



COURT FILE NUMBER 25-1890619
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT THE FIRST REPORT OF THE TRUSTEE OF THE ESTATES
OF TRIMOR MORTGAGE INVESTMENT CORPORATION
AND TRIMOR EQUITY CORPORATION

DATED SEPTEMBER 24, 2014

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

Counsel

**McLennan Ross LLP
1000 First Canadian Centre
350 – 7th Avenue SW
Calgary, AB T2P 3N9
Attention: James P. Flanagan**

Telephone/Facsimile: 403-303-9102 / 403-303-1659

Email: jflanagan@mross.com

Trustee

**Deloitte Restructuring Inc.
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Jeff Keeble**

Telephone/Facsimile: 403-503-1458 / 403-718-3681

Email: jkeeble@deloitte.ca

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Introduction and Notice to Reader

Introduction

1. Trimor Mortgage Investment Corporation ("TMIC") was incorporated under the laws of the Province of Alberta on February 7, 2005. TMIC is a mortgage investment corporation which raised funds from investors, referred to as the "Preferred Shareholders", and invested these funds in various real estate properties and mortgages located in Alberta and Saskatchewan.
2. Trimor Equity Corporation ("TEC") was incorporated under the laws of the Province of Alberta on March 15, 2004. The Trustee (defined below) understands that TEC was incorporated in order to hold properties in trust for TMIC. TMIC and TEC are referred to collectively as the "Companies".
3. The Companies experienced financial difficulty as a result of the non-performance of several mortgages and the decline in values of certain real estate properties. As a result of these difficulties, the Directors assigned the Companies into bankruptcy pursuant to the *Bankruptcy and Insolvency Act* ("BIA") on July 15, 2014 (the "Date of Bankruptcy"), and Deloitte Restructuring Inc. was appointed as the Trustee (the "Trustee") of the bankrupt estates (the "Estates").
4. At the Date of Bankruptcy, TMIC had approximately \$15.5 million in debt owing to various unsecured creditors and preferred shareholders, while TEC had approximately \$47,000 in debt owing to various unsecured creditors.
5. Information on the bankruptcy proceedings can be accessed the Deloitte Restructuring Inc.'s website at www.insolvencies.deloitte.ca.

Notice to Reader

6. In preparing this report, the Trustee has relied on unaudited financial information, the books and records of the Companies and discussions with Management, interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
7. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
8. All amounts are in Canadian dollars, unless otherwise indicated.

Background

Claims filed by Robert Fox et al

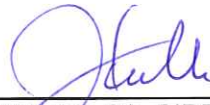
9. The Trustee received the following claims in the Estates of both TEC and TMIC filed by Robert Fox et al:
 - 9.1 Claim from Robert Fox in the amount of \$153,792.09;
 - 9.2 Claim from The R. Fox Self-Administered Retirement Savings Plan in the amount of \$30,960.92;
 - 9.3 Claim from White Rain Corporation in the amount of \$73,468.70; and
 - 9.4 Claim from Darlene Shelest in the amount of \$14,193.32 (collectively, the "R. Fox Claims").
10. The Trustee understands that on May 26, 2014 Robert Fox et al obtained a default judgment against TMIC in the amount of \$265,527.44 (the "Default Judgment"). The Trustee also understands that on May 26, 2014 Robert Fox et al filed a Writ of Enforcement with respect to the Default Judgment and costs in the amount of \$272,415.03. The Trustee further understands that an amount of \$225,880.27 was paid from the TMIC bank account at TD Canada Trust into court pursuant to a garnishee summons. As a result of the bankruptcy of TMIC, the proceedings in relation to the Default Judgment were stayed and the funds garnished by Robert Fox et al, in that action, have been returned to the Trustee pursuant to an Order of the Court.
11. The support provided for each of the R. Fox Claims was a copy of the Default Judgment and Bill of Costs dated May 26, 2014, as well as the Statement of Claim filed in Court on September 19, 2013.
12. On August 20, 2014 the Trustee disallowed the R. Fox Claims filed in the estate of TEC through the issuance of Form 77, the Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim, pursuant to Subsection 135(3) of the BIA, copies of which are attached as Schedule 1.
13. A cover letter dated August 20, 2014 was sent with each of the disallowance letters for the R. Fox Claims filed in the estate of TEC clarifying that the supporting documentation that accompanied the R. Fox Claims did not match the amounts of the claims themselves. This cover letter, a representative copy of which is attached as Schedule 2, also clarified the Trustee's position that the Default Judgment did not elevate the R. Fox Claims to the position of a creditor in either TMIC or TEC.

