



Affidavit #1 of Brian Moroney
Sworn on September 10, 2024

No. VLC-S-H-240795
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KOOTENAY SAVINGS CREDIT UNION

PETITIONER

AND:

KS PROPERTY MANAGEMENT INC., INC. NO. BC1281655
also known as KS PROPERTY MANAGEMENT INC.
MARWEST INDUSTRIES LTD.
COLAS WESTERN CANADA INC.
PENNCO ENGINEERING (BC) LTD.
GEO STABILIZATION INTERNATIONAL INC.
HIS MAJESTY THE KING IN RIGHT OF CANADA

RESPONDENTS

AFFIDAVIT

I, Brian Moroney, of 220 – 1101 Dewdney Avenue, Trail, British Columbia, SWEAR THAT:

1. I am a Chief Credit Officer of the Petitioner with conduct of the file relating to the within proceeding, and as such have personal knowledge of the matters and facts herein deposed to except where stated to be on information and belief and where so stated do verily believe the same to be true.
2. I have been authorized by the Petitioner to make this affidavit on its behalf.
3. I have read the Petition to the Court filed in the within proceeding and I have personal knowledge of the facts set out in Part 2 of the Petition and the facts set out therein are true and correct.
4. I know of no fact which would constitute a defence to the whole or any part of the claim of the Petitioners herein.

5. Capitalized terms used in this Affidavit and not otherwise defined have the same meaning as ascribed to them in the Petition.

KSPM

6. As noted at Part 2 paragraph 20 of the Petition, the Respondent, KSPM, was formed by Amalgamation of Pre-Amalg KSPM, OLDC, and TREL (the “**Pre-Amalg Entities**”).
7. Now produced and shown to me and attached hereto as **Exhibit “A”** is a true copy of a BC Company Summary for KSPM confirming the recognition of KSPM on December 31, 2020 as a result of the Amalgamation.
8. As noted at Part 2 paragraph 22 of the Petition, KSPM was until December 31, 2023 a wholly-owned subsidiary of the Petitioner.

The Indebtedness

9. Pursuant to the Promissory Note given to the Petitioner on or about February 27, 2024 as part of the CDG Transaction, the Respondent, KSPM, is indebted to the Petitioner in the amount of \$15,264,462.15 as at August 31, 2024, plus interest thereafter at the rate of 1% per annum compounded monthly, not in advance, together with the Petitioner’s costs of and in connection with this proceeding.
10. Now produced and shown to me and attached hereto as **Exhibit “B”** is a true copy of the Promissory Note.
11. The principal amount of the Promissory Note represents the total aggregate indebtedness owing by KSPM to the Petitioner as at December 31, 2023, which consists of all inter-company indebtedness owing by the Pre-Amalg Entities and KSPM to the Petitioner from time to time, including for advances made by the Petitioner to fund the continued development of the Twin River Lands following the TREL Share Acquisition at the end of 2018.

The Mortgages and Security Agreements

12. Now produced and shown to me and attached hereto as **Exhibit “C”** is a true copy of the Osprey Mortgage.
13. Now produced and shown to me and attached hereto as **Exhibit “D”** is a true copy of the Twin River Mortgage.
14. Now produced and shown to me and attached hereto as **Exhibit “E”** is a true copy of the Osprey CSA.
15. Now produced and shown to me and attached hereto as **Exhibit “F”** is a true copy of the Twin River CSA.

Background

16. As set out as Part 2 paragraphs 10 – 15 of the Petition, OLDC and TREL were acquired by Pre-Amalg KSPM in December 2018 through *BIA* proposal proceedings.
17. Now produced and shown to me and attached collectively hereto as **Exhibit “G”** is a true copy of the Report of Trustee on Proposal made in OLDC’s *BIA* proposal proceeding, along with the Order of the BC Supreme Court dated December 6, 2018 approving the Proposal.
18. Now produced and shown to me and attached collectively hereto as **Exhibit “H”** is a true copy of the Report of Trustee on Proposal made in TREL’s *BIA* proposal proceeding, along with the Order of the BC Supreme Court dated December 6, 2018 approving the Proposal.
19. At the time of the OLDC Share Acquisition, OLDC was indebted to the Petitioner for over \$8.1 million, secured by a mortgage against the Osprey Landing Development lands(the “**Osprey Landing Development Lands**” and collectively with the Twin River Lands, the “**Development Lands**”), which at that time consisted of 52 development lots and which at that time had an estimated realizable value of \$7.0 million.

20. At the time of the TREL Share Acquisition, TREL was indebted to the Petitioner for over \$3.45 million, secured by a mortgage against the Twin River Lands which at that time had an estimated realizable value of \$1.35 million.
21. Pre-Amalg KSPM was a wholly owned subsidiary of the Petitioner and was used by the Petitioner to acquire the shares of OLDC and TREL and as a vehicle through which the Petitioner could continue to develop the Development Lands.
22. The Petitioner's objective in the continued development of the Development Lands through a wholly owned subsidiary was to minimize losses for the Petitioner and ideally to recover all the Petitioner's investment in the Development Lands.
23. While it was never the intention of the Petitioner to continue in the property development business after the Development Lands were disposed of, the Petitioner was aware of the further investment of time and money that would be required for completing the projects and ultimately selling the Development Lands.
24. In March 2021, the Petitioner received a letter from the British Columbia Financial Services Authority ("BCFSA") advising the Petitioner that, pursuant to section 142(2) of the *Financial Institutions Act*, R.S.B.C. 1996 ch. 141, the Petitioner was required to dispose of its interest in KSPM by not later than December 31, 2023.
25. Now produced and shown to me and attached hereto as **Exhibit "I"** is a true copy of the above-noted letter dated March 18, 2021 from the BCFSA to the Petitioner.
26. Unfortunately, despite numerous steps taken by the Petitioner since the end of December 2018 to complete the Twin River Development and to market and sell the Osprey Development Lands, there were significant setbacks, including but not limited to the following:
 - a. the intervening COVID-19 pandemic followed by dramatic rise in interest rates;
 - b. significant delays with obtaining various approvals from the City of Castlegar (with respect to the Twin River Development); and

- c. environmental issues in 2022 causing a 3-month delay in the building of a retaining wall and subsequent retaining wall complications (with respect to the Twin River Development).

27. On August 2, 2023, the Petitioner sought a 24-month extension from the BCFSA (to December 31, 2025) to comply with the BCFSA's requirement that the Petitioner dispose of its interest in KSPM.

28. On or about October 11, 2023, the Petitioner was advised by the BCFSA that the requested extension would not be granted and that the BCFSA required the disposition of KSPM to be observed by December 31, 2023.

29. Now produced and shown to me and attached hereto as **Exhibit "J"** is a true copy of an October 11, 2023 email from Amanda Tran on behalf of BCFSA to Mark McLoughlin of the Petitioner confirming that no extension to the December 31, 2023 deadline would be granted.

Sale of KSPM to CDG

30. In order to comply with BCFSA's requirement that the Petitioner dispose of KSPM by December 31, 2023, the Petitioner sold KSPM to 0997677 BC Ltd. dba CDG Enterprises ("**CDG**") effective December 31, 2023.

31. CDG is or was the head contractor for the Twin River Development.

32. The CDG Transaction was effected by way of a share purchase agreement dated December 29, 2023 (the "**SPA**") and an ancillary agreement dated December 30, 2023 (the "**Ancillary Agreement**") whereby, among other things, CDG acquired from the Petitioner all issued and outstanding shares of KSPM and all aggregate indebtedness owing by KSPM to the Petitioner as of closing (the "**Related-Party Balance**") in exchange for the purchase price of \$10.00.

33. Now produced and shown to me and attached hereto as **Exhibit "K"** is the SPA.

34. Now produced and shown to me and attached hereto as **“Exhibit “L”** is the Ancillary Agreement.

35. Pursuant to the Ancillary Agreement, CDG gave the Petitioner the Promissory Note in place of the Related Party Balance.

Shareholder Loans to CDG

36. As part of the CDG Transaction the Petitioner acquired 9% interest in CDG and advanced \$2.0 million in shareholder loans to CDG (the **“CDG Shareholder Loans”**).

37. The Petitioner’s intention and understanding in advancing the CDG Shareholder Loans was that the CDG Shareholder Loans were to be used to fund the completion of the Twin River Development, including paying contractors and completing registration of the Twin River subdivision plan thereby facilitating the listing and sale of lots in the Twin River Development.

38. The CDG Shareholder Loans were advanced as follows:

- a. \$1.5 million was advanced by the Petitioner to CDG on or about February 29, 2024; and
- b. A further \$500,000 was advance by the Petitioner to CDG on or about April 9, 2024.

39. Now produced and shown to me and attached collectively hereto as **Exhibit “M”** are true copies of the CDG Shareholder Loan Agreements dated February 29, 2024 and April 9, 2024.

40. On June 10, 2024, my colleague, Ron Johnston, and I received a telephone call from Christianne Hossmann and Arriana Erridge wherein Ms. Hossmann and Ms. Erridge

advised that KSPM and CDG had run out of money and would be shutting down their sales offices.

41. Ms. Hossmann is a director of KSPM and CDG, or at least was a director of both entities as of June 10, 2024. Ms. Erridge is a former director of KSPM and CDG. In this regard, now produced and shown to me and attached collectively hereto as **Exhibit “N”** are true copies of the following documents retrieved from BC Registry Services:

- a. Notice of Change of Directors in respect of KSPM filed June 13, 2024 which indicates that as of June 3, 2024, Ms. Hossmann was a director of KSPM and that Ms. Erridge ceased to be a director of KSPM on June 3, 2024.
- b. Notice of Change of Directors in respect of 0997677 B.C. Ltd. (referred to herein as CDG) filed June 13, 2024 which indicates that as of June 3, 2024, Ms. Hossmann was a director of CDG and that Ms. Erridge ceased to be a director of CDG on June 3, 2024.

42. On June 10, 2024, following the telephone call, a virtual meeting between myself, Mr. Johnston, Ms. Hossmann, and Ms. Erridge took place. During this meeting, Mr. Johnston and I were advised of the following (among other things):

- a. That former directors of CDG had withdrawn all cash holdings from CDG (approximately \$3.0 million);
- b. That Christianne Hossmann had funds from recent lot sales in the Osprey Development in an account outside of the Petitioner, which would likely be used for legal fees; and
- c. That builders liens totalling \$2.0 million had been registered on title to the Twin River lands, that there was no money to cover the liens, and that the Twin River Development subdivision could not be registered with liens on title.

43. Being advised that KSPM and CDG had no funds was shocking and concerning news to receive considering that the Petitioner had recently advanced \$2.0 million in shareholder loans to CDG to fund, among other things, payments to contractors, and considering that KSPM had recently received close to \$500,000 in net proceeds from lot sales in the Osprey Development, which completed on May 31, 2024.

Need for a Receiver

44. KSPM is without the funds required to complete the Twin River Development and to market and sell the Lands in an orderly manner that will optimize recovery for the Petitioner and, ideally, for all of KSPM's creditors.

45. KSPM needs to be funded and in the circumstances the Petitioner is not prepared to provide further funding to KSPM, other than funding a court-appointed receiver.

46. Deloitte Restructuring Inc. has consented to act as court-appointed receiver in this proceeding. Now produced and shown to me and attached hereto as **Exhibit "O"**.

Venue

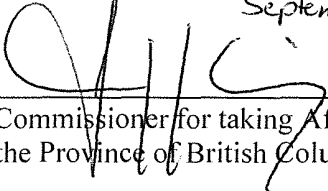
47. KSPM has consented to the commencement of this proceeding in the Vancouver Court Registry. In this regard, now produced and shown to me and attached hereto as **Exhibit "P"** is a true copy of the consent signed by Christianne Hossmann on behalf of KSPM.

Demand

48. As noted at Part 2 paragraph 52 of the Petition, the Petitioner, through its Solicitors, issued demand to KSPM for payment of the indebtedness outstanding under the Promissory Note, the Mortgages and the CSAs, along with a Notice of Intention to Enforce Security.

49. Now produced and shown to me and attached collectively hereto as **Exhibit "Q"** is a true copy of the demand letter and the Notice of Intention to Enforce Security dated June 21, 2024.

SWORN BEFORE ME at the City of
TRAIL, in the Province
of British Columbia, on ~~August~~ 10, 2024
September


A Commissioner for taking Affidavits
in the Province of British Columbia.


BRIAN MORONEY

JEFFREY G. CRAIG
BARRISTER & SOLICITOR
SUITE 302 - 1199 CEDAR AVE.
TRAIL, B.C. V1R 4B8
TEL (250) 368-3327 FAX (250) 368-4994

1

This is **Exhibit "A"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 16, 2024.

A handwritten signature in black ink, consisting of a large loop followed by several vertical strokes and a final horizontal stroke.

A Commissioner of Oaths for British Columbia

BC Company Summary

For
KS PROPERTY MANAGEMENT INC.

Date and Time of Search: July 15, 2024 04:09 PM Pacific Time

Currency Date: April 11, 2024

ACTIVE

Incorporation Number: BC1281655

Name of Company: KS PROPERTY MANAGEMENT INC.

Business Number: 795875293 BC0002

Recognition Date and Time: December 31, 2020 11:59 PM Pacific Time as a result of an Amalgamation **In Liquidation:** No

Last Annual Report Filed: December 31, 2023

Receiver: No

AMALGAMATING CORPORATION(S) INFORMATION

Name of Amalgamating Corporation

Incorporation Number in BC

KS PROPERTY MANAGEMENT INC.

BC1056204

OSPREY LANDING DEVELOPMENT CORP.

BC0743062

TWIN RIVER ESTATES LTD.

BC0765755

REGISTERED OFFICE INFORMATION

Mailing Address:

P.O. BOX 390
CHILLIWACK BC V2P 6K2
CANADA

Delivery Address:

9259 MAIN STREET
CHILLIWACK BC V2P 4M8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

P.O. BOX 390
CHILLIWACK BC V2P 6K2
CANADA

Delivery Address:

9259 MAIN STREET
CHILLIWACK BC V2P 4M8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Hossmann, Christianne

Mailing Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Delivery Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Last Name, First Name, Middle Name:

Hossmann, Isaac Joshua

Mailing Address:

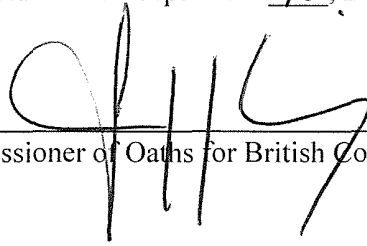
16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Delivery Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

NO OFFICER INFORMATION FILED AS AT December 31, 2023.

This is **Exhibit "B"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

A handwritten signature in black ink, consisting of a large loop followed by several vertical strokes and a final flourish.

A Commissioner of Oaths for British Columbia

PROMISSORY NOTE

1. Principal and Interest

FOR VALUE RECEIVED, **KS PROPERTY MANAGEMENT INC.**, (the "Borrower") of _____, British Columbia hereby promises to pay to or to the order of **KOOTENAY SAVINGS CREDIT UNION**, 220 – 1101 Dewdney Avenue, Trail, British Columbia, V1R 4T1 (the "Lender") (or at such other place as the Lender may from time to time designate by notice in writing to the Borrower):

- (a) The principal sum of **Fifteen Million One Hundred Sixty Two Thousand Eight Hundred Two Dollars ---93/100 (\$15,162,802.93)** in lawful money of Canada (the "Principal");
- (b) Interest in like money on the unpaid portion from time to time of the Principal until the Principal is repaid in full at an interest rate of 1.0% per annum compounded monthly, not in advance as well as before each of maturity, default and judgment. The equivalent interest rate is 1.0021% per annum, compounded semi-annually.

