

COURT FILE NUMBER BE03-568045

ESTATE NUMBER 24-1568045

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

APPLICANT IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c.B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF
JOHN KENNETH PURDY OTHERWISE KNOWN AS
JACK PURDY

DOCUMENT SIXTH REPORT OF ALVAREZ AND MARSAL
CANADA INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
JOHN (JACK) KENNETH PURDY

OCTOBER 9, 2012

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.
Bow Valley Square II
Suite 3300, 205 – 5th Avenue SW
Calgary, Alberta T2P 2V7
Tim Reid/Orest Konowalchuk
Telephone: (403) 538-4756 / (403) 538-4736
Email: treid@alvarezandmarsal.com
okonowalchuk@alvarezandmarsal.com

COUNSEL
FRASER MILNER CASGRAIN LLP
Barristers & Solicitors
Ray Rutman
2900 Manulife Place, 10180 – 101 Street
Edmonton, Alberta T5J 3V5
Phone: (780) 423-7246
Fax: (780) 423-7276
Email: Ray.Rutman@FMC-Law.com
File: 529227-7



**TABLE OF CONTENTS OF THE SIXTH REPORT OF THE PROPOSAL
TRUSTEE**

INTRODUCTION	3
TERMS OF REFERENCE	4
LIMITATION IN SCOPE OF REVIEW.....	4
BACKGROUND	5
FIRST MEETING OF CREDITORS	6
INVESTIGATION OF AFFAIRS OF PURDY	6
PROOFS OF CLAIM UPDATE.....	9
ACTUAL RECEIPTS & DISBURSEMENTS OF PURDY – JUNE 1, 2012 TO SEPTEMBER 21, 2012	10
RECOMMENDATION	11

**LISTING OF APPENDICES TO THE SIXTH REPORT OF THE PROPOSAL
TRUSTEE**

APPENDIX A	Minutes of the First Meeting of Creditors
APPENDIX B	Meeting Notice

INTRODUCTION

1. On December 2, 2011, Mr. John (Jack) Kenneth Purdy ("Purdy") sought protection from his creditors through the filing of a Notice of Intention (the "NOI") to Make a Proposal (the "Proposal"), under section 50.4(1) of the *Bankruptcy and Insolvency Act* ("BIA"), R.S.C. 1985, c.B-3, as amended. The NOI filing was accepted by the Office of the Superintendent of Bankruptcy Canada ("OSB") and protection was obtained from Purdy's creditors on the morning of December 2, 2011 (the "Filing Date"). Alvarez & Marsal Canada Inc. (the "Trustee") was named as Trustee under the NOI.
2. On June 1, 2012, Purdy lodged a Proposal with the Trustee and the Trustee filed his Proposal at the Office of the Superintendent of Bankruptcy.
3. On June 22, 2012 a meeting of creditors was held to amongst other things consider the affairs of the debtor and vote on the proposal.
4. The purpose of this sixth report of the Trustee (the "Trustee's Sixth Report") is to provide this Honourable Court and Purdy's Creditors with an update in respect of the:
 - a) first meeting of creditors (the "FMOC") held on June 22, 2012;
 - b) proofs of claim received in these proposal proceedings;
 - c) affairs of Purdy and in particular the status of the CCAA proceedings;
 - d) collection of funds held in trust regarding a pre-NOI foreclosure sale of a condominium unit previously owned by Purdy;
 - e) actual cash collections and disbursements of Purdy for the period of June 1, 2012 to September 21, 2012 (the "Reporting Period"); and
 - f) Trustee's recommendations.

5. Capitalized words or terms not defined or ascribed a meaning in the Trustee's Sixth Report are as defined or ascribed a meaning in the first report of the Trustee (the "Trustee's First Report"), the second report of the Trustee (the "Trustee's Second Report"), the third report of the Trustee (the "Trustee's Third Report"), the fourth report of the Trustee (the "Trustee's Fourth Report"), the fifth report of the Trustee (the "Trustee's Fifth Report") and the Proposal.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Sixth Report, the Trustee has relied upon unaudited financial information, Purdy's records and discussions with various advisors of Purdy. The Trustee has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this report is based on Purdy's assumptions regarding future events and actual results achieved may vary from this information and the variations may be material.