14. By email dated August 22, 2014, a copy of which is attached as Schedule 3, Robert Fox emailed the Trustee to clarify the calculation of the R. Fox Claims as compared to the Default Judgment.
15. The Trustee responded by email dated August 23, 2014 and clarified that the R. Fox Claims as against TMIC would be "*treated in the same manner as the other preferred shareholders who file claims against TMIC.*"
16. To date, the disallowances of the R. Fox Claims in the estate of TEC have not been appealed.
17. By letter dated September 12, 2014, the Trustee disallowed the R. Fox Claims filed in the estate of TMIC, and copies of the disallowance letters are shown in Schedule 4. The Trustee's disallowance of the R. Fox Claims in the estate of TMIC is based on the understanding that such claims were filed pursuant to the Default Judgment, and the merits of their claims had not been considered prior to the Default Judgment being obtained. In addition, the Trustee reviewed the allegations made in the Statement of Claim and was not satisfied that these allegations equate to a valid debt claim. The Trustee considers the R. Fox Claims to be no different than the claims of all the other preferred shareholders and the R. Fox Claims should be treated no different. The Trustee advised R. Fox et al in its September 12, 2014 letter that "*any claim you may have against TMIC with respect to your preferred shares will be treated in the same manner as the other preferred shareholders who have filed claims against the estate of TMIC.*"
18. R. Fox et al have appealed the TMIC disallowances and a hearing is set for September 26, 2014.

Conclusion

19. The Trustee's position is that the R. Fox Claims as filed in the estate of TMIC, pursuant to the Default Judgment, are rejected.
20. The Trustee's position is that the R. Fox Claims should be considered in the same manner as the claims filed by the other holders of preferred shares in TMIC, and the R. Fox Claims should not be considered as being creditor claims, as opposed to equity claims, as a result of the Default Judgment.

DELOITTE RESTRUCTURING INC.,
in its capacity as Trustee of the Estates of
Trimor Mortgage Investment Corporation and
Trimor Equity Corporation and not in its personal
or corporate capacity



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890623
Estate No. 25-1890623

FORM 77
Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Equity Corporation
of the City of Calgary, in the Province of Alberta

Robert Fox
240 Rocky Ridge Bay NW
Calgary AB T3G 4H9

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Equity Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

Upon review of the claim you submitted against the Estate of Trimor Equity Corporation, it has been determined that the information you provided does not support a valid claim against the estate.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 20th day of August 2014.

Deloitte Restructuring Inc. – Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890623
Estate No. 25-1890623

FORM 77
Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Equity Corporation
of the City of Calgary, in the Province of Alberta

The R. Fox Self-Administered Retirement Savings Plan
240 Rocky Ridge Bay NW
Calgary AB T3G 4H9

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Equity Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

Upon review of the claim you submitted against the Estate of Trimor Equity Corporation, it has been determined that the information you provided does not support a valid claim against the estate.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 20th day of August 2014.

Deloitte Restructuring Inc. – Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890623
Estate No. 25-1890623

FORM 77
Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Equity Corporation
of the City of Calgary, in the Province of Alberta

White Rain Corporation
c/o Smith Law Office 348 - 14 St. NW
Calgary AB T2W 1Z7

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Equity Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

Upon review of the claim you submitted against the Estate of Trimor Equity Corporation, it has been determined that the information you provided does not support a valid claim against the estate.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 20th day of August 2014.