And the Principal and such interest accruing from and in respect of date of first disbursement of loan proceeds shall be payable as follows:

- (c) On the 1st day of March, 2024, the Borrower shall pay to the Lender all accumulated interest;
- (d) Commencing on the 1st day of April, 2024 interest only payments shall be payable in monthly instalments at a rate of 1.00% compounded monthly on the daily outstanding balance and payable on the first day of each and every month thereafter, up to an including the 1st day of January, 2029, and the balance of the Principal together with interest thereon as aforesaid shall be payable on the maturity date of **February 1, 2029**, unless new terms have been negotiated.
- (e) The first Two Million Dollars (\$2,000,000.00) received in cash from gross sales of any of the lands listed in Schedule "A" attached hereto (the "Lands") will remain the property of the Borrower. Upon the receipt of funds from the sale of any of the Lands after the initial \$2,000,000.00, 80% of the net sale proceeds will be payable and applied to the principal of this Promissory Note. The remaining 20% of the net sale proceeds will remain the property of the Borrower.

2. Interest on Overdue Interest

In the event that default shall be made in the payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable on such sum; and the sum in arrears for interest from time to time, as well as after as before maturity, shall bear interest at the aforesaid rate and, in case the interest and compound interest are not

paid within one day (24 hours) from the day preceding the time of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount of interest and compound interest then due, as well as after as before maturity, and such rests shall be similarly made on a monthly basis thereafter.

3. Application of Payments

Any amount paid in satisfaction of the indebtedness evidenced by this promissory note shall be applied firstly in satisfaction of any accrued and unpaid interest which is due and payable and any interest thereon, and then the remaining portion of such amount shall be applied in satisfaction of the Principal owing hereunder in inverse order of maturity.

4. Judgment Interest

In the event that the Lender obtains judgment on this promissory note or in respect of any amount owing hereunder, interest at the aforesaid rate, calculated yearly or monthly as provided, not in advance, shall be payable on the amount which is outstanding under the said judgment from time to time.

5. Acceleration on Default

In the event that the Borrower defaults in making any payment hereunder, the entire unpaid balance of Principal and all accrued and unpaid interest shall, at the option of the Lender, become immediately due and payable.

6. Non-Waiver

The extension of time for making any payment which is due and payable hereunder at any time or times or the failure, delay or omission on the part of the Lender to exercise or enforce any rights or remedies of the Lender hereunder or under any instrument securing payment of the indebtedness evidenced by this promissory note shall not constitute a waiver of the right of the Lender to enforce such rights and remedies thereafter.

7. Amendments

No amendment, modification or waiver of any provision of this promissory note or consent to any departure by the Borrower from any provision of this promissory note is in any event effective unless it is in writing and signed by the Lender and then the amendment, modification, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given.

8. Applicable Law

The promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties agree that

any action under or for the enforcement of this promissory note may be brought in the courts of British Columbia, and the parties attorn to the exclusive jurisdiction of those courts.

9. Time of the Essence

Time shall in all respects be of the essence of this promissory note.

10. Waiver of Benefits

The Borrower hereby waives the benefits of division and discussion, demand and presentment for payment, notice of non-payment, protest and notice of protest of this promissory note.

11. Prepayment

At any time and from time to time any portion of the Principal may be prepaid without any notice being given to the Lender and without any bonus or penalty being paid to the Lender provided that all amounts, whether on account of Principal or interest, which are due and payable hereunder have been paid. Any such prepayment shall be applied to Principal instalments in inverse order of maturity.

12. Note not to be Negotiable Instrument

This promissory note may be assigned, discounted, pledged or hypothecated by the Lender and by any subsequent holder of this promissory note; however this promissory note is not intended by the parties to be, and is not, a negotiable instrument.

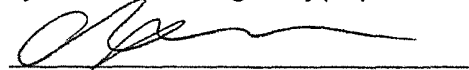
13. Costs and Legal Expenses

The Borrower agrees to pay all costs and expenses (including legal fees on a solicitor and his own client basis) of the Lender incurred with respect to any proceedings taken for the purpose of enforcing the rights and remedies of the Lender.

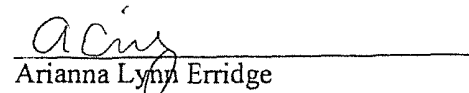
IN WITNESS WHEREOF the Borrower has executed this Promissory Note this 27th day of February, 2024 .

KS PROPERTY MANAGEMENT INC.

by its authorized signatory(ies):



Christianne Hossmann



Arianna Lynn Erridge

This is **Exhibit "C"** referred to in the Affidavit of
Brian Moroney sworn before me at IRAIL,
British Columbia on September 10, 2024.



A Commissioner of Oaths for British Columbia

KAMLOOPS LAND TITLE OFFICE

LAND TITLE ACT
FORM B (Section 225)

Dec-20-2018 11:05:32.001

CA7263582 CA7263583

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 21 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Bruce Allan
LeRose 27F1RN

Digitally signed by Bruce
Allan LeRose 27F1RN
Date: 2018.12.20
09:18:33 -08'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Thompson, LeRose & Brown

Barristers and Solicitors

302 - 1199 Cedar Avenue

Trail

BC V1R 4B8

Client No. 10790

(250) 368-3327

Document Fees: \$143.16

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

SEE SCHEDULE

STC? YES ☐

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

OSPREY LANDING DEVELOPMENT CORP.

302 - 1199 CEDAR AVENUE

TRAIL

V1R 4B8

BRITISH COLUMBIA

CANADA

Incorporation No

BC0743062

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

KOOTENAY SAVINGS CREDIT UNION

a financial institution duly registered under the "Credit Union Incorporation Act" of the Province of British Columbia, having its head office situate at 220, 1101 Dewdney Avenue

TRAIL

BRITISH COLUMBIA

CANADA

V1R 4T1

FI36

5. PAYMENT PROVISIONS:

(a) Principal Amount:

SEE SCHEDULE

(b) Interest Rate:

SEE SCHEDULE

(c) Interest Adjustment

Date: N/A

Y

M

D

(d) Interest Calculation Period:

MONTHLY

(e) Payment Dates:

N/A

(f) First Payment

Date: N/A

(g) Amount of each periodic payment:

N/A

(h) Interest Act (Canada) Statement.

The equivalent rate of interest calculated half yearly not in advance is N/A % per annum.

(i) Last Payment

Date: N/A

(j) Assignment of Rents which the applicant wants registered?

YES ☒ NO ☐

If YES, page and paragraph number:

Article 18, Page 11

SMT030098

(k) Place of payment:

1199 Cedar Avenue
Trail, BC V1R 4B8

(l) Balance Due

Date:

ON
DEMAND

MORTGAGE – PART 1

PAGE 2 OF 21 PAGES

6. MORTGAGE contains floating charge on land ?
 YES ☐ NO ☒

7. MORTGAGE secures a current or running account ?
 YES ☒ NO ☐

8. INTEREST MORTGAGED:

Freehold ☒

Other (specify) ☐

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

(a) Prescribed Standard Mortgage Terms ☐

(b) Filed Standard Mortgage Terms ☒

(c) Express Mortgage Terms ☐

D F Number: MT030098

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

N/A

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Bruce A. LeRose, Q.C.

Barrister & Solicitor

302 - 1199 Cedar Avenue

Trail, BC V1R 4B8

(250) 368-3327

Execution Date

Y	M	D
18	12	19

Borrower(s) Signature(s)

OSPREY LANDING
 DEVELOPMENT CORP.
 by its authorized signatories:

Brian Moroney

Ron Johnston

(as to both signatures)

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM E**

SCHEDULE

PAGE 3 OF 21 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-428

**STRATA LOT 1 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN**

STC?

YES ☐

**PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-436

**STRATA LOT 2 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN**

STC?

YES ☐

**PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-444

**STRATA LOT 3 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN**

STC?

YES ☐

**PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 4 OF 21 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-452 STRATA LOT 4 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-461 STRATA LOT 5 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-479 STRATA LOT 6 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

LAND TITLE ACT
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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-487 **STRATA LOT 7 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-495 **STRATA LOT 8 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-509 **STRATA LOT 9 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

STC? YES ☐

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-517 STRATA LOT 10 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-525 STRATA LOT 11 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-533 STRATA LOT 12 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-541 STRATA LOT 13 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-550 STRATA LOT 14 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-622 STRATA LOT 20 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-649 STRATA LOT 22 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-665 STRATA LOT 24 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-681 STRATA LOT 26 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

**028-270-703 STRATA LOT 28 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

**028-270-738 STRATA LOT 31 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

**028-270-801 STRATA LOT 38 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-819 STRATA LOT 39 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-843 STRATA LOT 42 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-851 STRATA LOT 43 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-860 **STRATA LOT 44 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-878 **STRATA LOT 45 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-886 **STRATA LOT 46 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-894 STRATA LOT 47 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-908 STRATA LOT 48 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-924 STRATA LOT 50 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-967 STRATA LOT 54 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-975 STRATA LOT 55 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-270-983 STRATA LOT 56 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

**LAND TITLE ACT
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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

**028-270-991 STRATA LOT 57 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

**028-271-009 STRATA LOT 58 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

**028-271-017 STRATA LOT 59 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-025

STRATA LOT 60 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY INSTC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-033

STRATA LOT 61 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY INSTC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-041

STRATA LOT 62 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY INSTC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-050 STRATA LOT 63 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-068 STRATA LOT 64 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-076 STRATA LOT 65 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-084 STRATA LOT 66 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-092 STRATA LOT 67 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-106 STRATA LOT 68 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-114 STRATA LOT 69 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-122 STRATA LOT 70 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-149 STRATA LOT 72 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
STC? YES ☐ PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

**LAND TITLE ACT
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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]**028-271-173****STRATA LOT 75 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]**028-271-181****STRATA LOT 76 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]**028-271-211****STRATA LOT 79 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V**STC? YES ☐

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2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-271-220

STRATA LOT 80 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN
EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN
ON FORM V

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

STC? YES ☐

**LAND TITLE ACT
FORM E**

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ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. PAYMENT PROVISIONS:

(a) Principal Amount:

All "Obligations" (as defined in Article 1 of Part 2 of this Mortgage).

(b) Interest Rate:

5% per annum in excess of the Prime Lending Rate (as defined in Article 1 of Part 2 of this Mortgage).

11. PRIOR ENCUMBRANCES PERMITTED BY THE LENDER:

Easement 59232D

Right of Way D3537 - British Columbia Hydro and Power Authority

Rent Charge LB300161 - Koocanusa Utility Company Ltd.

Statutory Building Scheme CA1640753

Covenant CA1640760 - The Crown in Right of British Columbia and The Regional District of East Kootenay

Covenant CA1640764 - The Crown in Right of British Columbia and The Regional District of East Kootenay

Covenant CA1640768 - The Crown in Right of British Columbia and The Regional District of East Kootenay

Undersurface Rights LB454311

Statutory Right of Way CA1640755 - Koocanusa Utility Company Ltd.

Statutory Right of Way CA1640772 - Koocanusa Utility Company Ltd.

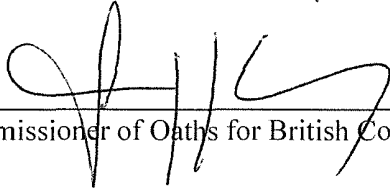
Statutory Right of Way CA1640777 - Koocanusa Utility Company Ltd.

Covenant CA1640788 - The Crown in Right of British Columbia and The Regional District of East Kootenay

Easement CA1640785

Easement CA6658173

This is **Exhibit "D"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

A handwritten signature in black ink, consisting of a large loop followed by several vertical strokes and a final horizontal stroke.

A Commissioner of Oaths for British Columbia

Status: Registered

Doc #: CA7264705

RCVD: 2018-12-20 RQST: 2024-06-26 12:59:52

FORM_B_V23

KAMLOOPS LAND TITLE OFFICE

LAND TITLE ACT
FORM B (Section 225)

Dec-20-2018 13:24:58.002

CA7264705 CA7264706

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 3 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Ryan Robert
William Sookorukoff
9VYQ7V
Digitally signed by Ryan Robert William Sookorukoff
9VYQ7V
Date: 2018.12.19 15:35:20 -08'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Thompson, LeRose & Brown

Barristers & Solicitors

302-1199 Cedar Avenue

Trail

BC V1R 4B8

Phone (250) 368-3327

KS18-323 Twin River Estates Ltd.

Document Fees: \$143.16

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

014-793-512

LOT 1 DISTRICT LOT 4598 KOOTENAY DISTRICT PLAN 4520 EXCEPT PLANS
7849 AND NEP87626

STC?

YES ☐

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

TWIN RIVER ESTATES LTD.

302 - 1199 CEDAR AVENUE

TRAIL

BC

Incorporation No

BC0765755

V1R 4B8

CANADA

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

KOOTENAY SAVINGS CREDIT UNION

220-1101 DEWDNEY AVENUE

TRAIL

BRITISH COLUMBIA

Incorporation No

F136

CANADA

V1R 4T1

5. PAYMENT PROVISIONS:

(a) Principal Amount:

SEE SCHEDULE

(b) Interest Rate:

SEE SCHEDULE

(c) Interest Adjustment

Date: N/A

Y

M

D

(d) Interest Calculation Period:

MONTHLY

(e) Payment Dates:

N/A

(f) First Payment

Date: N/A

(g) Amount of each periodic payment:

N/A

(h) Interest Act (Canada) Statement.
The equivalent rate of interest calculated
half yearly not in advance
is N/A % per annum.

(i) Last Payment

Date: N/A

(j) Assignment of Rents which the
applicant wants registered?YES ☒ NO ☐

If YES, page and paragraph number:

PAGE 11, ARTICLE 18
SMT 030098

(k) Place of payment:

605 20th Street
Castlegar, BC V1N 2P2

(l) Balance Due

Date:
ON
DEMAND

MORTGAGE - PART 1

PAGE 2 OF 3 PAGES

6. MORTGAGE contains floating charge on land ? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	7. MORTGAGE secures a current or running account ? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
8. INTEREST MORTGAGED: Freehold <input checked="" type="checkbox"/> Other (specify) <input type="checkbox"/>	
9. MORTGAGE TERMS: Part 2 of this mortgage consists of (select one only): (a) Prescribed Standard Mortgage Terms <input type="checkbox"/> (b) Filed Standard Mortgage Terms <input checked="" type="checkbox"/> D F Number: MT030098 (c) Express Mortgage Terms <input type="checkbox"/> (annexed to this mortgage as Part 2) A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.	
10. ADDITIONAL OR MODIFIED TERMS: N/A	

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

Reservation V18720, Reservation 18192D, Right of Way 40174D, Reservation XK91, Covenant KL83065, Covenant KR121137, Covenant KR121138, Modification LB143374, Covenant LB182334, Statutory Building Scheme LB245282, Statutory Right of Way LB248419, and Covenant LB343040

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

BRUCE A. LeROSE, Q.C.
Barrister & Solicitor
Suite 302 - 1199 Cedar Avenue
Trail, BC V1R 4B8
(250) 368-3327

Execution Date		
Y	M	D
18	12	19

Borrower(s) Signature(s)

TWIN RIVER ESTATES LTD.,
by its Authorized Signatory(ies):

Ron Johnston

Brian Moroney

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM F

SCHEDULE

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ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. PAYMENT PROVISIONS

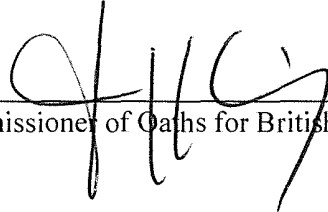
(a) Principal Amount:

All "Obligations" (as defined in Article 1 of Part 2 of this Mortgage).