LIMITATION IN SCOPE OF REVIEW

8. The Sixth Report has been prepared by the Trustee pursuant to the rules and regulations set out in the BIA. The BIA provides that the Trustee shall incur no liability for any act or omission pursuant to its appointment or fulfillment of its duties, save and except for gross negligence or wilful misconduct on its part.
9. This Sixth Report is not and should not be construed or interpreted as an endorsement, comment or recommendation to any creditor, prospective investor, or any person to advance credit and/or goods and services or to continue to provide credit and/or goods and services or to lend monies to Purdy during these proceedings and/or at any other time.

10. The Trustee has not audited or reviewed the assets of Purdy, and with respect to such assets, has relied to a significant degree upon information provided by Purdy.
11. The Trustee is specifically not directed or empowered to take possession of the assets of Purdy or to manage any of the business and affairs of Purdy.

BACKGROUND

12. Purdy is a businessman who has been involved in the Alberta and British Columbia commercial real estate markets for many years. Purdy conducts his real estate development and related activities through a number of entities owned directly and indirectly, legally and beneficially, by Purdy.
13. The majority of Purdy's entities are currently operating under a stay of proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "CCAA") (collectively, these entities are referred to as the "Purdy Companies"), pursuant to an order of the Court of Queen's Bench of Alberta (the "Initial Order"), dated December 1, 2011. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor of the Purdy Companies (the "Monitor").
14. Further background on Purdy and the Purdy Companies is contained in the materials filed in support of the application for the Initial Order, including the November 25, 2011 affidavit of Purdy (the "November 25th Purdy Affidavit"), the Trustee's previous five reports in these proceedings and the Monitor's seven reports filed in the CCAA proceedings. These documents, together with other information regarding the NOI and proposal of Purdy, which includes the various filed reports of the Trustee, as well as the CCAA proceedings, have been posted by the Trustee on its website at: www.amcanadadocs.com/purdy.

FIRST MEETING OF CREDITORS

15. A FMOC was held on June 22, 2012 at 10:00 a.m., at The Sutton Place Hotel, 10235 – 101 Street, Edmonton, Alberta to consider, amongst other things, the affairs of Purdy and his Proposal, affirm the appointment of the Trustee (Alvarez & Marsal Canada Inc. was affirmed Trustee) and to proceed to vote on the Proposal, as fully described and discussed in the minutes of the FMOC. Minutes of the meeting are attached as Appendix A.
16. A vote on the Proposal was not conducted as the FMOC was adjourned pursuant to s.52(a) of the BIA to enable further appraisal and investigation of the affairs and property of Purdy by the Trustee.
17. On September 21, 2012, the Trustee sent a notice to all creditors that filed a proof of claim in the Proposal proceedings advising them that the FMOC will be reconvened on October 9, 2012 at 11:00 a.m. A copy of the notice is attached as Appendix B.

INVESTIGATION OF AFFAIRS OF PURDY

18. Purdy continues to be cooperative and forthcoming with the Trustee during his Proposal proceedings. The Trustee is not aware of any change in the circumstances of Purdy's activities and/or personal affairs, other than the updates discussed below.

CCAA Proceedings

19. On September 28, 2012, an order was granted by the Court of Queen's Bench of Alberta in the CCAA proceedings extending the stay of proceedings to December 21, 2012. In connection with this application, the Monitor provided a report (the "Monitor's 7th Report") to the Court regarding, amongst other things, an update on the Purdy Companies' operational and restructuring activities to date. A copy of the Monitor's 7th Report is available on the Monitor's website.