Deloitte Restructuring Inc. – Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890623
Estate No. 25-1890623

FORM 77
Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Equity Corporation
of the City of Calgary, in the Province of Alberta

Darlene Shelest
240 Rocky Ridge Bay NW
Calgary AB T3G 4H9

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Equity Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

Upon review of the claim you submitted against the Estate of Trimor Equity Corporation, it has been determined that the information you provided does not support a valid claim against the estate.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 20th day of August 2014.

Deloitte Restructuring Inc. – Trustee



700 Bankers Court, 850 - 2nd Street SW

Schedule 2

Deloitte.

Deloitte Restructuring Inc.
700, 850 - 2 Street SW
Calgary AB T2P 0R8
Canada

Tel: +1403-503-1458
Fax: +1403-718-3681
www.deloitte.ca

August 20, 2014

Robert Fox
240 Rocky Ridge Bay NW
Calgary, AB T3G 4H9

Dear Sir:

Re: Trimor Mortgage Investment Corporation and Trimor Equity Corp.

Deloitte Restructuring Inc. has been appointed as the Trustee in Bankruptcy of Trimor Mortgage Investment Corporation ("TMIC") and Trimor Equity Corp. ("TEC").

Please see the attached Notice of Disallowance of Claim for your claim filed against the estate of TEC.

The Trustee is also in receipt of your claim as filed against the estate TMIC. The documentation that you provided as support for your claim is only a copy of the Statement of Claim filed in the Court of Queen's Bench of Alberta (the "Court") dated September 19, 2013 and the Default Judgment filed in the Court on May 26, 2014, and neither of these documents match the amount of your claim. Please provide details of the amount you are claiming against TMIC.

Further, the Trustee's position is that you are not a creditor of TMIC or TEC as a result of the Default Judgment. Accordingly, your claim against the estate of TMIC will be treated in the same manner as the other preferred shareholders who have filed claims against the estate of TMIC.

If you have any questions, please contact the undersigned at 403-503-1458 or Stefan DuChene at 403-267-1750.

Yours truly,

DELOITTE RESTRUCTURING INC.

The Trustee of the Estates of Trimor Mortgage Investment Corporation
and Trimor Equity Corporation,
and not in its personal capacity



Jeff Keeble, CA, CIRP, CBV
Senior Vice-President

Schedule 3

Keeble, Jeff (CA - Alberta)

From: ROBERT FOX <wht_rain@shaw.ca>
Sent: Friday, August 22, 2014 1:37 PM
To: Keeble, Jeff (CA - Alberta)
Subject: August 22, 2014

Dear Mr. Keeble:

RE: Trimor Mortgage Investment Corporation ("TMIC") and Trimor Equity Corporation ("TEC")

I write on behalf of 4 judgment creditors claiming against the estates of TMIC and TEC. We have received your August 20, 2014 letters through Mr. Russell and our own counsel.

You have asked for an explanation of the amounts each of us claims against TMIC and TEC as judgment creditors.

The amount of the judgment is: \$265,527.44.

The Court recognized judgment interest (\$5,687.59) and costs (\$1,200.00) resulting in a writ of enforcement in the amount of \$272,415.03

Each of our interests in the Court-endorsed judgment and writ amounts are based on our respective preferred share holdings.

Accordingly, we have calculated our claims against the TMIC estate as judgment creditors as follows:

| Judgment Creditor | Preferred Shareholding | Relative ratios | Respective |
|-------------------|------------------------|-----------------|--------------------|
| Share of Judgment | Amount Robert | | |
| Fox | 189,715.81 | 0.56455069 | \$153,792.0944 Fox |
| RSP | 38,192.97 | 0.11365351 | \$30,960.9244 |
| Whiterain | 90,629.97 | 0.26969398 | \$73,468.6946 |
| Darlene Shelest | 17,508.68 | 0.05210181 | \$14,193.3167 |
| TOTALS | 336,047.43 | 1 | \$272,415.03 |

Please advise if you are unable to obtain a copy of the writ for yourself.