(b) Interest Rate:

5% per annum in excess of the Prime Lending Rate (as defined in Article 1 of Part 2 of this Mortgage).

This is **Exhibit "E"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.



A Commissioner of Oaths for British Columbia



Commercial Security Agreement

GENERAL INFORMATION

Credit Union Name (the "Credit Union") and Address
Kootenay Savings Credit Union
220 - 1101 Dewdney Avenue
Trail, BC V1R 4T1

AGREEMENT DATE

December 17, 2018

Debtor Name(s) (the "Debtor") and Address(es)
Osprey Landing Development Corp.
302 - 1199 Cedar Avenue
Trail, BC V1R 4B8

BIRTHDATE OR INC. NO

BC0743062

MEMBERSHIP/ACCOUNT NO.

1619907

LOAN NO.

OBLIGATIONS SECURED

This Security Agreement and the security interests hereby created shall:

- ☒ *A. be continuing security for the payment of all and every indebtedness, both present and future, and whether arising on current account or otherwise, together with interest thereon and all and every liability, present and future, direct or indirect, absolute or contingent of the Debtor to the Credit Union, including, and without derogating from the generality of the foregoing, any advance or readvance, including every unpaid balance thereof, by the Credit Union to the Debtor, whenever made, and interest thereon to the same extent as if the advance or readvance had been made at the time of creation of this Security Agreement, and for performance of all obligations of the Debtor to the Credit Union, whether or not contained in this Security Agreement (which indebtedness, liabilities and obligations are herein collectively called the "Obligations").
- ☐ B. secure payment by the Debtor to the Credit Union of the sum of \$_____ and interest thereon at such rate or rates as are from time to time agreed to between the Debtor and the Credit Union (herein collectively called the "Obligations"), according to the terms of, and as evidenced by, a:
- ☐ Commercial CreditMaster® Operating, Term, or Construction Loan Agreement
 - ☐ Commercial Term Loan Agreement
 - ☐ Commercial Operating Loan Agreement
 - ☐ Commercial Operating and Term Loan Agreement
 - ☐ Commercial Operating Loan Application and Agreement
 - ☐ Commercial Loan Agreement — Fixed Amount Loan
 - ☐ Other (Specify): _____

dated _____ and any and all renewals thereof and substitutions therefor.

(herein called the "Obligations")

(*If no selection is made, option A is deemed selected.)

SIGNATURES

The Credit Union and the Debtor agree to be bound by the terms and conditions appearing on the pages following (the "Terms and Conditions") and appearing on the Schedules attached hereto, all of which form part of this Security Agreement.

The Debtor hereby:

- a) acknowledges receiving a copy of this Security Agreement; and
- b) waives all rights to receive from the Credit Union a copy of any financing statement, financing change statement, or verification statement filed at any time in respect of this Security Agreement or any amendments hereto.

(If the Debtor is a Sole Owner, or a Partnership and all Partners will sign.)

(If the Debtor is a Corporation, or a Partnership and only some Partners will sign.)

X	X	
Witness Signature	Debtor Signature	Date
X	X	
Witness Signature	Debtor Signature	Date
X	X	
Witness Signature	Debtor Signature	Date
X	X	
Witness Signature	Debtor Signature	Date

DEBTOR NAME

OSPREY LANDING DEVELOPMENT CORP.

OSPREY LANDING DEVELOPMENT CORP.

by its authorized signatories:

X *Brian Moroney* *December 19, 2018*
Authorized Signatory Date

Brian Moroney

X *Ron Johnston* *Dec 19, 2018*
Authorized Signatory Date

Ron Johnston

TERMS AND CONDITIONS

1. SECURITY INTERESTS

1.1 Security Interests – For valuable consideration and as security for the payment and performance of the Obligations, the Debtor hereby mortgages, charges, assigns and transfers to the Credit Union, and grants to the Credit Union a security interest in, and the Credit Union hereby takes a security interest in, all the Debtor's right, title and interest in and to:

☒ *A. all of the Debtor's present and after-acquired personal property (except the property of the Debtor described in Section 1.2) and all proceeds thereof of whatsoever nature and kind and wherever situate (herein collectively called the "Collateral") including, without limiting the generality of the foregoing:

a) **Accounts** – all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to or owned by the Debtor, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (herein collectively called the "Accounts");

b) **Equipment** – all present and future equipment owned by the Debtor, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (herein collectively called the "Equipment");

c) **Inventory** – all present and future inventory of whatever kind now or hereafter owned by the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (herein collectively called the "Inventory");

d) **Other Tangible Personal Property** – all chattel paper, documents of title, instruments, securities and other goods of the Debtor that are not Accounts, Equipment or Inventory;

e) **Intangibles** – all intangible property of the Debtor (save and except for Accounts) now owned or hereafter acquired by the Debtor including, without limitation, all contractual rights, licences, goodwill, patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities;

f) **Specific Property** – all the property of the Debtor described in **Schedule A** hereto, if any;

g) **Proceeds** – all proceeds of the property described above.

☐ B. the Debtor's personal property hereinafter described, wherever situate, complete with all present and future attachments, accessions, accessories, replacements and

additions, and all proceeds thereof (herein called the "Collateral");

☐ a) **Accounts** – all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to or owned by the Debtor, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (herein collectively called the "Accounts");

☐ b) **Equipment** – all present and future equipment owned by the Debtor, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (herein collectively called the "Equipment");

☐ c) **Inventory** – all present and future inventory of whatever kind now or hereafter owned by the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (herein collectively called the "Inventory");

☐ d) **Other Tangible Personal Property** – all chattel paper, documents of title, instruments, securities and other goods of the Debtor that are not Accounts, Equipment or Inventory;

☐ e) **Intangibles** – all intangible property of the Debtor (save and except for Accounts) now owned or hereafter acquired by the Debtor including, without limitation, all contractual rights, licences, goodwill, patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities;

☐ f) **Specific Property** – all the property of the Debtor described in **Schedule A** hereto, if any;

g) **Proceeds** – all proceeds of the property described above.

*(*If no selection is made, option A is deemed selected.)*

1.2 Exclusions – The security interests granted herein do not apply or extend to:

a) any real property or interests therein of the Debtor;

b) the last day of any term created by any lease or agreement therefor now held or hereafter acquired by the Debtor but the Debtor shall stand possessed of the reversion thereby remaining in the Debtor of any leasehold premises upon trust for the Credit Union to assign and dispose thereof as the Credit Union or any purchaser of such leasehold premises shall direct;

- c) if any lease or agreement therefor contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor, the application of the security interest created hereby to any such lease or agreement shall be conditional upon such leave, licence, consent or approval having been obtained and the security interest created hereby shall attach to such lease or agreement as soon as such leave, licence, consent or approval is obtained;
 - d) any consumer goods of the Debtor;
 - e) any property of the Debtor described in **Schedule E** hereto.
- 1.3 **Attachment** – The Credit Union and the Debtor do not intend to postpone the attachment of the security interests hereby created save as provided in section 1.2(c) and except as provided therein the security interests hereby created shall attach when:
- a) this Security Agreement has been executed, or in the case of after-acquired property, such property has been acquired by the Debtor;
 - b) value has been given; and
 - c) the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.
- 1.4 **Notification** – If this Security Agreement grants a security interest in Accounts, before or after an Event of Default (as hereinafter defined) has occurred, the Credit Union may notify any debtor of the Debtor on an intangible, chattel paper, or account, or any obligor on an instrument (herein called an "Account Debtor") to make all payments on Collateral to the Credit Union and the Debtor acknowledges that the proceeds of all sales, or any payments on or other proceeds of the Collateral, including but not limited to payments on, or other proceeds of, the Collateral received by the Debtor from any Account Debtor, whether before or after notification of this security interest to such Account Debtor and whether before or after default under this Agreement shall be received and held by the Debtor in trust for the Credit Union and shall be turned over to the Credit Union upon request and the Debtor shall not co-mingle any proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.
- 1.5 **Purchase Money Security Interests** – The security interests created hereby shall constitute purchase money security interests to the extent that any of the Obligations are moneys advanced by the Credit Union to the Debtor for the purpose of enabling the Debtor to purchase any of the Collateral and were so used by the Debtor and a certificate of an officer of the Credit Union as to the extent that the Obligations are monies so advanced and used shall be prima facie proof of the purchase money security interests constituted hereby.

2. REPRESENTATIONS AND WARRANTIES

- 2.1 **Representations and Warranties** – The Debtor represents and warrants to the Credit Union that:
- a) **Corporate Requirements** – if the Debtor is a corporation:
 - i) it is duly incorporated and it is in good standing under the laws of the Province of British Columbia;
 - ii) it has the power and authority to carry on the business now being carried on by it and has the full power and authority to execute and deliver this Security Agreement;
 - iii) all necessary and requisite corporate proceedings, resolutions and authorizations have been taken, passed,

done and given by it and by its directors to authorize, permit and enable it to execute and deliver this Security Agreement; and

- iv) the entering into this Security Agreement is not in contravention of any statute, the organizational or constating documents of the Debtor or any agreement or other document to which the Debtor is a party;
- b) **No Actions** – there are no actions or proceedings pending or, to the knowledge of the Debtor, threatened which challenge the validity of this Security Agreement or which might result in a material adverse change in the financial condition of the Debtor or which would materially adversely affect the ability of the Debtor to perform its obligations under this Security Agreement or any document evidencing any indebtedness of the Debtor to the Credit Union;
- c) **Owns Collateral** – the Debtor owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only those, if any, shown in **Schedule B** hereto;
- d) **Right and Authority** – the Debtor has the right and authority to create the security interests herein created;
- e) **Location of Collateral** – the only locations of Collateral (other than Inventory in transit) and the only places the Debtor carries on business are the Debtor's address set out on page 1 and such other locations, if any, described in **Schedule C** hereto.

3. POSITIVE COVENANTS

3.1 **Positive Covenants** – The Debtor covenants with the Credit Union:

- a) **Defend Collateral** – that the Debtor will defend the Collateral against all claims and demands of all persons claiming the Collateral or an interest therein at any time;
- b) **Financial Statements** – that it will deliver to the Credit Union within 90 days after the end of each fiscal year of the Debtor audited financial statements of the Debtor, including the auditor's report and any notes accompanying such statements;
- c) **Provide Information** – that upon the demand by the Credit Union it will furnish in writing to the Credit Union all information requested concerning the Collateral and that it will promptly advise the Credit Union of the serial number, year, make and model of each serial numbered good at any time included in the Collateral;
- d) **Insurance** – that it will insure and keep insured to their full insurable value with a company or companies selected by the Debtor and approved in writing by the Credit Union all the Collateral against such perils as may be prudent having regard to the nature of the Collateral and the business of the Debtor (including an extended coverage insurance clause) and whenever and to the extent required in writing by the Credit Union, the Debtor will:
 - i) furnish a certificate by an independent appraiser or insurance adjuster selected by the Debtor and approved by the Credit Union as to the sufficiency of such insurance, which certificate shall be conclusive as against the Debtor both as to the amount of insurance required hereunder and the perils against which coverage is required hereunder and the Debtor shall immediately insure in accordance with such certificate;

TERMS AND CONDITIONS (continued)

- ii) cause to be included in such policy or policies a mortgage clause in such form as may be approved by the Credit Union;
 - iii) cause to be endorsed in such form as may be required by the Credit Union on the policies evidencing such insurance a notation that any amounts payable under such policies shall be paid to the Credit Union as its interest may appear; and
 - iv) deposit with the Credit Union every policy and renewal certificate for such insurance or a certified copy thereof;
- e) **Repair** – that it will keep the Collateral in good condition and repair according to the nature and description thereof respectively and if the Debtor neglects to keep the Collateral or any part thereof in good condition and repair then the Credit Union may from time to time, without any notice to the Debtor in situations deemed by the Credit Union to be emergency situations and otherwise upon not less than 15 days notice, make such repairs as it in its sole discretion deems necessary;
- f) **Other Indebtedness** – that it will pay and discharge as they become due all payments due and owing under or with respect to any previous indebtedness created or security given by the Debtor to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any moneys due and payable under or relating to any previous indebtedness or security or in the observance, performance or carrying out of any of the terms, covenants, provisions and agreements relating thereto shall be deemed to be a default hereunder at the option of the Credit Union and any and all remedies available to the Credit Union hereunder by reason of any default hereunder or by law or otherwise shall be forthwith available to the Credit Union upon any default of the Debtor under the previous indebtedness created or security given by the Debtor;
- g) **Right of Inspection** – that the Credit Union shall have the right whenever it deems reasonably necessary either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral, all books of account and records of the Debtor and copies of all returns made from time to time by the Debtor to boards, agencies or governmental departments and to make extracts therefrom and generally to conduct such examinations as it may see fit and without limiting the generality of the foregoing, the Credit Union may request information from the solicitor, auditor and other advisors and agents of the Debtor for the time being concerning the affairs and the conduct of business of the Debtor and the Debtor hereby irrevocably authorizes and directs and this shall constitute the sufficient authority and direction to any such solicitor, auditor or other person to disclose to the Credit Union such information as to any and all matters touching upon the affairs and conduct of the business of the Debtor whether of a confidential nature or otherwise and any costs, expenses and outlays which the Credit Union may incur pursuant hereto shall be payable forthwith by the Debtor to the Credit Union, shall bear interest at the highest rate borne by any of the other Obligations and shall, together with such interest, form part of the Obligations secured by this Security Agreement;
- h) **Costs of Preparation & Enforcement** – that it will pay all costs, charges and expenses of and incidental to the taking, preparation, execution and registering notice (and any amendments and renewals of such notice), of this Security Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in relation to this Security Agreement or by reason of non-payment or procuring payment of the moneys hereby secured;
- i) **Costs Caused by Default** – that if the Debtor shall make default in any covenant to be performed by it hereunder, the Credit Union may perform any covenant of the Debtor capable of being performed by the Credit Union and if the Credit Union shall be put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor shall indemnify the Credit Union for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Credit Union on an "own client" basis) shall be payable forthwith by the Debtor to the Credit Union, shall bear interest at the highest rate borne by any of the other Obligations and shall, together with such interest, form part of the Obligations secured by this Security Agreement;
- j) **Court Costs** – that in any judicial proceedings taken to cancel this Security Agreement or to enforce this Security Agreement and the covenants of the Debtor hereunder the Credit Union shall be entitled to costs on a special costs basis. Any costs so recovered shall be credited against any solicitors' fees and charges paid or incurred by the Credit Union relating to the matters in respect of which the costs were awarded and which have been added to the monies secured hereunder pursuant to the foregoing clause;
- k) **Notice of Litigation** – that it will give written notice to the Credit Union of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral or any part thereof;
- l) **Corporate Existence, Etc.** – that it will at all times maintain its corporate existence; that it will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice; and that it will keep or cause to be kept proper books of account in accordance with sound accounting practice;
- m) **Taxes** – that it will pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Credit Union in respect of the Collateral or any part or parts thereof, or any other matter or thing in relation to this Security Agreement, save and except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Credit Union, furnish for inspection the receipts for any such payments;
- n) **Payments** – that it will promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- o) **Further Assurances** – that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Credit Union shall reasonably require for the better assuring, charging, assigning and conferring unto the Credit Union the Collateral and the security interests intended

TERMS AND CONDITIONS (continued)

to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;

- p) **Purchase Moneys** – that if the Credit Union advances money to the Debtor for the purpose of enabling the Debtor to acquire any Collateral the Debtor shall use such money only for that purpose and will promptly provide the Credit Union with evidence that such money was so applied;
- q) **Securities** – that if the Collateral at any time includes a security, the Debtor shall if required by the Credit Union transfer the security into the name of the Credit Union or the Credit Union's nominee and until an Event of Default the Credit Union will provide the Debtor with all notices and other communications received by it or its nominee as registered owner of such security and will appoint, or cause its nominee to appoint the Debtor as proxy to vote with respect to the security;
- r) **Additional Covenants** – that it will observe and perform the additional covenants, if any, set forth in **Schedule D** hereto.