20. In summary, the Monitor's 7th Report advised the Court that progress is being made towards putting forth a viable plan of arrangement (the "Plan") to the Purdy Companies creditors and that the Purdy Companies current restructuring intentions will likely require all creditors in the CCAA to remain patient for at least a further six (6) months before a formal Plan is circulated.
21. The Monitor's 7th Report also advised the Court on what the Purdy Companies were pursuing in their restructuring including:
- a) continued litigation with the County of Strathcona to extend the term of the RV lot leases to enhance value and marketability;
 - b) further restoring and improving certain of their B.C. resort properties to full operating capability to enhance their marketability for sale or refinancing. In this regard, a professional management company has been engaged to take over operation of the B.C. resort properties; and
 - c) the sale of certain non-core properties and the Alberta properties in foreclosure.
22. A claim proving process was previously approved by the Court in the CCAA proceedings and a number of significant claims, which were filed, were disallowed by the Monitor in consultation with the Purdy Companies and are now under dispute by the applicable creditors. In order to address these disputed claims, the Monitor made an application to this Honourable Court on September 28, 2012 to recommend a process to determine disputed claims. An order was granted by the Court and the order will be posted on the Monitor's website. The hearing of the disputed claims in the CCAA proceedings has been set down for December 18 and 19, 2012 and will continue for one week in January 2013. This hearing will also address the appeals of disallowances in the Proposal proceeding as discussed below.

23. The Monitor advised that due to the significant quantum of disputed claims, it believed it is necessary to determine the validity of the claims before a formal Plan can be presented to creditors. The Monitor believes that this is important for a number of reasons as one reason concerns the fact that the Plan may involve seeking debt or equity financing for the Half Moon Lake Resort Ltd and/or the BC resort properties to satisfy claims. Consequently, a determination of the disputed claim appeals is necessary for the Purdy Companies to understand what funding will be required to satisfy the claims of creditors.

New Cambridge Condominium Foreclosures

24. The Statement of affairs filed by Purdy did not include the existence of one condo unit and 2 parking stalls in an Edmonton condominium building known as New Cambridge. Purdy indicated that he believed these units were owned by one of his corporate entities, but on investigation, it was determined that is not the case and the property was owned personally by Purdy.
25. This property was sold in foreclosure proceedings commenced by the New Cambridge Condominium Corporation ("Condo Corp") as the condo fees were not paid. The units were sold in the foreclosure proceedings pursuant to Court Orders granted in January and October 2010. The net proceeds (after deducting usual closing cost and realtor fees) of approximately \$277,000 were paid in to Court and a further Order of the Court is required for the proceeds to be paid out.
26. The Condo Corp. has filed a secured claim in the Proposal proceedings for unpaid Condo fees of approximately \$115,000 plus legal fees. The Proposal trustee has accepted the secured claim for the Condo fees and Purdy's counsel is negotiating the legal fee with counsel to the Condo Corp. The claim for legal fees will be secured as well. It is expected that after settling this matter, a Consent Order will be agreed to between the Condo Corp., Purdy and the Trustee to have the funds paid out of Court. The Condo Corp. will receive \$115,000 plus legal fees and the balance will be paid to the Purdy Proposal estate. Approximately \$65,000 to \$75,000 of those funds will be used to satisfy the outstanding Trustee fees from

the NOI and subsequent proposal proceeding. The remainder of the Condo proceeds of approximately \$62,000, will be paid to the Purdy CCAA estate for reimbursement of expenditures contributed by the Purdy Companies for Purdy with respect to property tax arrears paid on two B.C. properties owned by Purdy of approximately \$14,500 and for the \$50,000 advance of funds to the Proposal Trustee by the Purdy Companies at the inception of the proceedings.

PROOFS OF CLAIM UPDATE

27. The claims filed by persons attending the FMOC, in person or by proxy, totalled approximately \$24.3 million. For purposes of voting at the FMOC, the Trustee accepted 135 claims totaling approximately \$9.6 million. Of these 135 claims, 131 claims totaling \$8.6 million were claims filed by Axxcess Capital (as agent on behalf of individual investors) and the proxy holder of these claims was the Trustee. Other claims totalling \$3.4 million had been filed by persons who either did not attend the meeting in person or by proxy or did not include the full value of their claim at the FMOC for purposes of voting.
28. Since the FMOC, there have not been any significant additional proofs of claim from creditors other than a trust claim submitted by Purdy's former common-law spouse that is currently being reviewed by the Trustee and Purdy.
29. On September 28, 2012, the Trustee made an application to this Honourable Court to recommend a process to determine the appeals of disallowed claims. An order was granted by the Court and will be made available on the Trustee's website as soon as it is filed. The hearing of the appeals of the disallowances filed to date in the Bankruptcy proposal proceedings has been set down to commence on December 18 and 19, 2012 and continue for a week in January 2013. The appeals will be held in conjunction with the dispute notice hearing in the CCAA proceedings, as discussed above.