We have filed our claims against TEC based on our understanding that legal title to some or all of TMIC's real property assets lies with TEC.

We note that you confirmed that inter-relationship in the preliminary written report presented at the August 7, 2014.

The amounts of our individual claims against TEC are based on the same calculations.

Please explain the basis on which Trustee says that, as judgment creditors, we are not ordinary creditors against the TMIC estate.

Please explain how it is that the preferred shareholders have been deemed creditors against the estate on the same footing as all other unsecured creditors when (as we understand it) a shareholding is not a debt instrument.

regards,
Robert Fox

Schedule 4

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890619
Estate No. 25-1890619

FORM 77

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(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Mortgage Investment Corporation
of the City of Calgary, in the Province of Alberta

Robert Fox
240 Rocky Ridge Bay NW
Calgary AB T3G 4H9

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Mortgage Investment Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

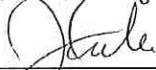
On the understanding that you are filing your claim pursuant to the default judgment, your claim is rejected, as the merits of your claim have not been considered prior to you obtaining the default judgment.

Further, the allegations made in the Statement of Claim in Court of Queen's Bench Action No. 1301-11111, which is the underlying action that the default judgment was obtained in, do not demonstrate that this is a valid debt owing by the bankrupt.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 12th day of September 2014.

Deloitte Restructuring Inc. - Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890619
Estate No. 25-1890619

FORM 77

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In the matter of the bankruptcy of
Trimor Mortgage Investment Corporation
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The R. Fox Self-Administered Retirement Savings Plan
240 Rocky Ridge Bay NW
Calgary AB T3G 4H9

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Mortgage Investment Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

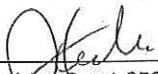
On the understanding that you are filing your claim pursuant to the default judgment, your claim is rejected, as the merits of your claim have not been considered prior to you obtaining the default judgment.

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Dated at the City of Calgary in the Province of Alberta, this 12th day of September 2014.

Deloitte Restructuring Inc. - Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890619
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FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Mortgage Investment Corporation
of the City of Calgary, in the Province of Alberta

White Rain Corporation
c/o R. Fox 240 Rocky Ridge Bay NW
Calgary AB T3G 4H9

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Mortgage Investment Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

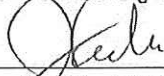
On the understanding that you are filing your claim pursuant to the default judgment, your claim is rejected, as the merits of your claim have not been considered prior to you obtaining the default judgment.

Further, the allegations made in the Statement of Claim in Court of Queen's Bench Action No. 1301-11111, which is the underlying action that the default judgment was obtained in, do not demonstrate that this is a valid debt owing by the bankrupt.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 12th day of September 2014.

Deloitte Restructuring Inc. - Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1890619
Estate No. 25-1890619

FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the bankruptcy of
Trimor Mortgage Investment Corporation
of the City of Calgary, in the Province of Alberta

Darlene Shelest
34002
2200, 125 - 9th Ave SE
Calgary AB T2G 0P6

Take notice that:

As trustee acting in the matter of the bankruptcy of Trimor Mortgage Investment Corporation, we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

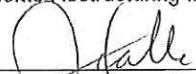
On the understanding that you are filing your claim pursuant to the default judgment, your claim is rejected, as the merits of your claim have not been considered prior to you obtaining the default judgment.

Further, the allegations made in the Statement of Claim in Court of Queen's Bench Action No. 1301-11111, which is the underlying action that the default judgment was obtained in, do not demonstrate that this is a valid debt owing by the bankrupt.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 12th day of September 2014.

Deloitte Restructuring Inc. - Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077