4. NEGATIVE COVENANTS

4.1 **Negative Covenants** – The Debtor covenants and agrees with the Credit Union that it shall not, without the prior written consent of the Credit Union:

- a) **Change Name** – change its name;
- b) **Permit Charges** – permit the Collateral or any part or parts thereof to become subject to any mortgage, charge, lien, encumbrance or security interest, whether made, given or created by the Debtor or otherwise;
- c) **Sell Collateral** – save as permitted in Section 4.2 sell, lease or otherwise dispose of the Collateral or any part or parts thereof (and in the event of any permitted sale, lease or other disposition will deposit the proceeds with the Credit Union);
- d) **Abandon Collateral** – release, surrender or abandon the Collateral or any part or parts thereof;
- e) **Move Collateral** – move the Collateral or any part or parts thereof from its present location or locations (and will promptly advise the Credit Union of the new location or locations);
- f) **Accessions** – permit any of the Collateral to become an accession to any property other than other Collateral.

4.2 **Sale of Inventory** – If this Security Agreement grants a security interest in Inventory, until an Event of Default has occurred and the Credit Union has determined to enforce the security interests hereby created the Debtor may only sell Inventory in the ordinary course of business and provided that:

- a) **Terms** – all sales shall be on commercially reasonable terms;
- b) **Deposit Proceeds** – all cash proceeds of sales shall immediately be deposited with the Credit Union; and
- c) **Apply Proceeds** – the proceeds of any such sales may, at the option of the Credit Union, be applied to the Obligations.

5. DEFAULT AND ENFORCEMENT

5.1 **Events of Default** – The happening of any one of the following events or conditions shall constitute an event of default hereunder (herein called an "Event of Default"):

- a) **Default** – if the Debtor shall make default in the observance or performance of something required to be done or some covenant or condition required to be observed or performed

in this Security Agreement or in any other agreement or instrument between the Debtor and the Credit Union;

- b) **Misrepresentation** – if any representation or warranty given by the Debtor, or if the Debtor is a corporation by any director or officer thereof, is untrue in any material respect;
- c) **Winding Up** – if the Debtor is a corporation and an order shall be made or a resolution passed for the winding-up of the Debtor, or if a petition shall be filed for the winding-up of the Debtor;
- d) **Death or Incompetency** – if the Debtor is an individual and the Debtor dies or is declared incompetent by a court of competent jurisdiction;
- e) **Bankruptcy** – if the Debtor shall commit or threaten to commit any act of bankruptcy or shall become insolvent or shall make an assignment or proposal under the *Bankruptcy and Insolvency Act* or a general assignment in favour of its creditors or a bulk sale of its assets, or if a bankruptcy petition shall be filed or presented against the Debtor;
- f) **Receiver, Etc.** – if any receiver, receiver-manager, trustee, custodian, liquidator or similar agent is appointed for the Debtor or for any of the Debtor's property;
- g) **Arrangement** – if the Debtor is a corporation and any proceedings with respect to the Debtor shall be commenced under the *Companies Creditors Arrangement Act*;
- h) **Execution etc.** – if any execution, sequestration, extent or any other process of any Court shall become enforceable against the Debtor or if a distress or analogous process shall be levied upon the Collateral or any part thereof;
- i) **Other Indebtedness** – if the Debtor shall permit any sum which has been admitted as due by the Debtor or is not disputed to be due by it and which forms or is capable of being made a charge upon any of the Collateral in priority to the security interests created by this Security Agreement to remain unpaid for thirty (30) days;
- j) **Cease Business** – if the Debtor shall cease or threaten to cease to carry on its business;
- k) **Default in Other Payment** – if the Debtor shall make default in payment of any indebtedness or liability to the Credit Union or any other person, whether secured hereby or not;
- l) **Material Adverse Change** – if a material adverse change occurs in the financial condition of the Debtor determined by the Credit Union in its sole and absolute discretion;
- m) **Impaired Ability or Security** – if the Credit Union in good faith and on commercially reasonable grounds believes that the ability of the Debtor to pay any of the Obligations to the Credit Union or to perform any of the covenants contained herein is impaired or any security granted by the Debtor to the Credit Union is or is about to be impaired or in jeopardy;
- n) **Change of Control** – if the Debtor is a corporation and if, in the opinion of the Credit Union, effective control of the Debtor changes.

5.2 **Acceleration** – If an Event of Default occurs the Credit Union, in its sole and absolute discretion, may declare all or any part of the Obligations (whether or not by its terms payable on demand) immediately due and payable, without any further demand or notice of any kind.

5.3 **Demand Obligations** – The Debtor agrees that the provisions of Sections 5.1 and 5.2 shall not affect the demand nature of any

TERMS AND CONDITIONS (continued)

indebtedness or obligations payable on demand and the Credit Union may demand payment of such indebtedness and obligations at any time without restriction, whether or not the Debtor has complied with the provisions of this Security Agreement or any other instrument between the Debtor and the Credit Union.

5.4 **Security Interests Enforceable** – The occurrence of an Event of Default shall cause the security interests created hereby to become enforceable without the need for any action or notice on the part of the Credit Union.

5.5 **Remedies of the Credit Union** – If the security interest created hereby shall become enforceable, the Credit Union may enforce its rights by any one or more of the following remedies:

- a) **Take Possession** – by taking possession of the Collateral or any part thereof, and collecting, demanding, suing, enforcing, recovering, receiving and otherwise getting in the same and for that purpose entering into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the Debtor, or otherwise, as the Credit Union shall deem necessary;
- b) **Court Appointed Receiver** – by proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver-manager of all or any part of the Collateral;
- c) **Court Ordered Sale** – by proceedings in any court of competent jurisdiction for the sale or foreclosure of all or any part of the Collateral;
- d) **File Proofs of Claim** – by filing of proofs of claim and other documents to establish its claims in any proceeding or proceedings relating to the Debtor;
- e) **Appoint Receiver** – by appointment by instrument in writing of a receiver or receiver-manager of all or any part of the Collateral;
- f) **Sale or Lease** – by sale or lease by the Credit Union of all or any part of the Collateral (whether or not it has taken possession of the same); and
- g) **Other Remedies** – by any other remedy or proceeding authorized or permitted hereby or by law or equity (including all of the rights and remedies of a secured party under the *Personal Property Security Act* in effect from time to time);

and in exercising, delaying in exercising or failing to exercise, any such right or remedy the Credit Union shall not incur any liability to the Debtor.

5.6 **Power of Sale** – The provisions of Section 5.7(g) shall apply, mutatis mutandis, to a sale or lease of any of the Collateral by the Credit Union pursuant to Section 5.5(f).

5.7 **Receiver or Receiver-Manager** – Any time after the security interests hereby created shall have become enforceable, the Credit Union may from time to time appoint in writing any qualified person to be a Receiver or Receiver and Manager (hereinafter called the "Receiver") of the Collateral and may likewise remove any such person so appointed and appoint another qualified person in his stead. Any such Receiver appointed hereunder shall have the following powers:

- a) **Take Possession** – to take possession of the Collateral or any part thereof, and to collect and get in the same and for that purpose to enter into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the

Debtor, or otherwise, as the Receiver shall deem necessary;

- b) **Carry On Business** – if this Security Agreement creates security interests in substantially all of the Debtor's present and after-acquired personal property, to carry on or concur in carrying on the business of the Debtor (including, without limiting the generality of the powers herein contained, the payment of the obligations of the Debtor whether or not the same are due and the cancellation or amendment of any contracts between the Debtor and any other person) and the employment and discharge of such agents, managers, clerks, accountants, servants, workmen and others upon such terms and with such salaries, wages or remuneration as the Receiver thinks proper;
- c) **Repair** – to repair and keep in repair the Collateral or any part or parts thereof and to do all necessary acts and things for the protection of the Collateral;
- d) **Arrangements** – to make any arrangement or compromise which he shall think expedient in the interest of the Credit Union or the Debtor and to assent to any modification or change in or omission from the provisions of this Security Agreement;
- e) **Exchange** – to exchange any part or parts of the Collateral for any other property suitable for the purposes of the Debtor upon such terms as may seem expedient and either with or without payment or exchange of money or equality of exchange or otherwise;
- f) **Borrow** – to raise on the security of the Collateral or any part or parts thereof, by mortgage, charge or otherwise any sum of money required for the repair, insurance or protection thereof, or any other purposes herein mentioned, or as may be required to pay off or discharge any lien, charge or encumbrance upon the Collateral or any part thereof, which would or might have priority over the security interests hereby created;
- g) **Sell or Lease** – whether or not the Receiver has taken possession, to sell or lease or concur in the sale or leasing of any of the Collateral or any part or parts thereof after giving the Debtor not less than thirty (30) days' written notice of his intention to sell or lease and to carry any such sale or lease into effect by conveying, transferring, letting or assigning in the name of or on behalf of the Debtor or otherwise; and any such sale or lease may be made either at public auction or privately as the Receiver shall determine and any such sale or lease may be made from time to time as to the whole or any part or parts of the Collateral; and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which the Receiver shall deem proper; and the Receiver may buy in or rescind or vary any contract for the sale or lease of any of the Collateral or any part or parts thereof, and may resell and release without being answerable for any loss occasioned thereby; and the Receiver may sell or lease any of the same as to cash or part cash and part credit or otherwise as shall appear to be most advantageous and at such prices as can be reasonably obtained therefor and in the event of a sale or lease on credit neither he nor the Credit Union shall be accountable or charged with any monies until actually received.

5.8 **Liability of Receiver** – The Receiver appointed and exercising powers under the provisions hereof shall not be liable for any loss howsoever arising unless the same shall be caused by the Receiver's own negligence or wilful default, and the Receiver shall when so appointed be deemed to be the agent of the Debtor and the Debtor shall be solely responsible for the Receiver's acts and

TERMS AND CONDITIONS (continued)

defaults and for the Receiver's remuneration.

- 5.9 Validity of Sale or Lease** – No purchaser at any sale and no lessee under any lease purporting to be made in pursuance of the power set forth in sections 5.5(f) and 5.7(g) shall be bound to see or enquire whether any Event of Default has occurred or continues or whether any notice required hereunder has been given or as to the necessity or expediency of the stipulations subject to which sale or lease shall have been made or otherwise as to the propriety of such sale or lease, or regularity of proceedings or be affected by notice that such default has been made or continues or notice given as aforesaid, or that the sale or lease is otherwise unnecessary, improper or irregular; and notwithstanding any impropriety or irregularity or notice thereof to such purchaser or lessee the sale or lease as regards such purchaser or lessee shall be deemed to be within the aforesaid power and be valid accordingly and the remedy (if any) of the Debtor in respect of any impropriety or irregularity whatsoever in any such sale or lease shall be in damages only.
- 5.10 Proceeds of Disposition** – The proceeds of the sale, lease or other disposition of the whole or any part of the Collateral will be applied as follows:
- to pay and discharge all rents, taxes, rates, insurance premiums and out-goings affecting the Collateral;
 - to pay all costs and expenses of taking possession and/or sale or lease or otherwise (including the Receiver's remuneration, if any);
 - to pay such amounts as are necessary to keep in good standing all liens and charges on the Collateral prior to the security interests hereby created;
 - to pay the Obligations and any other monies due and payable hereunder (in such order as the Credit Union may require); and
 - should any surplus remain in the hands of the Receiver or the Credit Union then the Debtor shall be entitled to such surplus but only upon demand in writing made therefor.
- 5.11 Deficiency** – If the proceeds of the realization of the Collateral are insufficient to fully pay to the Credit Union the Obligations, the Debtor shall forthwith pay such deficiency or cause it to be paid to the Credit Union.
- 5.12 Waiver** – The Credit Union may waive any breach by the Debtor of any of the provisions contained in this Security Agreement or any Event of Default, provided always that no act or omission of the Credit Union shall extend to or be taken in any manner whatsoever to affect any subsequent breach or Event of Default or the rights resulting therefrom.
- 6. NOTICES**
- 6.1 Notices** – All demands or notices which may or are required to be given herein shall be in writing and shall be given personally by serving the same upon the party (or in the case of a corporation any officer of the party) to be served or by mail by posting the same by prepaid registered mail addressed to the respective address set out on page 1 or such other addresses as the parties may advise by notice in writing and any such demand or notice shall be deemed to have been received and effectively served, if mailed, on the third business day (excluding Saturday, Sunday and statutory holidays) following posting and if served personally, on the day of delivery.
- 6.2 Delays** – In the event that, at the time a notice is mailed as provided in Section 6.1 or at any time during the period of three business

days (excluding Saturday, Sunday and statutory holidays) following such mailing, postal or airline or airport employees are engaged in a strike, work slowdown or other work stoppage at the place at which the notice is mailed or at the place to which the notice is mailed or at any point through which such notice must pass, such notice shall be deemed to have been given and received at the time when such notice would be received in the ordinary course of the mails, allowing for such strikes, work slowdown or other work stoppage.

7. GENERAL

- 7.1 No Automatic Discharge** – This Security Agreement shall not be or be deemed to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Credit Union.
- 7.2 Discharge** – If at any time there are no Obligations then in existence and the Debtor is not in default of any of the covenants, terms and provisos on the Debtor's part herein contained, then, at the request and at the expense of the Debtor and upon payment by the Debtor to the Credit Union of the Credit Union's standard discharge fee for discharging a security agreement the Credit Union shall cancel and discharge this Security Agreement and the security interests herein granted and the Credit Union shall execute and deliver to the Debtor all such documents as are required to effect such discharge.
- 7.3 No Obligation to Advance** – The Debtor acknowledges and agrees that none of the preparation, execution or registration of notice of this Security Agreement shall bind the Credit Union to advance the monies hereby secured nor shall the advance of a part of the monies hereby secured bind the Credit Union to advance any unadvanced portion thereof.
- 7.4 Security Additional** – The Debtor agrees that the security interests created by this Security Agreement are in addition to and not in substitution for any other security now or hereafter held by the Credit Union.
- 7.5 Realization** – The Debtor acknowledges and agrees that the Credit Union may realize upon various securities securing the Obligations or any part thereof in such order as it may be advised and any such realization by any means upon any security or any part thereof shall not bar realization upon any other security or the security hereby constituted or any parts thereof.
- 7.6 No Merger** – This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Credit Union from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.
- 7.7 Extensions** – The Credit Union may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests and otherwise deal with the Debtor, Account Debtors, sureties and others and with the Collateral and other security interests as the Credit Union may see fit without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize on the security constituted by this Security Agreement.
- 7.8 Assignment** – The Credit Union may, without notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests hereby granted. The Debtor expressly agrees that the assignee, transferee or secured party,

TERMS AND CONDITIONS (continued)

as the case may be, shall have all of the Credit Union's rights and remedies under this Security Agreement and the Debtor will not assert any defence, counter-claim, right of set-off or otherwise any claim which the Debtor now has or hereafter acquires against the Credit Union in any action commenced by any such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

- 7.9 **Appropriation of Payments** – Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Credit Union may see fit and the Credit Union may at all times and from time to time change any appropriation as the Credit Union may see fit.
- 7.10 **No Representations** – The Debtor acknowledges and agrees that the Credit Union has made no representations or warranties other than those contained in this Security Agreement.
- 7.11 **Use of Collateral by Debtor** – Save as provided in section 1.4, until an Event of Default occurs the Debtor shall be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms hereof.
- 7.12 **Modifications, Etc.** – No modification or amendment of this Security Agreement shall be effective unless in writing and executed by the Debtor and the Credit Union and no waiver of any of the provisions of this Security Agreement shall be effective unless in writing and signed by the party waiving the provision.
- 7.13 **Disclosure of Information** – The Debtor hereby consents to the Credit Union, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Debtor, this Security Agreement, the Collateral and the Obligations to any person the Credit Union believes is entitled to such information and the Debtor acknowledges and agrees that the Credit Union may charge and retain a fee and its costs incurred in providing such information.