ACTUAL RECEIPTS & DISBURSEMENTS OF PURDY – JUNE 1, 2012 TO SEPTEMBER 21, 2012

30. Upon review of certain Purdy financial information, to the best of the Trustee's knowledge, the only receipts of Purdy during the Reporting Period were from management fees received from the Purdy Companies of approximately \$11,000. The Trustee understands that these receipts were used for personal living expenses and other miscellaneous costs. Purdy's ending available cash as at September 21, 2012 is understood to be approximately \$3,000.

Professional Fee Retainer

31. Below is a chart outlining the retainer received from the CCAA proceedings and restructuring fees approved by Purdy (as discussed in the Fourth Report) for the Trustee's professional services during the NOI and proposal proceedings:

John (Jack) Kenneth Purdy Reconciliation of Trustee retainer fees December 2, 2011 to December 21, 2012				
	Opening balance	Invoices paid	Outstanding invoice and estimated accruals	Ending balance
Proposal Trustee retainer	50,000	24,058	91,000	(65,058)

32. The Trustee's initial invoice of \$24,058 was paid from the retainer. The Trustee has an outstanding invoice that was approved by Purdy for services rendered from March 1, 2012 to June 29, 2012 in the amount of \$76,348.58 (includes GST). The Trustee has accrued approximately \$15,000 for its fees incurred and estimated to be incurred by the Trustee from June 30, 2012 to December 21, 2012. There is approximately \$26,000 available in trust from the Trustee's retainer and there will be a requirement for an additional \$65,000 to cover the Trustee's shortfall, which

is anticipated to be funded with some of the proceeds from the New Cambridge condo proceeds as discussed above.

RECOMMENDATION

33. The Trustee recommends that the Unsecured Creditors support Purdy's proposal for the reasons set out in the Fifth Report.

All of which is respectfully submitted this 9th day of October, 2012.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Trustee under the Notice
of Intention to Make a Proposal of
John (Jack) Kenneth Purdy**



Tim Reid, CA•CIRP
Senior Vice-President



Orest Konowalchuk, CA•CIRP
Senior Manager

APPENDIX A

PROPOSAL MINUTES OF THE FIRST MEETING OF CREDITORS	PROVINCE Alberta DISTRICT #2 JUDICIAL CENTRE Edmonton
	ESTATE NUMBER 24-1568045
IN THE MATTER OF THE PROPOSAL OF John (Jack) Kenneth Purdy	TRUSTEE APPOINTED BY OFFICIAL RECEIVER: Alvarez & Marsal Canada Inc.
LOCATION OF MEETING: The Sutton Place Hotel 10235 – 101 Street Edmonton, Alberta T5J 3E9	CHAIRMAN OF MEETING: Tim Reid, CA-CIRP SECRETARY: Orest Konowalchuk, CA-CIRP DATE OF MEETING: June 22, 2012 TIME OF MEETING: 10:00 am

1. INTRODUCTIONS

The Chairman introduced himself, the Secretary, Counsel to the Proposal Trustee, Counsel to the debtor and Mr. Purdy, the debtor.

2. PRESENT

☒ See attached attendance list.

3. QUORUM

The Chairman examined the Proofs of Claim and Proof of Notice of the meeting and the meeting was duly convened. The Chairman also identified the claims that were accepted and rejected for purposes of voting at the first meeting of creditors. The Trustee advised that the claimants with rejected claims that they were not entitled to vote at the meeting but that they were welcome to stay for the meeting as observers only. Counsel for the Trustee advised that claimants with rejected claims that although they did not have any status at the meeting, they could participate in the meetings and that all reasonable questions they might have would be responded to by the appropriate party.

☒ There was a legally constituted quorum.

4. MEETING CALLED TO ORDER

☒ The Chairman called the meeting to order at 10:05 A.M. pursuant to Section 105(1) of the *Bankruptcy & Insolvency Act* ("BIA").

