12	Week 9 14-Feb-12	Total
Management of Purdy has prepared this Projected Cash Flow Statement based on the probable and hypothetical assumptions detailed in										
<b>RECEIPTS</b>										
Fishpath trade sales and rental receipts										
Collection of funds held in trust										
<b>Total receipts</b>										
<b>DISBURSEMENTS</b>										
Fishpath operating disbursements										
Professional fees										
Property tax arrears										
Contingency										
Preservation, repair and marketing costs										
<b>Total operating disbursements</b>										
Restructuring retainer fees										
<b>Total disbursements</b>										
<b>NET CHANGE IN CASH</b>										
<b>OPENING CASH</b>										
Net change in cash										
<b>ENDING CASH</b>										

  
 Jack Purdy  
 President & Chief Executive Officer

*November 25/2011*  
 Date

## APPENDIX A

**Purdy Group of Companies ("Purdy")**  
**Projected Cash Flow Statement**  
 For the period of November 30, 2011 to January 27, 2012  
 (in Cdn dollars)

**Notes and Assumptions:**

"Management of Purdy has prepared this Projected Cash Flow Statement based on the probable and hypothetical assumptions detailed in Notes A-I. Consequently, actual results will likely vary from the financial performance and such variations may be material. It is assumed that all costs incurred during the CCAA filing are forecast to be paid cash on demand ("COD"), as the forecast assumes that suppliers will no longer extend credit to Purdy.

- A Trade sales and rental receipts relate primarily to the estimated collection of approximately \$13,000 in sales and rentals receipts at the Fishpath Resorts Corporation (the Banfield Trails Motel) over the Forecast Period.
- B Collection of funds held in trust of approximately \$1.4 million relate primarily to a deposit currently held by this Honourable Court representing the proceeds from the sale of certain lands previously owned by Lake Eden Projects Inc., pursuant to a consent order granted by this Honourable Court dated June 2, 2011. The release of these funds will be subject to further order of this Honourable Court.
- C Fishpath operating disbursements of approximately \$11,000 relate primarily to various general and administrative expenses, wages and benefits and utility costs associated in operating Fishpath Resorts Corporation (the Banfield Trails Motel) over the Forecast Period.
- D Professional fees of \$100,000 relate to the payment of pre-CCAA filing costs incurred by the Proposed Monitor, its counsel and Purdy's legal counsel in preparation for the CCAA and in providing certain advisory services to Purdy prior to these proceedings.
- E Property tax amount of approximately \$250,000 relate primarily to the payment of certain outstanding property taxes held by Purdy in the Province of British Columbia and Alberta.
- F Contingency costs are forecast at \$15,000 over the Forecast Period to cover unforeseen costs that may arise that were not previously captured in the Projected Cash Flow Forecast.
- G Preservation, repair and marketing costs of approximately \$250,000 have been identified as costs that are anticipated to be incurred by Purdy to ensure certain of its properties are in an appropriate selling state for the purposes of developing a successful plan of arrangement.
- H Restructuring retainer fees of \$525,000 relate to the payment of certain retainers to the Monitor and its counsel and Purdy's legal counsel of \$325,000 and \$150,000, respectively, to cover professional fees and costs incurred over the course of the CCAA proceedings. In addition, a retainer for \$60,000 has been set aside for professional fees relating to Purdy's CEO, Mr. Jack Purdy, anticipated personal insolvency proposal.

- I Opening cash balance on November 30, 2011 (as per general ledger).

  
 Jack Purdy  
 President & Chief Executive Officer

November 25/2011  
 Date