8. INTERPRETATION

- 8.1 **Incorporated Definitions** – In this Security Agreement words which are defined in the *Personal Property Security Act* of British Columbia which are not defined herein shall have the meaning set out in the *Personal Property Security Act*.
- 8.2 **Headings** – The headings in this Security Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- 8.3 **Severability** – If any provision contained in this Security Agreement shall be invalid or unenforceable the remainder of this Security Agreement shall not be affected thereby and each provision of this Security Agreement shall separately be valid and enforceable to the fullest extent permitted by law.
- 8.4 **Laws of British Columbia** – This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia.
- 8.5 **Joint Obligations** – If more than one person constitutes the Debtor, the agreements of, and all obligations and covenants to be performed and observed by, the Debtor hereunder shall be the joint and several agreements, obligations and covenants of each of the persons comprising the Debtor and any request or authorization given to the Credit Union by any of the persons comprising the Debtor shall be deemed to be the joint and several requests or

authorizations of each of the persons comprising the Debtor.

- 8.6 **Included Words** – Whenever the singular or masculine is used in this Security Agreement the same shall be deemed to include the plural or the feminine or the body corporate where the context or the parties so require.
- 8.7 **Enurement** – This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

SCHEDULE A – SPECIFIC PROPERTY

N/A

SCHEDULE B – PRIOR SECURITY INTERESTS

N/A

SCHEDULE C – DEBTOR'S OTHER PLACE(S) OF BUSINESS

(in addition to address on page 1)

Real property situate at Wardner, British Columbia, and legally described as:

Strata Lots 1 - 14, 20, 22, 24, 26, 28, 31, 38, 39, 42 - 48, 50, 54 - 70, 72, 75, 76, 79 and 80, all of District Lot 2374 Kootenay District strata Plan EPS171 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V

Other Locations of Collateral

(in addition to address on page 1)

Real property situate at Wardner, British Columbia, and legally described as:

Strata Lots 1 - 14, 20, 22, 24, 26, 28, 31, 38, 39, 42 - 48, 50, 54 - 70, 72, 75, 76, 79 and 80, all of District Lot 2374 Kootenay District strata Plan EPS171 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V

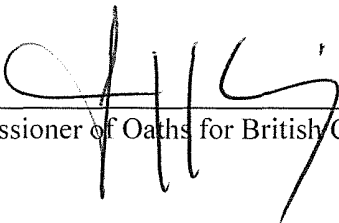
SCHEDULE D – ADDITIONAL PROVISIONS

N/A

SCHEDULE E – EXCLUDED PROPERTY

N/A

This is **Exhibit "F"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia



Commercial Security Agreement

GENERAL INFORMATION

Credit Union Name (the "Credit Union") and Address
KOOTENAY SAVINGS CREDIT UNION
220 - 1101 Dewdney Ave
Trail, BC V1R 4T1

AGREEMENT DATE
December 17, 2018

Debtor Name(s) (the "Debtor") and Address(es)
TWIN RIVER ESTATES LTD.
302 - 1199 Cedar Avenue
Trail, BC V1R 4B8

BIRTHDATE OR INC. NO
BC0765755

MEMBERSHIP/ACCOUNT NO. LOAN NO.
1619899

OBLIGATIONS SECURED

This Security Agreement and the security interests hereby created shall

- ☒ A be continuing security for the payment of all and every indebtedness, both present and future, and whether arising on current account or otherwise, together with interest thereon and all and every liability, present and future, direct or indirect, absolute or contingent of the Debtor to the Credit Union, including, and without derogating from the generality of the foregoing, any advance or readvance, including every unpaid balance thereof, by the Credit Union to the Debtor, whenever made, and interest thereon to the same extent as if the advance or readvance had been made at the time of creation of this Security Agreement, and for performance of all obligations of the Debtor to the Credit Union, whether or not contained in this Security Agreement (which indebtedness, liabilities and obligations are herein collectively called the "Obligations")
- ☐ B secure payment by the Debtor to the Credit Union of the sum of \$ _____ and interest thereon at such rate or rates as are from time to time agreed to between the Debtor and the Credit Union (herein collectively called the "Obligations"), according to the terms of, and as evidenced by, a
- ☐ Commercial CreditMaster' Operating, Term, or Construction Loan Agreement
 - ☐ Commercial Term Loan Agreement
 - ☐ Commercial Operating Loan Agreement
 - ☐ Commercial Operating and Term Loan Agreement
 - ☐ Commercial Operating Loan Application and Agreement
 - ☐ Commercial Loan Agreement — Fixed Amount Loan
 - ☐ Other (Specify) _____

dated _____ and any and all renewals thereof and substitutions therefor.

(herein called the "Obligations")

(*If no selection is made, option A is deemed selected.)

SIGNATURES

The Credit Union and the Debtor agree to be bound by the terms and conditions appearing on the pages following (the "Terms and Conditions") and appearing on the Schedules attached hereto, all of which form part of this Security Agreement

The Debtor hereby

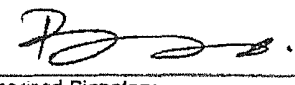
- a) acknowledges receiving a copy of this Security Agreement, and
- b) waives all rights to receive from the Credit Union a copy of any financing statement, financing change statement, or verification statement filed at any time in respect of this Security Agreement or any amendments hereto.

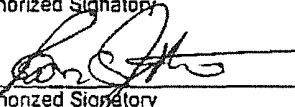
(If the Debtor is a Sole Owner, or a Partnership and all Partners will sign.)

(If the Debtor is a Corporation, or a Partnership and only some Partners will sign)

X	X	
Witness Signature	Debtor Signature	Date
X	X	
Witness Signature	Debtor Signature	Date
X	X	
Witness Signature	Debtor Signature	Date
X	X	
Witness Signature	Debtor Signature	Date

DEBTOR NAME
TWIN RIVER ESTATES LTD.,
by its Authorized Signatory(ies):

X  December 19, 2018
Authorized Signatory Date

X  Dec 19, 2018
Authorized Signatory Date

TERMS AND CONDITIONS

1. SECURITY INTERESTS

1.1 Security Interests – For valuable consideration and as security for the payment and performance of the Obligations, the Debtor hereby mortgages, charges, assigns and transfers to the Credit Union, and grants to the Credit Union a security interest in, and the Credit Union hereby takes a security interest in, all the Debtor's right, title and interest in and to:

☒ **A.** all of the Debtor's present and after-acquired personal property (except the property of the Debtor described in Section 1.2) and all proceeds thereof of whatsoever nature and kind and wherever situate (herein collectively called the "Collateral") including, without limiting the generality of the foregoing:

- a) **Accounts** – all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to or owned by the Debtor, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (herein collectively called the "Accounts");
- b) **Equipment** – all present and future equipment owned by the Debtor, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (herein collectively called the "Equipment");
- c) **Inventory** – all present and future inventory of whatever kind now or hereafter owned by the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (herein collectively called the "Inventory");
- d) **Other Tangible Personal Property** – all chattel paper, documents of title, instruments, securities and other goods of the Debtor that are not Accounts, Equipment or Inventory;
- e) **Intangibles** – all intangible property of the Debtor (save and except for Accounts) now owned or hereafter acquired by the Debtor including, without limitation, all contractual rights, licences, goodwill, patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities;
- f) **Specific Property** – all the property of the Debtor described in Schedule A hereto, if any;
- g) **Proceeds** – all proceeds of the property described above.

☐ **B.** the Debtor's personal property hereinafter described, wherever situate, complete with all present and future attachments, accessions, accessories, replacements and

additions, and all proceeds thereof (herein called the "Collateral"):

- ☐ a) **Accounts** – all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to or owned by the Debtor, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (herein collectively called the "Accounts");
- ☐ b) **Equipment** – all present and future equipment owned by the Debtor, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (herein collectively called the "Equipment");
- ☐ c) **Inventory** – all present and future inventory of whatever kind now or hereafter owned by the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (herein collectively called the "Inventory");
- ☐ d) **Other Tangible Personal Property** – all chattel paper, documents of title, instruments, securities and other goods of the Debtor that are not Accounts, Equipment or Inventory;
- ☐ e) **Intangibles** – all intangible property of the Debtor (save and except for Accounts) now owned or hereafter acquired by the Debtor including, without limitation, all contractual rights, licences, goodwill, patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities;
- ☐ f) **Specific Property** – all the property of the Debtor described in Schedule A hereto, if any;
- g) **Proceeds** – all proceeds of the property described above.

("If no selection is made, option A is deemed selected.")

1.2 Exclusions – The security interests granted herein do not apply or extend to

- a) any real property or interests therein of the Debtor;
- b) the last day of any term created by any lease or agreement therefor now held or hereafter acquired by the Debtor but the Debtor shall stand possessed of the reversion thereby remaining in the Debtor of any leasehold premises upon trust for the Credit Union to assign and dispose thereof as the Credit Union or any purchaser of such leasehold premises shall direct;

TERMS AND CONDITIONS (continued)

- c) if any lease or agreement therefor contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor, the application of the security interest created hereby to any such lease or agreement shall be conditional upon such leave, licence, consent or approval having been obtained and the security interest created hereby shall attach to such lease or agreement as soon as such leave, licence, consent or approval is obtained;
 - d) any consumer goods of the Debtor;
 - e) any property of the Debtor described in Schedule E hereto.
- 1.3 Attachment** – The Credit Union and the Debtor do not intend to postpone the attachment of the security interests hereby created save as provided in section 1.2(c) and except as provided therein the security interests hereby created shall attach when:
- a) this Security Agreement has been executed, or in the case of after-acquired property, such property has been acquired by the Debtor;
 - b) value has been given; and
 - c) the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.
- 1.4 Notification** – If this Security Agreement grants a security interest in Accounts, before or after an Event of Default (as hereinafter defined) has occurred, the Credit Union may notify any debtor of the Debtor on an intangible, chattel paper, or account, or any obligor on an instrument (herein called an "Account Debtor") to make all payments on Collateral to the Credit Union and the Debtor acknowledges that the proceeds of all sales, or any payments on or other proceeds of the Collateral, including but not limited to payments on, or other proceeds of, the Collateral received by the Debtor from any Account Debtor, whether before or after notification of this security interest to such Account Debtor and whether before or after default under this Agreement shall be received and held by the Debtor in trust for the Credit Union and shall be turned over to the Credit Union upon request and the Debtor shall not co-mingle any proceeds of or payments on the Collateral with any of the Debtor's funds or property but will hold them separate and apart
- 1.5 Purchase Money Security Interests** – The security interests created hereby shall constitute purchase money security interests to the extent that any of the Obligations are moneys advanced by the Credit Union to the Debtor for the purpose of enabling the Debtor to purchase any of the Collateral and were so used by the Debtor and a certificate of an officer of the Credit Union as to the extent that the Obligations are monies so advanced and used shall be prima facie proof of the purchase money security interests constituted hereby

2. REPRESENTATIONS AND WARRANTIES

- 2.1 Representations and Warranties** – The Debtor represents and warrants to the Credit Union that:
- a) **Corporate Requirements** – if the Debtor is a corporation
 - i) it is duly incorporated and it is in good standing under the laws of the Province of British Columbia;
 - ii) it has the power and authority to carry on the business now being carried on by it and has the full power and authority to execute and deliver this Security Agreement;
 - iii) all necessary and requisite corporate proceedings, resolutions and authorizations have been taken, passed,

done and given by it and by its directors to authorize, permit and enable it to execute and deliver this Security Agreement; and

- iv) the entering into this Security Agreement is not in contravention of any statute, the organizational or constating documents of the Debtor or any agreement or other document to which the Debtor is a party;
- b) **No Actions** – there are no actions or proceedings pending or, to the knowledge of the Debtor, threatened which challenge the validity of this Security Agreement or which might result in a material adverse change in the financial condition of the Debtor or which would materially adversely affect the ability of the Debtor to perform its obligations under this Security Agreement or any document evidencing any indebtedness of the Debtor to the Credit Union;
- c) **Owns Collateral** – the Debtor owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only those, if any, shown in Schedule B hereto;
- d) **Right and Authority** – the Debtor has the right and authority to create the security interests herein created;
- e) **Location of Collateral** – the only locations of Collateral (other than Inventory in transit) and the only places the Debtor carries on business are the Debtor's address set out on page 1 and such other locations, if any, described in Schedule C hereto

3. POSITIVE COVENANTS

3.1 Positive Covenants – The Debtor covenants with the Credit Union

- a) **Defend Collateral** – that the Debtor will defend the Collateral against all claims and demands of all persons claiming the Collateral or an interest therein at any time;
- b) **Financial Statements** – that it will deliver to the Credit Union within 90 days after the end of each fiscal year of the Debtor audited financial statements of the Debtor, including the auditor's report and any notes accompanying such statements;
- c) **Provide Information** – that upon the demand by the Credit Union it will furnish in writing to the Credit Union all information requested concerning the Collateral and that it will promptly advise the Credit Union of the serial number, year, make and model of each serial numbered good at any time included in the Collateral;
- d) **Insurance** – that it will insure and keep insured to their full insurable value with a company or companies selected by the Debtor and approved in writing by the Credit Union all the Collateral against such perils as may be prudent having regard to the nature of the Collateral and the business of the Debtor (including an extended coverage insurance clause) and whenever and to the extent required in writing by the Credit Union, the Debtor will
 - i) furnish a certificate by an independent appraiser or insurance adjuster selected by the Debtor and approved by the Credit Union as to the sufficiency of such insurance, which certificate shall be conclusive as against the Debtor both as to the amount of insurance required hereunder and the perils against which coverage is required hereunder and the Debtor shall immediately insure in accordance with such certificate;

- ii) cause to be included in such policy or policies a mortgage clause in such form as may be approved by the Credit Union;
- iii) cause to be endorsed in such form as may be required by the Credit Union on the policies evidencing such insurance a notation that any amounts payable under such policies shall be paid to the Credit Union as its interest may appear; and
- iv) deposit with the Credit Union every policy and renewal certificate for such insurance or a certified copy thereof;
- e) **Repair** – that it will keep the Collateral in good condition and repair according to the nature and description thereof respectively and if the Debtor neglects to keep the Collateral or any part thereof in good condition and repair then the Credit Union may from time to time, without any notice to the Debtor in situations deemed by the Credit Union to be emergency situations and otherwise upon not less than 15 days notice, make such repairs as it in its sole discretion deems necessary;
- f) **Other Indebtedness** – that it will pay and discharge as they become due all payments due and owing under or with respect to any previous indebtedness created or security given by the Debtor to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any moneys due and payable under or relating to any previous indebtedness or security or in the observance, performance or carrying out of any of the terms, covenants, provisions and agreements relating thereto shall be deemed to be a default hereunder at the option of the Credit Union and any and all remedies available to the Credit Union hereunder by reason of any default hereunder or by law or otherwise shall be forthwith available to the Credit Union upon any default of the Debtor under the previous indebtedness created or security given by the Debtor;
- g) **Right of Inspection** – that the Credit Union shall have the right whenever it deems reasonably necessary either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral, all books of account and records of the Debtor and copies of all returns made from time to time by the Debtor to boards, agencies or governmental departments and to make extracts therefrom and generally to conduct such examinations as it may see fit and without limiting the generality of the foregoing, the Credit Union may request information from the solicitor, auditor and other advisors and agents of the Debtor for the time being concerning the affairs and the conduct of business of the Debtor and the Debtor hereby irrevocably authorizes and directs and this shall constitute the sufficient authority and direction to any such solicitor, auditor or other person to disclose to the Credit Union such information as to any and all matters touching upon the affairs and conduct of the business of the Debtor whether of a confidential nature or otherwise and any costs, expenses and outlays which the Credit Union may incur pursuant hereto shall be payable forthwith by the Debtor to the Credit Union, shall bear interest at the highest rate borne by any of the other Obligations and shall, together with such interest, form part of the Obligations secured by this Security Agreement;
- h) **Costs of Preparation & Enforcement** – that it will pay all costs, charges and expenses of and incidental to the taking, preparation, execution and registering notice (and any amendments and renewals of such notice), of this Security

Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in relation to this Security Agreement or by reason of non-payment or procuring payment of the moneys hereby secured,

- i) **Costs Caused by Default** – that if the Debtor shall make default in any covenant to be performed by it hereunder, the Credit Union may perform any covenant of the Debtor capable of being performed by the Credit Union and if the Credit Union shall be put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor shall indemnify the Credit Union for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Credit Union on an "own client" basis) shall be payable forthwith by the Debtor to the Credit Union, shall bear interest at the highest rate borne by any of the other Obligations and shall, together with such interest, form part of the Obligations secured by this Security Agreement;
- j) **Court Costs** – that in any judicial proceedings taken to cancel this Security Agreement or to enforce this Security Agreement and the covenants of the Debtor hereunder the Credit Union shall be entitled to costs on a special costs basis. Any costs so recovered shall be credited against any solicitors' fees and charges paid or incurred by the Credit Union relating to the matters in respect of which the costs were awarded and which have been added to the monies secured hereunder pursuant to the foregoing clause;
- k) **Notice of Litigation** – that it will give written notice to the Credit Union of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral or any part thereof;
- l) **Corporate Existence, Etc.** – that it will at all times maintain its corporate existence, that it will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice, and that it will keep or cause to be kept proper books of account in accordance with sound accounting practice;
- m) **Taxes** – that it will pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Credit Union in respect of the Collateral or any part or parts thereof, or any other matter or thing in relation to this Security Agreement, save and except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Credit Union, furnish for inspection the receipts for any such payments;
- n) **Payments** – that it will promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- o) **Further Assurances** – that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Credit Union shall reasonably require for the better assuring, charging, assigning and conferring unto the Credit Union the Collateral and the security interests intended

TERMS AND CONDITIONS (continued)

to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;

- p) **Purchase Moneys** – that if the Credit Union advances money to the Debtor for the purpose of enabling the Debtor to acquire any Collateral the Debtor shall use such money only for that purpose and will promptly provide the Credit Union with evidence that such money was so applied;
- q) **Securities** – that if the Collateral at any time includes a security, the Debtor shall if required by the Credit Union transfer the security into the name of the Credit Union or the Credit Union's nominee and until an Event of Default the Credit Union will provide the Debtor with all notices and other communications received by it or its nominee as registered owner of such security and will appoint, or cause its nominee to appoint the Debtor as proxy to vote with respect to the security;
- r) **Additional Covenants** – that it will observe and perform the additional covenants, if any, set forth in Schedule D hereto.

4. NEGATIVE COVENANTS

4.1 **Negative Covenants** – The Debtor covenants and agrees with the Credit Union that it shall not, without the prior written consent of the Credit Union:

- a) **Change Name** – change its name;
- b) **Permit Charges** – permit the Collateral or any part or parts thereof to become subject to any mortgage, charge, lien, encumbrance or security interest, whether made, given or created by the Debtor or otherwise;
- c) **Sell Collateral** – save as permitted in Section 4.2 sell, lease or otherwise dispose of the Collateral or any part or parts thereof (and in the event of any permitted sale, lease or other disposition will deposit the proceeds with the Credit Union);
- d) **Abandon Collateral** – release, surrender or abandon the Collateral or any part or parts thereof;
- e) **Move Collateral** – move the Collateral or any part or parts thereof from its present location or locations (and will promptly advise the Credit Union of the new location or locations);
- f) **Accessions** – permit any of the Collateral to become an accession to any property other than other Collateral.

4.2 **Sale of Inventory** – If this Security Agreement grants a security interest in Inventory, until an Event of Default has occurred and the Credit Union has determined to enforce the security interests hereby created the Debtor may only sell Inventory in the ordinary course of business and provided that:

- a) **Terms** – all sales shall be on commercially reasonable terms;
- b) **Deposit Proceeds** – all cash proceeds of sales shall immediately be deposited with the Credit Union; and
- c) **Apply Proceeds** – the proceeds of any such sales may, at the option of the Credit Union, be applied to the Obligations.

5. DEFAULT AND ENFORCEMENT

5.1 **Events of Default** – The happening of any one of the following events or conditions shall constitute an event of default hereunder (herein called an "Event of Default"):

- a) **Default** – if the Debtor shall make default in the observance or performance of something required to be done or some covenant or condition required to be observed or performed

in this Security Agreement or in any other agreement or instrument between the Debtor and the Credit Union;

- b) **Misrepresentation** – if any representation or warranty given by the Debtor, or if the Debtor is a corporation by any director or officer thereof, is untrue in any material respect;
- c) **Winding Up** – if the Debtor is a corporation and an order shall be made or a resolution passed for the winding-up of the Debtor, or if a petition shall be filed for the winding-up of the Debtor;
- d) **Death or Incompetency** – if the Debtor is an individual and the Debtor dies or is declared incompetent by a court of competent jurisdiction;
- e) **Bankruptcy** – if the Debtor shall commit or threaten to commit any act of bankruptcy or shall become insolvent or shall make an assignment or proposal under the *Bankruptcy and Insolvency Act* or a general assignment in favour of its creditors or a bulk sale of its assets, or if a bankruptcy petition shall be filed or presented against the Debtor;
- f) **Receiver, Etc.** – if any receiver, receiver-manager, trustee, custodian, liquidator or similar agent is appointed for the Debtor or for any of the Debtor's property;
- g) **Arrangement** – if the Debtor is a corporation and any proceedings with respect to the Debtor shall be commenced under the *Companies Creditors Arrangement Act*;
- h) **Execution etc.** – if any execution, sequestration, extent or any other process of any Court shall become enforceable against the Debtor or if a distress or analogous process shall be levied upon the Collateral or any part thereof;
- i) **Other Indebtedness** – if the Debtor shall permit any sum which has been admitted as due by the Debtor or is not disputed to be due by it and which forms or is capable of being made a charge upon any of the Collateral in priority to the security interests created by this Security Agreement to remain unpaid for thirty (30) days;
- j) **Cease Business** – if the Debtor shall cease or threaten to cease to carry on its business;
- k) **Default in Other Payment** – if the Debtor shall make default in payment of any indebtedness or liability to the Credit Union or any other person, whether secured hereby or not;
- l) **Material Adverse Change** – if a material adverse change occurs in the financial condition of the Debtor determined by the Credit Union in its sole and absolute discretion;
- m) **Impaired Ability or Security** – if the Credit Union in good faith and on commercially reasonable grounds believes that the ability of the Debtor to pay any of the Obligations to the Credit Union or to perform any of the covenants contained herein is impaired or any security granted by the Debtor to the Credit Union is or is about to be impaired or in jeopardy;
- n) **Change of Control** – if the Debtor is a corporation and if, in the opinion of the Credit Union, effective control of the Debtor changes

5.2 **Acceleration** – If an Event of Default occurs the Credit Union, in its sole and absolute discretion, may declare all or any part of the Obligations (whether or not by its terms payable on demand) immediately due and payable, without any further demand or notice of any kind

5.3 **Demand Obligations** – The Debtor agrees that the provisions of Sections 5.1 and 5.2 shall not affect the demand nature of any

TERMS AND CONDITIONS (continued)

indebtedness or obligations payable on demand and the Credit Union may demand payment of such indebtedness and obligations at any time without restriction, whether or not the Debtor has complied with the provisions of this Security Agreement or any other instrument between the Debtor and the Credit Union.

5.4 **Security Interests Enforceable** – The occurrence of an Event of Default shall cause the security interests created hereby to become enforceable without the need for any action or notice on the part of the Credit Union.

5.5 **Remedies of the Credit Union** – If the security interest created hereby shall become enforceable, the Credit Union may enforce its rights by any one or more of the following remedies:

- a) **Take Possession** – by taking possession of the Collateral or any part thereof, and collecting, demanding, suing, enforcing, recovering, receiving and otherwise getting in the same and for that purpose entering into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the Debtor, or otherwise, as the Credit Union shall deem necessary;
- b) **Court Appointed Receiver** – by proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver-manager of all or any part of the Collateral;
- c) **Court Ordered Sale** – by proceedings in any court of competent jurisdiction for the sale or foreclosure of all or any part of the Collateral;
- d) **File Proofs of Claim** – by filing of proofs of claim and other documents to establish its claims in any proceeding or proceedings relating to the Debtor;
- e) **Appoint Receiver** – by appointment by instrument in writing of a receiver or receiver-manager of all or any part of the Collateral;
- f) **Sale or Lease** – by sale or lease by the Credit Union of all or any part of the Collateral (whether or not it has taken possession of the same), and
- g) **Other Remedies** – by any other remedy or proceeding authorized or permitted hereby or by law or equity (including all of the rights and remedies of a secured party under the *Personal Property Security Act* in effect from time to time),

and in exercising, delaying in exercising or failing to exercise, any such right or remedy the Credit Union shall not incur any liability to the Debtor.

5.6 **Power of Sale** – The provisions of Section 5.7(g) shall apply, mutatis mutandis, to a sale or lease of any of the Collateral by the Credit Union pursuant to Section 5.5(f).

5.7 **Receiver or Receiver-Manager** – Any time after the security interests hereby created shall have become enforceable, the Credit Union may from time to time appoint in writing any qualified person to be a Receiver or Receiver and Manager (hereinafter called the "Receiver") of the Collateral and may likewise remove any such person so appointed and appoint another qualified person in his stead. Any such Receiver appointed hereunder shall have the following powers:

- a) **Take Possession** – to take possession of the Collateral or any part thereof, and to collect and get in the same and for that purpose to enter into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the

Debtor, or otherwise, as the Receiver shall deem necessary.

- b) **Carry On Business** – if this Security Agreement creates security interests in substantially all of the Debtor's present and after-acquired personal property, to carry on or concur in carrying on the business of the Debtor (including, without limiting the generality of the powers herein contained, the payment of the obligations of the Debtor whether or not the same are due and the cancellation or amendment of any contracts between the Debtor and any other person) and the employment and discharge of such agents, managers, clerks, accountants, servants, workmen and others upon such terms and with such salaries, wages or remuneration as the Receiver thinks proper;
- c) **Repair** – to repair and keep in repair the Collateral or any part or parts thereof and to do all necessary acts and things for the protection of the Collateral;
- d) **Arrangements** – to make any arrangement or compromise which he shall think expedient in the interest of the Credit Union or the Debtor and to assent to any modification or change in or omission from the provisions of this Security Agreement;
- e) **Exchange** – to exchange any part or parts of the Collateral for any other property suitable for the purposes of the Debtor upon such terms as may seem expedient and either with or without payment or exchange of money or equality of exchange or otherwise;
- f) **Borrow** – to raise on the security of the Collateral or any part or parts thereof, by mortgage, charge or otherwise any sum of money required for the repair, insurance or protection thereof, or any other purposes herein mentioned, or as may be required to pay off or discharge any lien, charge or encumbrance upon the Collateral or any part thereof, which would or might have priority over the security interests hereby created;
- g) **Sell or Lease** – whether or not the Receiver has taken possession, to sell or lease or concur in the sale or leasing of any of the Collateral or any part or parts thereof after giving the Debtor not less than thirty (30) days' written notice of his intention to sell or lease and to carry any such sale or lease into effect by conveying, transferring, letting or assigning in the name of or on behalf of the Debtor or otherwise; and any such sale or lease may be made either at public auction or privately as the Receiver shall determine and any such sale or lease may be made from time to time as to the whole or any part or parts of the Collateral, and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which the Receiver shall deem proper, and the Receiver may buy in or rescind or vary any contract for the sale or lease of any of the Collateral or any part or parts thereof, and may resell and release without being answerable for any loss occasioned thereby, and the Receiver may sell or lease any of the same as to cash or part cash and part credit or otherwise as shall appear to be most advantageous and at such prices as can be reasonably obtained therefor and in the event of a sale or lease on credit neither he nor the Credit Union shall be accountable or charged with any monies until actually received.

5.8 **Liability of Receiver** – The Receiver appointed and exercising powers under the provisions hereof shall not be liable for any loss howsoever arising unless the same shall be caused by the Receiver's own negligence or wilful default, and the Receiver shall when so appointed be deemed to be the agent of the Debtor and the Debtor shall be solely responsible for the Receiver's acts and

TERMS AND CONDITIONS (continued)

defaults and for the Receiver's remuneration.

- 5.9 **Validity of Sale or Lease** – No purchaser at any sale and no lessee under any lease purporting to be made in pursuance of the power set forth in sections 5.5(f) and 5.7(g) shall be bound to see or enquire whether any Event of Default has occurred or continues or whether any notice required hereunder has been given or as to the necessity or expediency of the stipulations subject to which sale or lease shall have been made or otherwise as to the propriety of such sale or lease, or regularity of proceedings or be affected by notice that such default has been made or continues or notice given as aforesaid, or that the sale or lease is otherwise unnecessary, improper or irregular; and notwithstanding any impropriety or irregularity or notice thereof to such purchaser or lessee the sale or lease as regards such purchaser or lessee shall be deemed to be within the aforesaid power and be valid accordingly and the remedy (if any) of the Debtor in respect of any impropriety or irregularity whatsoever in any such sale or lease shall be in damages only.
- 5.10 **Proceeds of Disposition** – The proceeds of the sale, lease or other disposition of the whole or any part of the Collateral will be applied as follows:
- to pay and discharge all rents, taxes, rates, insurance premiums and out-goings affecting the Collateral;
 - to pay all costs and expenses of taking possession and/or sale or lease or otherwise (including the Receiver's remuneration, if any);
 - to pay such amounts as are necessary to keep in good standing all liens and charges on the Collateral prior to the security interests hereby created;
 - to pay the Obligations and any other monies due and payable hereunder (in such order as the Credit Union may require), and
 - should any surplus remain in the hands of the Receiver or the Credit Union then the Debtor shall be entitled to such surplus but only upon demand in writing made therefor.
- 5.11 **Deficiency** – If the proceeds of the realization of the Collateral are insufficient to fully pay to the Credit Union the Obligations, the Debtor shall forthwith pay such deficiency or cause it to be paid to the Credit Union.
- 5.12 **Waiver** – The Credit Union may waive any breach by the Debtor of any of the provisions contained in this Security Agreement or any Event of Default, provided always that no act or omission of the Credit Union shall extend to or be taken in any manner whatsoever to affect any subsequent breach or Event of Default or the rights resulting therefrom.
6. **NOTICES**
- 6.1 **Notices** – All demands or notices which may or are required to be given herein shall be in writing and shall be given personally by serving the same upon the party (or in the case of a corporation any officer of the party) to be served or by mail by posting the same by prepaid registered mail addressed to the respective address set out on page 1 or such other addresses as the parties may advise by notice in writing and any such demand or notice shall be deemed to have been received and effectively served, if mailed, on the third business day (excluding Saturday, Sunday and statutory holidays) following posting and if served personally, on the day of delivery.
- 6.2 **Delays** – In the event that, at the time a notice is mailed as provided in Section 6.1 or at any time during the period of three business

days (excluding Saturday, Sunday and statutory holidays) following such mailing, postal or airline or airport employees are engaged in a strike, work slowdown or other work stoppage at the place at which the notice is mailed or at the place to which the notice is mailed or at any point through which such notice must pass, such notice shall be deemed to have been given and received at the time when such notice would be received in the ordinary course of the mails, allowing for such strikes, work slowdown or other work stoppage.