- ☒ Mr. Reid stated that the purpose of the meeting was to: a) consider the affairs of the Jack Purdy and his Proposal; b) affirm the appointment of the trustee or the appointing of a new trustee; c) call for a resolution for appointment of inspectors; and d) give direction to the trustee as the creditors may see fit with reference to the administration of the estate.

5. DOCUMENTS TABLED

- ☒ Proposal of John (Jack) Kenneth Purdy and certificate of filing of Proposal by the official receiver;
- ☒ Proof of service of the notice calling the meeting of creditors;
- ☒ Proof of advertisement in the local newspaper (Edmonton Journal).
- ☒ Long statement of affairs of the bankrupt
- ☒ Trustee's Report on the Proposal.

5. TRUSTEE CONFIRMATION

- ☒ Motion by Canada Revenue Agency:

"To affirm A&M's appointment as Proposal Trustee."

Second: Axcoss, as agent for its 131 investors (by trustee as proxy)

Vote: **132 FOR - \$9,529,749.72**

[Axcoss, as agent for its 131 investors (trustee voted as proxy holder) & CRA];

3 AGAINST - \$102,373.02

[B.Loewen; PDY Management; Zoobe Ventures];

- ☒ Motion moved by Canada Revenue Agency – carried, Alvarez & Marsal Canada Inc. Affirmed as Proposal Trustee.

6. PRESENTATION OF TRUSTEE'S REPORT TO CREDITORS

- a) Mr. Reid delivered an overview of the Trustee's report and provided the following specific information to the creditors:
- Brief background statement, including causes and the reasons for the financial difficulties of John (Jack) Kenneth Purdy ("Purdy");
 - The purpose of the Proposal was to allow for a restructuring of the affairs of Purdy, for the benefit of the Creditors. The Trustee understands that it is expected that all creditors with proven claims (the "Creditors") will derive a greater benefit from the restructuring being conducted by Purdy and the Purdy Companies, than they would from a forced liquidation of Purdy's Assets and Excluded Assets (as defined in the Proposal);

- c. The Trustee explained that the financial circumstances of Purdy and the Purdy Companies are inextricably linked together and the success of the Proposal to his creditors is dependent upon the outcome of the restructuring of the Purdy Companies being undertaken under the Companies' Creditors Arrangement Act ("CCAA");
- d. The Trustee also explained the rules and procedure on voting on the Proposal and if the Proposal does not receive the requisite votes for approval by the Creditors, Purdy will be deemed to have automatically made an assignment in bankruptcy and the Assets will vest with the Trustee;
- e. The Trustee discussed the key terms of the Proposal as outlined in detail in the Trustee's Report on the Proposal, including the various classes of Creditors proposed in the Proposal and that no formal appraisals or valuations were completed on the Assets of Purdy;
- f. The Trustee discussed the difficulties to calculate a precise amount the Creditors maybe expected to recover under a Proposal or bankruptcy scenario, due primarily to the following reasons:
 - i. Purdy's most significant assets are entities that are subject to CCAA proceedings and the payout of funds from these entities to Purdy personally are subject to a plan of arrangement being filed by the Purdy Companies to its Creditors and the process is still on-going;
 - ii. Purdy's various other properties are unique and complicated and due to various legal issues surrounding these properties and a lack of documentation available, it is uncertain if these values can be achieved if sold on an orderly basis; and
 - iii. There are many Creditors that have been identified by Purdy as potential creditors and the final determination of these potential claims may increase the total proven claims resulting in a reduced pro-rata dividend
- g. The Trustee recommended that the Proposal is in the best interest of the Unsecured Creditors.

7. QUESTION PERIOD

There was a general discussion surrounding the report of the Trustee and the affairs of the debtor, including the status of the CCAA proceedings and several questions were posed by claimants that were addressed by either the Trustee, counsel to the Trustee, Mr. Purdy or counsel to Purdy. The following were some of the questions raised:

- What are the Creditors rights to appeal a notice of disallowance/revision made by the Trustee?
 - Trustee and its counsel explained the process and their right of appeal.
- When will the Creditors receive their formal notice of disallowance from the Trustee?
 - The Trustee advised the notices would be out the following week.
- How confident is the Trustee of the value of the Purdy companies if there are still missing financial statements?
 - Trustee explained the values utilized in its analysis was based on market value information from realtors and the property tax assessment and not values reported in financial statements. Trustee advised it felt Mr. Purdy had disclosed all of his assets to the Trustee or Monitor and those were identified in our report. If claimants were aware of other assets they should bring this to the attention of the Trustee.
- Is Mr. Purdy a creditor against the CCAA Applicant companies?
 - The Trustee advised yes, Mr. Purdy is a creditor.

