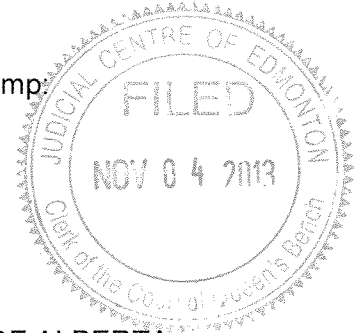


Clerk's stamp



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COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

RIDGE DEVELOPMENT CORPORATION

DEFENDANT

1324206 ALBERTA LTD.

DOCUMENT

**STATEMENT OF CLAIM**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

Attention: Kentigern A. Rowan Q.C.  
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File No: 59603.1/KAR

**STATEMENT OF CLAIM**

**NOTICE TO DEFENDANT**

You are being sued. You are a defendant.

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

**Statement of facts relied on:**

1. The Plaintiff, Ridge Development Corporation ("Ridge"), is a body corporate registered under the *Business Corporations Act* (Alberta).
2. The Defendant, 1324206 Alberta Ltd. ("1324206"), is a body corporate registered under the *Business Corporations Act* (Alberta).

3. Prairie Western Development Corp. ("Prairie"), White Castle Realty Investments Ltd. ("White Castle") and Ridge each own one-third of the outstanding voting shares of 1324206.
4. 1324206 was incorporated to carry out the business of financing, developing, constructing, operating and selling units in a one hundred and twenty-three (123) unit residential housing project (the "Project"), together with all related infrastructure and improvements thereto on a portion of the following lands located on the Stony Plain Indian Reserve No. 135 ("Enoch"):

Canada Lands Survey System Plan No. 96507  
Within Lot 186, Plan 92619 CLSP  
Within the NE ¼ 23-52-26 W4M

(the "Project Lands").

5. 1324206 entered into a Commercial Lease with Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development in respect of the Project Lands effective February 21, 2008 for a term of 49 years with an option to renew for a further 49 years.
6. 1324206 retained Ridge to construct the Project on the Project Lands.
7. Royal Bank of Canada ("RBC") agreed to lend 1324206 funds to finance the construction of the Project. As security for funds advanced by RBC, 1324206 granted to RBC, *inter alia*, a mortgage on the Project Lands (the "RBC Mortgage") and a General Security Agreement (the "GSA") on all of 1324206's personal property.
8. The Project was completed on or about July 1, 2009 except for:
  - a. Activation of the connection to water and sanitary sewer;
  - b. Landscaping;
  - c. Supply of appliances to certain units; and
  - d. Miscellaneous finishing items.

9. As a result of the foregoing, the Project has never been occupied.
10. RBC has indicated that they are not, in the circumstances, prepared to advance further funds to 1324206 to complete the Project, however RBC has advanced on the security of the mortgage and other security that they hold, funds for critical payments to preserve, protect and maintain the Project in its present state.
11. 1324206 is indebted to RBC on account of funds advanced by RBC and secured, *inter alia*, by the RBC Mortgage and the GSA as of October 6, 2013 exclusive of accrued but unbilled costs in the following amounts:
- |    |  |   |
|----|--|---|
| a. | Principal Outstanding:                                       | \$20,332,670.67;  |
| b. | Overdraft:   | \$44,506.73;  |
| c. | Accrued Interest:  | \$5,835.458.50;   |
| d. | Legal and Professional Fees paid for the account of 1324206: | \$775,440.57; and   |
| e. | Banking Fees Outstanding:                                    | \$1,038.253.12;   |
|    | TOTAL:   | \$28,026,326.59 with costs and interest accruing thereafter |
12. 1324206 is indebted to Ridge on account of goods, materials and services provided by Ridge to 1324206 for the construction of the Project in the amount of \$1,032,372.00 plus interest (the "Ridge Construction Debt").
13. In addition to the aforesaid amounts, 1324206 is indebted to Ridge on account of the funds advanced by Ridge at the request of 1324206 as follows:
- |    |   |
|----|---|
| a. | \$60,000.00 for repayment to RBC on account of funds advanced by RBC for critical payments to maintain the present status of the Project; |
| b. | \$120,000.00 for payments on account of GST liabilities of 1324206;   |
| c. | \$275,000.00 for amounts paid by Ridge on account of legal accounts of 1324206; and   |

d. \$22,000.00 to satisfy an outstanding Judgment against 1324206;

(collectively, the "Additional Ridge Debt").

14. 1324206 is unable to pay the RBC Debt, the Ridge Construction Debt or the Additional Ridge Debt and is further unable to complete the Project.
15. 1324206 is unable to continue to carry on its business of developing and selling the units in the Project.
16. It is just and convenient that a Receiver and Manager of 1324206 and the Project be promptly appointed by the Court, so that the property of 1324206, including the Project can be secured and realized upon in a commercially reasonable and orderly manner in the best interest of the Plaintiff and the other creditors of the 1324206 and the Project.

#### **Remedy Sought**

17. A declaration of the amounts outstanding by 1324206 to Ridge on account of the Ridge Construction Debt and the Additional Ridge Debt and a Judgment for payment thereof.
18. Judgment against 1324206 for interest on the aforesaid at such rate and on such terms as this Honourable Court deems appropriate.
19. An Order appointing a Receiver and Manager of the Project, 1324206 and all of 1324206's property and undertakings of whatsoever description and kind and wheresoever situate.
20. An Order dispensing of any bond or security that otherwise may be required to be posted by the Court-appointed Receiver and Manager of 1324206 and the Project.

21. An Order that no action at law or other proceedings may be taken or continued against the Receiver and Manager, or against any of 1324206's property or the Project, without leave of this Honorable Court first having been obtained.
22. Costs of this action in favor of the Plaintiff on a solicitor and own client full indemnity basis.
23. Such further and other relief or directions as this Honourable Court may deem just.

**NOTICE TO THE DEFENDANT(S)**

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

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

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

**WARNING**

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