7. GENERAL

- 7.1 **No Automatic Discharge** – This Security Agreement shall not be or be deemed to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Credit Union.
- 7.2 **Discharge** – If at any time there are no Obligations then in existence and the Debtor is not in default of any of the covenants, terms and provisos on the Debtor's part herein contained, then, at the request and at the expense of the Debtor and upon payment by the Debtor to the Credit Union of the Credit Union's standard discharge fee for discharging a security agreement the Credit Union shall cancel and discharge this Security Agreement and the security interests herein granted and the Credit Union shall execute and deliver to the Debtor all such documents as are required to effect such discharge.
- 7.3 **No Obligation to Advance** – The Debtor acknowledges and agrees that none of the preparation, execution or registration of notice of this Security Agreement shall bind the Credit Union to advance the monies hereby secured nor shall the advance of a part of the monies hereby secured bind the Credit Union to advance any unadvanced portion thereof.
- 7.4 **Security Additional** – The Debtor agrees that the security interests created by this Security Agreement are in addition to and not in substitution for any other security now or hereafter held by the Credit Union.
- 7.5 **Realization** – The Debtor acknowledges and agrees that the Credit Union may realize upon various securities securing the Obligations or any part thereof in such order as it may be advised and any such realization by any means upon any security or any part thereof shall not bar realization upon any other security or the security hereby constituted or any parts thereof.
- 7.6 **No Merger** – This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Credit Union from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.
- 7.7 **Extensions** – The Credit Union may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests and otherwise deal with the Debtor, Account Debtors, sureties and others and with the Collateral and other security interests as the Credit Union may see fit without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize on the security constituted by this Security Agreement.
- 7.8 **Assignment** – The Credit Union may, without notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests hereby granted. The Debtor expressly agrees that the assignee, transferee or secured party,

TERMS AND CONDITIONS (continued)

as the case may be, shall have all of the Credit Union's rights and remedies under this Security Agreement and the Debtor will not assert any defence, counter-claim, right of set-off or otherwise any claim which the Debtor now has or hereafter acquires against the Credit Union in any action commenced by any such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

- 7.9 **Appropriation of Payments** – Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Credit Union may see fit and the Credit Union may at all times and from time to time change any appropriation as the Credit Union may see fit.
- 7.10 **No Representations** – The Debtor acknowledges and agrees that the Credit Union has made no representations or warranties other than those contained in this Security Agreement.
- 7.11 **Use of Collateral by Debtor** – Save as provided in section 1.4, until an Event of Default occurs the Debtor shall be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms hereof.
- 7.12 **Modifications, Etc.** – No modification or amendment of this Security Agreement shall be effective unless in writing and executed by the Debtor and the Credit Union and no waiver of any of the provisions of this Security Agreement shall be effective unless in writing and signed by the party waiving the provision.
- 7.13 **Disclosure of Information** – The Debtor hereby consents to the Credit Union, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Debtor, this Security Agreement, the Collateral and the Obligations to any person the Credit Union believes is entitled to such information and the Debtor acknowledges and agrees that the Credit Union may charge and retain a fee and its costs incurred in providing such information.

8. INTERPRETATION

- 8.1 **Incorporated Definitions** – In this Security Agreement words which are defined in the *Personal Property Security Act* of British Columbia which are not defined herein shall have the meaning set out in the *Personal Property Security Act*.
- 8.2 **Headings** – The headings in this Security Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- 8.3 **Severability** – If any provision contained in this Security Agreement shall be invalid or unenforceable the remainder of this Security Agreement shall not be affected thereby and each provision of this Security Agreement shall separately be valid and enforceable to the fullest extent permitted by law.
- 8.4 **Laws of British Columbia** – This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia.
- 8.5 **Joint Obligations** – If more than one person constitutes the Debtor, the agreements of, and all obligations and covenants to be performed and observed by, the Debtor hereunder shall be the joint and several agreements, obligations and covenants of each of the persons comprising the Debtor and any request or authorization given to the Credit Union by any of the persons comprising the Debtor shall be deemed to be the joint and several requests or

authorizations of each of the persons comprising the Debtor.

- 8.6 **Included Words** – Whenever the singular or masculine is used in this Security Agreement the same shall be deemed to include the plural or the feminine or the body corporate where the context or the parties so require.
- 8.7 **Enurement** – This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

SCHEDULE A – SPECIFIC PROPERTY

N/A

SCHEDULE B – PRIOR SECURITY INTERESTS

N/A

SCHEDULE C – DEBTOR'S OTHER PLACE(S) OF BUSINESS

(in addition to address on page 1)

3805 Columbia Avenue, Castlegar, BC, legally described as PID 014-793-512, Lot 1 District Lot 4598
Kootenay District Plan 4520 Except Plans 7849 and NEP87626

Other Locations of Collateral

(in addition to address on page 1)

See above

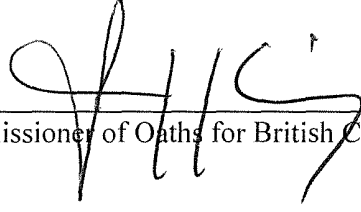
SCHEDULE D – ADDITIONAL PROVISIONS

N/A

SCHEDULE E - EXCLUDED PROPERTY

N/A

This is **Exhibit "G"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia

District of: British Columbia
Division No: 1
Court No: 19768
Estate No: 11-2438697

FORM 40

Nelson

26-Nov-18

REGISTRY

Report of Trustee on Proposal

(Section 59(1) and paragraph 58(d) of the Act)

In the matter of the Proposal of Osprey Landing Development Corp.
of the Town of Wardner in the Province of British Columbia

I, Gregory F. Moroso, of G. Moroso & Associates Inc., the trustee acting in the proposal of Osprey Landing Development Corp., hereby report to the Court as follows:

1. That a proposal was filed with me on the 31st day of October, 2018 a copy of which is attached and marked as Exhibit "A" and that I filed a copy of the proposal with the official receiver on the 31st day of October, 2018.
2. That on the 31st day of October, 2018 I gave notice to the debtor, to the Division Office and to every known creditor affected by the proposal, whose names and addresses are shown in Exhibit "B" to this report, of the calling of a meeting of creditors to be held on the 20th day of November, 2018 to consider the proposal.
3. That with the notice was included a condensed statement of the assets and liabilities of the debtor, a list of the creditors affected by the proposal who have claims of \$250 or more and showing the amounts of their claims, a copy of the proposal, a form of proof of claim and proxy in blank and a voting letter. Copies of the notice, the condensed statement and the list of creditors are attached and marked as Exhibits "C1", "C2" and "C3", respectively.
4. That prior to the meeting of creditors I made a detailed and careful inquiry into the liabilities of the debtor, the debtor's assets and their value, the debtor's conduct and the causes of the debtor's insolvency.
5. That the meeting of creditors was held on the 20th day of November, 2018, and was presided over by Gregory F. Moroso.
6. That the said proposal was accepted by the required majority of creditors.
7. That a copy of the minutes of the meeting is attached and marked as Exhibit "D".

8. That I am of the opinion that:

(a) the assets of the debtor and their fair realizable value are as follows:

Asset Description	Book Value	Est. Realizable Value
Real Property	\$7,000,000.00	\$0.00
Total	\$7,000,000.00	\$0.00

(b) the liabilities of the debtor are as follows:

Creditor	Type	Declared	Admitted
Atco Structures & Logistics Ltd	Unsecured	\$2,869.00	\$8,858.08
B-Boyz	Unsecured	\$42,763.00	\$0.00
Brandt Tractor	Unsecured	\$326.00	\$0.00
Canada Revenue Agency	Unsecured	\$1.00	\$0.00
Corix Utilities Inc.	Unsecured	\$153,750.00	\$0.00
B. E. Civil Projects Ltd.	Unsecured	\$135,000.00	\$135,000.00
D Goulet Profession Corp	Unsecured	\$4,191.00	\$0.00
East Kootenay Community Credit Union	Unsecured	\$1.00	\$0.00
Economy Vacuum Tankers	Unsecured	\$3,711.00	\$0.00
Falkins Insurance Group	Unsecured	\$9,763.00	\$0.00
James Duke	Unsecured	\$43,937.00	\$43,937.00
Koocanusa Publications Inc.	Unsecured	\$3,086.00	\$3,303.72
M & R Electrical (BC) Ltd.	Unsecured	\$33,272.00	\$33,272.00
Morrissey Aggregates Ltd.	Unsecured	\$283.00	\$0.00
Pattison Outdoor Advertising	Unsecured	\$3,134.00	\$4,998.00
Peregrine Projects Ltd.	Unsecured	\$279,608.00	\$279,608.00
Salnes North America	Unsecured	\$19,346.00	\$0.00
Sandor Rental Equipment	Unsecured	\$3,736.00	\$3,736.00
Kootenay Savings Credit Union-Collections - Trail	Secured	\$10,890,507.38	\$0.00
Total		\$11,629,284.38	\$512,712.80

9. That I am also of the opinion that:

(a) the causes of the insolvency of the debtor are as follows:

Undercapitalization of operations and over-budget development costs.

(b) the conduct of the debtor is subject to censure in the following respects:

N/A

(c) the following facts, mentioned in section 173 of the Act, may be proved against the debtor:

None

10. That I am further of the opinion that the debtor's proposal is an advantageous one for the creditors, for the following reasons:

There is no recovery available to creditors as a result of both a Bankruptcy and Receivership Proceeding.

11. That I forwarded a copy of this report to the official receiver on this day.

Dated at Castlegar, British Columbia, this 20th day of November, 2018.

A handwritten signature in black ink, consisting of a large, stylized capital 'A' followed by a cursive 'r'.

Licensed Insolvency Trustee

Telephone: (250) 365-1035
Fax: (250) 365-6066

THIS IS EXHIBIT A IN
THE AFFIDAVIT OF G. MOROSO
OATH SWORN BEFORE ME
THIS 10 DAY OF SEPTEMBER, 1960
A COMMISSIONER IN AND FOR
THE PROVINCE OF BRITISH COLUMBIA

On December 13, 2005, Osprey Landing Development Corp. was incorporated under the *Business Corporations Act* (British Columbia). The Company's sole director and officer was Mr. Mark Taylor, who resides in Calgary, Alberta. The Company was incorporated to develop an 81-lot property development located in Wardner, B.C., which is just south of Cranbrook, B.C.

G. Moroso & Associates Inc., of Castlegar, B.C., is also the Receiver and Manager of Osprey Landing, appointed by an Order of the Court pronounced on May 2, 2011, in Action No. CLB-S-H-19132, Cranbrook Registry.

In October 2007, East Kootenay Community Credit Union ("EKCCU") and Kootenay Savings Credit Union ("KSCU") entered into a syndicated loan agreement, in the principal sum of \$5,000,000.00, with Osprey Landing for the purpose of funding the development.

There were numerous issues involved with the receivership, including disagreements on a Shared Utility Cost Agreement between Osprey Landing and the adjacent development, Koocanusa Landing, which is also under a receivership administration. The shared utility, known as Koocanusa Utility Company and Koocanusa Sewer Company ("KUC/KSC") are also under a receivership administration. In an attempt to resolve ongoing legal issues, the Company filed an Assignment for the General Benefit of Creditors effective as at December 22, 2016. The disputed costs on the Shared Utility Cost Agreement have now been resolved, and the Receivers for both KUC/KSC and Koocanusa Landing are in the process of applying to the Court for an Order of Discharge.

The secured creditors of Osprey Landing as at the date of the Bankruptcy Trustee's appointment totaled approximately \$10.0 million and were as follows:

1. Syndicated Loan between EKCCU and KSCU - \$9,997,481

The Syndicated Loan as at the date of the filing of the Proposal is now \$10,890,507.38.

Osprey Landing currently has the following assets (and estimated realizable values):

- Real Estate Properties – 52 Development Lots - \$7.0 million;

There are a number of other subordinate mortgages filed against the properties, however, there is no equity available to satisfy those secured debts.

The Debtor's Proposal consists of a payment of \$5,000 at the time of filing of the Proposal (which has been paid), plus a lump sum payment of \$95,000 upon Court approval to satisfy the claims of the creditors, making total payments to the Trustee of \$100,000. The funds are to be provided by KS Property Management Inc. ("KSPM"), a company owned by KSCU, pursuant to an agreement by KSPM to purchase all of the issued and outstanding shares of the Debtor, conditional on the Debtor successfully making a Proposal to its creditors. The result of the transaction with KSPM is that all creditor claims against the Debtor would be compromised by the Proposal, all existing shares of the Debtor would be cancelled, and new shares would be issued to KSPM. The sale proceeds value the Debtor at \$7.1 million, which is greater than appraised value of the property held by it. The purchase price will be satisfied by a credit against the amounts owing to the senior secured creditor of \$7.0 million, and the provision of \$100,000 to fund this Proposal. Further details are set out in the Proposal document.

The Proposal will likely result in a recovery to creditors in the range of 12% to 14% of proven creditors. The Secured Creditor, KSCU, will not participate in any distributions under the Proposal for the balance of its debt. The rejection of the Proposal by the creditors will result in no recovery to creditors, as the secured claims (approx. \$10.9 million) exceeds the estimated net realizable value of the properties.

The Trustee's fees and costs are estimated to be in the range of \$8,000 to \$10,000 and are detailed in the attached Estimated Statement of Distribution. The fees and costs will be paid firstly from the funds noted above. If the Trustee's fees are ultimately less, then the recovery to unsecured creditors will increase.

It is the Trustee's opinion that the Proposal is to the advantage of the creditors, as the recovery from assets in the current bankruptcy would be nil. The Proposal payments are not available in a bankruptcy or receivership proceeding.

Should you wish to attend the first meeting of creditors via telephone conference call, there is a contact and access sheet attached to the notice in this package.

Should you have any questions or comments, please feel free to call Anna Crowe at (250) 365-1035 or Greg Moroso at (604) 786-6331.

Yours truly,

G. MOROSO & ASSOCIATES INC.

Trustee acting *in re* the Proposal of Osprey Landing Development Corp.

Per:



Gregory F. Moroso, CIRP, LIT
Chartered Insolvency and Restructuring Professional
Licensed Insolvency Trustee

Superintendent of Bankruptcy No. 11-2202310
Nelson Court Registry

IN THE MATTER OF THE PROPOSAL OF
OSPREY LANDING DEVELOPMENT CORP.
ESTIMATED STATEMENT OF DISTRIBUTION
AS AT OCTOBER 30, 2018

	<u>Bankruptcy</u>	<u>Proposal Range</u>	
		<u>Low</u>	<u>High</u>
Cash Paid to Trustee	5,000	5,000	5,000
Real Property - 52 Development Lots - Wardner	-	-	-
Lump Sum Payment from Secured Creditor	-	95,000	95,000
Sub-Total	<u>5,000</u>	<u>100,000</u>	<u>100,000</u>
Less:			
Trustee Fees & Costs	(5,000)	(10,000)	(8,000)
Funds Available to Creditors	<u>-</u>	<u>90,000</u>	<u>92,000</u>
Total Secured Creditors	(10,890,507)	-	-
Net Available to Creditors	(10,890,507)	90,000	92,000
Total Estimated Unsecured Creditors	(4,629,284)	750,000	657,000
Estimated Recovery % to Creditors	<u>0%</u>	<u>12.00%</u>	<u>14.00%</u>

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY
IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED
AND
IN THE MATTER OF THE BANKRUPTCY OF
OSPREY LANDING DEVELOPMENT CORP.