- Comment on whether or not it would be a good idea to change the wording in par. 13(b) of the Proposal?
 - Counsel to Mr. Purdy advise Mr. Purdy would not agree to any changes in the wording of the Proposal.
- What is the relationship of Prairie Resort Management Company and have there been transactions in that company in respect of Mr. Purdy or the CCAA Applicant Companies?
 - Mr. Purdy explained that Prairie was the company that was previously used to operate Half Moon Lake resort, but that stopped when the CCAA proceedings commenced. Mr. Purdy did advise that there were still some Half Moon lease holders that still made payments to Prairie, but these were simply transferred to Armac, who is now administering receipts and disbursements of Half Moon Lake.
- How many proxies does the Trustee hold in respect of the Axxess claims are each of those creditors entitled to vote?
 - The Trustee advised that it held approximately 130 proxy and that each creditory was entitled to one vote.
- There was a discussion about the rights of claimants who had claims rejected by the Chairman and what would happen if the proposal was voted on and accepted but it was subsequently determined these claims were valid.
 - The Trustee and its counsel advised that claimants could appeal the decision of the Trustee to reject the claims and if successful and their vote would have impacted the outcome, then the court may refuse to approve the Proposal.
- It was asked whether the meeting could be adjourned until more information was available on the CCAA proceedings and to allow time for those claimants with rejected claims to appeal.
 - The Trustee advised that the meeting could be adjourned with the consent of the meeting.

After all questions on the report had been responded to the Trustee asked if anyone wished to make a motion on the floor to seek an adjournment of the meeting to further investigate the affairs of Purdy and the claims filed by Creditors. There was discussion on what the motion would contain, including whether it would be solely for investigation of the affairs and property of the debtor by the Trustee or whether it should also be to allow for the examination of the debtor under oath. After much discussion about the examination including who would perform the examination and who would pay the costs, a motion was put forward by CRA.

Motion by Canada Revenue Agency:

“To adjourn the Proposal meeting and to be reconvened within 10 days of September 28, 2012 without prejudice to further adjournment”

Second: Zoobe Ventures Inc.

Discussion on the motion took place amongst the Creditors and Trustee regarding the possible inclusion of some type of language for the examination of the debtor.

Trustee suggested that the meeting be adjourned for 15 minutes prior to voting on CRA motion and with the consent of the meeting that occurred.

- Temporary Break: 11:30am

- Reconvened meeting: 11:45am

After the short adjournment there was further discussion on amending the motion by CRA to the include examining the debtor. It was decided by the creditors and Trustee that the inclusion of such examination may not be appropriate in this motion.

- ☒ Request that first motion by CRA be amended to hear another motion by S&D International (Bruce Mintz, counsel to S&D);

"To have the Examination of Purdy tabled until the next meeting of creditors for Jack Purdy."

Second: Canada Revenue Agency

Discussion: None

Motion: Tabled until next meeting of creditors.

- ☒ Original Motion by Canada Revenue Agency is moved:

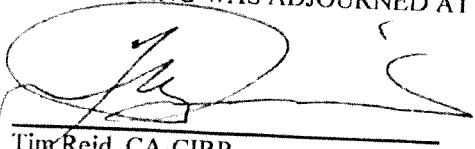
"To adjourn the Proposal meeting and to be reconvened within 10 days of September 28, 2012 without prejudice to further adjournment"

Second: Zoobe Ventures Inc.


Discussion: NONE

- ☒ Motion moved by Canada Revenue Agency – approved unanimously

THE MEETING WAS ADJOURNED AT 12:06 PM



Tim Reid, CA-CIRP
Chairman of the Meeting



Orest Konowalchuk, CA-CIRP
Secretary of the Meeting












IN THE MATTER OF THE PROPOSAL OF

JOHN (JACK) KENNETH PURDY

FIRST MEETING OF CREDITORS

The Sutton Place; 10235-101 Street; Edmonton, Alberta

June 22, 2012 at 10:00 am

NAME (Please Print)	SIGNATURE	REPRESENTING	TYPE OF CLAIM	AMOUNT OF CLAIM
Tim Reid (Invy)		"Access Creditors"	Unsecured	1,870,540
✓	✓	✓	✓	1,385,274
✓	✓	✓	✓	4,596,486
✓	✓	✓	✓	303,796
BRUCE MINISTE (S+D)		Trustee	Unsecured	1.64 plus interest
San MacMillan		STO International	Unsecured	1.64 plus interest
Allan MacMillan		Allen MacMillan	Unsecured	1,450,000
Darleen MacMillan		Darleen MacMillan	Unsecured	800,000
Blaine Bishop		Blaine Bishop	Unsecured	218,625.00
Mike Bilida		Mike Bilida	Unsecured	4,200,000.00
OREN BUSNAR		ZORE Ventures Inc	Unsecured	550,000.00
OREN RUMAR		JAMES WRIGHT	Unsecured	695,341.42
BRUCE MINISTE		BYRON COLEMAN	Unsecured	150,000.00
George Boy (CRA)		CANADA REV. AGENCY	SEC. & UNSEC.	85,000 I
				1,373,653.72

APPENDIX A

FIRST MEETING OF CREDITORS

The Sutton Place; 10235-101 Street; Edmonton, Alberta

June 22, 2012 at 10:00 am

[illegible]

APPENDIX A

APPENDIX B



Alvarez & Marsal Canada Inc.
Bowdoin Building
Suite 570, 202 - 6th Avenue SW
Calgary, Alberta T2P 2R9
Phone: +1 403 538 7555
Fax: +1 403 538 7551

**In the Matter of the Proposal of John (Jack) Kenneth Purdy
Reconvened First Meeting of Creditors**

Take notice that:

John (Jack) Kenneth Purdy of the City of Edmonton in the Province of Alberta has lodged with this firm a proposal under the *Bankruptcy and Insolvency Act* ("BIA").

A copy of the proposal, condensed statement of the debtor's assets and liabilities and a list of the creditors affected by the proposal and whose claims amount to \$250 was provided to creditors with the Notice of the First Meeting of Creditors and is available on the Proposal Trustees website at www.amcanadadoes.com/purdy.

A First Meeting of Creditors was held on Friday, June 22, 2012. The objective of that meeting was to consider, amongst other things, a) the affairs of Jack Purdy and his proposal; b) affirm the appointment of the trustee (Alvarez & Marsal Canada Inc. was affirmed as Proposal Trustee); c) give direction to the trustee as the creditors may see fit with reference to the administration of the estate; d) consider the Trustee's report on the proposal; e) receive information from the debtor; and f) proceed to vote on the proposal.

The Trustee's report was considered and information was provided by the debtor. However, there was no vote conducted on the proposal as the meeting was adjourned pursuant to Subsection 52(a) of the BIA to enable further appraisal and investigation of the affairs and property of the debtor by the Proposal Trustee. The meeting was to be reconvened within ten (10) days of the court application to extend the stay of proceedings in the CCAA proceedings of the Purdy Group of Companies. The application to extend the stay is set down before the court on September 28, 2012.

Further take notice that the First Meeting of Creditors will be reconvened on October 9, 2012 at 11:00 in the forenoon at the offices of Fraser Milner Casgrain LLP, Suite 2900, Manulife Place, 10180 - 101 Street, Edmonton AB, T5J 3V5.

Business to be conducted at the meeting will include an update on the status of the CCAA proceedings of the Purdy Group and a vote on the proposal unless the meeting is further adjourned with the consent of the Creditors.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the Court, the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with me prior to the commencement of the meeting.

Dated at Calgary, this 21th day of September, 2012.

Alvarez & Marsal Canada Inc.
In its capacity as Trustee in the
Proposal of John (Jack) Kenneth Purdy

Tim Reid, CA•CIRP
Senior Vice-President