PROPOSAL TO CREDITORS
October 30, 2018

FILED PURSUANT TO THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED

G. Moroso & Associates Inc., in its capacity as trustee-in-bankruptcy of the estate of Osprey Landing Development Corp. hereby submits the following proposal to creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended:

ARTICLE 1
DEFINITIONS

In this Proposal, capitalized terms shall have the meanings set out in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended, save and except for the terms and definitions set out below:

- (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (b) "Administrative Fees and Expenses" means the proper fees and expenses of the Proposal Trustee including its legal fees and disbursements;
- (c) "Amended Articles" means the notice of articles substantially in the form attached hereto as Schedule "A", and articles of incorporation in a form acceptable to the Purchaser materially in the form attached to the Purchase Agreement, to effect the reorganization of the Debtor in accordance with Article 10 of this Proposal.
- (d) "Bankruptcy Date" means December 22, 2016, the date on which the Debtor was assigned into bankruptcy under the Act;

- (e) "Canada Pension Plan" means the *Canada Pension Plan*, R.S.C. 1985, c C-8, as amended;
- (f) "Claim" means collectively, each of the following:
 - (i) any right or claim of any Person against the Debtor, that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence at the Bankruptcy Date or which is
 - (A) based on an event, act or omission which occurred in whole or in part prior to the Bankruptcy Date, or
 - (B) with respect to any agreements of the Debtor that have been disclaimed, repudiated or terminated after the Bankruptcy Date, based on such disclaimer, repudiation or termination,whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim directly or which indirectly may result in a claim for contribution or indemnity or otherwise being made against the Debtor with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future based in whole or in part on facts which exist prior to or at the Bankruptcy Date or, with respect to any agreements of the Debtor, that have been disclaimed, repudiated or terminated after the Bankruptcy Date, based in whole or in part on facts which exist prior to or at the time of such disclaimer, repudiation or termination;
- (g) "Claims Bar Date" has the meaning given to it in Article 6.1;
- (h) "Court" means the Supreme Court of British Columbia in bankruptcy and insolvency and shall have such extended meaning as is set out in Section 2 of the Act;
- (i) "Creditor" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (j) "Court Approval Date" means the date on which the Court finally and conclusively approves this Proposal;
- (k) "Debtor" means Osprey Landing Development Corp.;
- (l) "Effective Date" means the date on which all conditions precedent to this Proposal have been satisfied;
- (m) "Employment Insurance Act" means the *Employment Insurance Act*, S.C. 1996, c. 23

- (n) "Existing Shares" means all shares of any class or series issued by the Debtor outstanding as at the Effective Date prior to the issuance of the New Shares.
- (o) "Income Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended;
- (p) "KSCU" means a syndicate of lenders, made up of East Kootenay Community Credit Union and Kootenay Savings Credit Union;
- (q) "KSCU Claim" means the Claim of KSCU secured by, *inter alia*, a real property mortgage dated October 26, 2007 between East Kootenay Credit Union and the Debtor and registered against the lands held by the Debtor;
- (r) "Lien" means, with respect to any interest in property of the Debtor, any mortgage, lien, pledge, charge, security interest, or encumbrance of any kind whatsoever, under, affecting such interest in property;
- (s) "New Shares" means 100 common shares in the capital stock of the Debtor to be issued to KSCU in accordance with the Purchase Agreement and Article 10 of this Proposal;
- (t) "Notice of Final Dividend" means the notice made pursuant to Section 149 of the Act to be sent by the Proposal Trustee to all known Persons having a Claim that have not yet filed a Proof of Claim with the Trustee, advising such Creditors, that if their Claims are not proven within a period of 30 days after the sending of the notice, the Proposal Trustee will proceed to declare a dividend or final dividend without regard to that Creditor's Claim;
- (u) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (v) "Preferred Creditors" means Creditors with Proven Unsecured Claims which are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
 - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents, or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act on the Bankruptcy Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's businesses during the same period;
 - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Bankruptcy Date and are of a kind that could be subject to a demand under,
 - (A) subsection 224(1.2) of the Income Tax Act;

- (B) any provisions of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or
- (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or
 - (II) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (w) "Preferred Claims" means the Claims of the Preferred Creditors;
- (x) "Proof of Claim" shall mean the proof of claim or proof of security, as applicable, required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;
- (y) "Proposal" means this Proposal dated October 30, 2018 made pursuant to the Act, as further amended or supplemented from time to time;
- (z) "Proposal Approval Order" means the Order of the Court approving this Proposal, in form and substance satisfactory to the Proposal Trustee and the Purchaser;
- (aa) "Proposal Fund" has the meaning given to it in Article 4.1;
- (bb) "Proposal Trustee" means G. Moroso & Associates Inc.;
- (cc) "Proposed Assessed Value" means, in accordance with Section 50.1 of the Act, for each Secured Creditor, the amount set out on Schedule "B" hereto beside such Secured Creditor's name, being the amount determined by the Proposal Trustee to represent the expected recovery from the assets of the Debtor by the Secured Creditor if the assets of the Debtor had been liquidated in the bankruptcy as of the date of this Proposal, or as otherwise determined by the Court in accordance with Section 50.1(4) of the Act;
- (dd) "Proven Claim" means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the Act;

- (ee) "Proven Secured Claim" of a Secured Creditor means the amount of the Claim of such Secured Creditor finally determined in accordance with the provisions of the Act, being the lesser of (i) the amount of the Proven Claim of such Secured Creditor; or (ii) the Proposed Assessed Value of such Secured Creditor;
- (ff) "Proven Unsecured Claim" of an Unsecured Creditor means the amount of the Claim of such Unsecured Creditor finally determined in accordance with the provisions of the Act and for a Secured Creditor means the amount if any by which the Proven Claim of such Secured Creditor exceeds the Proposed Assessed Value of such Secured Creditor, and for certainty, excludes all Unaffected Claims;
- (gg) "Purchaser" means KS Property Management Inc.;
- (hh) "Purchase Agreement" means the agreement between G. Moroso & Associates Inc., in its capacity as court-appointed receiver and receiver manager of the assets, undertakings and properties of the Company and trustee in bankruptcy and not in its personal capacity and the Purchaser dated October 30, 2018;
- (ii) "Purchase Price" has the meaning given to it in Article 3.2;
- (jj) "Secured Creditor" means any person or persons holding a valid mortgage, hypothec, pledge, charge, lien or privilege on or against any property of any person or persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security upon which the Debtor is only indirectly or secondarily liable, but excluding Secured Creditors with respect to their Proven Unsecured Claim (if any);
- (kk) "Secured Creditor Claims" means the Claims of the Secured Creditors; and
- (ll) "Superintendent's Levy" means the levy exigible on certain amounts distributed by the Proposal Trustee under this Proposal in accordance with Section 147 of the Act;
- (mm) "Trustee" means G. Moroso & Associates Inc. in its capacity as trustee-in-bankruptcy of the Debtor;
- (nn) "Unsecured Creditors" means the Creditors who are not Secured Creditors but includes Secured Creditors with respect to their Proven Unsecured Claim (if any).

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a business day, such action will be required to be taken on the next succeeding day that is a business day.

1.5 Time

All times expressed herein are local time in Vancouver, British Columbia, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified the time shall be deemed to be 5:00 pm local time in Vancouver, British Columbia, Canada.

1.6 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successor and Assigns

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 GENERAL INTENT

2.1 Purpose of Proposal

The purpose of this Proposal is to:

- (a) effect a compromise of the Claims of the Creditors of the Debtor in accordance with the Act;

- (b) facilitate the investment in the Debtor by the Purchaser and the restructuring of the capital of the Debtor, including the cancellation of the Existing Shares, the adoption of the Articles of Amendment and the issuance of the New Shares; and
- (c) annul the bankruptcy of the Debtor,

in the expectation that all Creditors will derive a greater benefit from a Proposal to Creditors than would result from the liquidation of the Debtor's assets.

2.2 Overview of Proposal

- (a) This Proposal provides for the compromise of the Claims of the Creditors of the Debtor and the restructuring of the capital of the Debtor, including the cancellation of the Existing Shares and the issuance of the New Shares,
- (b) It shall be a term of the Proposal Approval Order that the articles of the Debtor be amended and all other necessary steps taken to provide for the filing of the Amended Articles, the cancellation of the Existing Shares and of all rights related to them, the issuance of the New Shares, and the annulment of the Debtor's bankruptcy, all on the Effective Date.
- (c) Following the cancellation of the Existing Shares and the issuance of the New Shares, the Debtor will be wholly owned by the Purchaser.

2.3 Person Affected

This Proposal will, as of the Effective Date, be binding on the Debtor and on all Creditors, including the Crown, to whom this Proposal is made.

ARTICLE 3 PURCHASE OF SHARES AND RELATED MATTERS

- 3.1 Pursuant to the Purchase Agreement, the Purchaser has agreed to subscribe for and purchase the New Shares for the Purchase Price, which will, upon the granting of the Proposal Approval Order and the closing of the transactions contemplated in the Purchase Agreement, constitute 100% of the issued and outstanding shares in the capital of the Debtor and the Existing Shares will be cancelled in accordance with this Proposal.
- 3.2 The total consideration payable by the Purchaser for the purchase of the New Shares (the "Purchase Price") will be \$7,100,000, which will be satisfied as follows:
 - (a) the Purchaser making a payment of \$100,000.00 to the Proposal Trustee (the "Proposal Fund"); and
 - (b) the balance of the Purchase Price by KSCU providing a credit against the KSCU Claim as against the Debtor, which credit shall be in the amount of the balance of the Purchase Price.

For greater certainty, in no circumstances shall the aggregate of the amounts under Articles 3.2(a) to (b) above exceed the Purchase Price.

ARTICLE 4 THE PROPOSAL FUND

- 4.1 The Proposal Trustee shall establish a segregated, non-interest bearing trust account to hold the Proposal Fund. All amounts comprising the Proposal Fund shall be delivered to the Proposal Trustee, and shall be held by the Proposal Trustee, in trust, pending distribution to Creditors.

ARTICLE 5 CLASSIFICATION AND TREATMENT OF CREDITORS

5.1 Secured Creditors

Each Secured Creditor shall forgo any distribution in relation to its Secured Claim from the Proposal Fund. Notwithstanding the forgoing, KSCU shall be entitled to apply all or a portion of its Proven Secured Claim towards the Purchase Price under the Purchase Agreement, provided however that to the extent KSCU also has a Proven Unsecured Claim, KSCU shall waive its right to a distribution under this Proposal.

5.2 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtors shall be comprised of two classes, as follows:

- (a) Secured Creditors; and
- (b) Unsecured Creditors.

5.3 Preferred Creditors

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Debtors in full in priority to all other Proven Unsecured Claims in accordance with the scheme of distribution set forth in the Act.

5.4 Unsecured Creditors

The Proven Unsecured Claims will be satisfied in accordance with Article 12 herein.

5.5 Different Capacities

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

ARTICLE 6 PROCEDURE FOR VALIDATING OF CLAIMS

6.1 Filing of Proofs of Claim

In order to vote on, or to receive a distribution under, the Proposal, each Secured Creditor and each Unsecured Creditor shall file a Proof of Claim in accordance with the Act and as instructed in the Proposal Trustee's mailing to the Creditors with respect to the Proposal.

However, to be eligible to receive a distribution in accordance with Article 12.2 herein, Creditors must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the Act and by no later than the date on which the Proposal Trustee delivers the Notice of Final Dividend (the "Claims Bar Date").

Creditors that fail to file their Proof of Claim with the Proposal Trustee before 5:00 p.m. PST on the Claims Bar Date will not be eligible for participation in the proposed distribution from the Proposal Fund and their Claims will be forever barred as against the Debtor.

6.2 Valuing Claims

Upon receipt of a completed Proof of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the Act. The procedure for valuing Claims of Secured Creditors and the Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the Act and in this Proposal. The Proposal Trustee reserves the right to seek the assistance of the Court in valuing the Claim of any Secured Creditor or any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Secured Creditor or such Unsecured Creditor under the Proposal, as the case may be.

6.3 Set Off

The law of set-off shall be applied to all Claims.

ARTICLE 7 MEETING OF CREDITORS

7.1 Creditors' Meeting

The Proposal Trustee shall hold a meeting of the Secured Creditors and the Unsecured Creditors in order for the Secured Creditors and the Unsecured Creditors to consider and vote upon the Proposal.

7.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the meeting of the Secured Creditors and the Unsecured Creditors shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Proposal Trustee's notice of meeting to be mailed pursuant to the Act.

7.3 Conduct of Meeting

The Official Receiver or the nominee thereof, shall preside as the chair of the meeting of the Creditors and will decide all matters relating to the conduct of the meeting. The only Persons entitled to attend the meeting of Creditors are those Persons, including the holders of proxies, entitled to vote at the meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Proposal Trustee as the Proposal Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may be admitted on invitation of the chair of the meeting only.

7.4 Adjournment of Meetings

Meetings of the Creditors may be adjourned in accordance with Section 52 of the Act.

7.5 Voting by Creditors

To the extent provided for herein, each Secured Creditor and each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to their respective Proven Secured Claim and Proven Unsecured Claim.

7.6 Approval by Creditors

In order that the Proposal be binding on all of the Secured Creditors and the Unsecured Creditors of the Debtors in accordance with the Act, it must first be accepted by the Proven Secured Creditors and the Proven Unsecured Creditors by a majority in number of each of the Proven Secured Creditors and the Proven Unsecured Creditors who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors, representing two-thirds in value of the Proven Secured Claims of the Proven Secured Creditors and the Proven Unsecured Claims of the Proven Unsecured Creditors who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors.

7.7 Appointment of Inspectors

At the meeting of Creditors, the Creditors may appoint up to five Inspector(s) whose powers will be limited to:

- (a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and
- (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspector(s) may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspector(s) will terminate upon the discharge of the Proposal Trustee or such earlier time if the inspector resigns by notifying the Proposal Trustee of such resignation in writing.

ARTICLE 8 PAYMENT OF ADMINISTRATION FEES AND EXPENSES

- 8.1 Payment of Administrative Fees and Expenses for this Proposal shall be paid under the terms of this Proposal from the Proposal Fund.

ARTICLE 9 CONDITIONS PRÉCEDENT

- 9.1 The performance of this Proposal by the Debtor shall be conditional upon the fulfillment or satisfaction of the following conditions:
- (a) the receipt by the Proposal Trustee of the Proposal Fund;
 - (b) the acceptance of this Proposal by the Secured Creditors and the Unsecured Creditors;

- (c) all conditions precedent under the Purchase Agreement have been satisfied or waived and the parties thereto have confirmed that they are prepared to close the transactions under the Purchase Agreement;
- (d) the Proposed Assessed Values have not been revised by the Court or otherwise, other than on terms acceptable to the Purchaser; and
- (e) the Proposal Approval Order being pronounced and entered and not having been appealed, set aside, varied or stayed.

ARTICLE 10 REORGANIZATION

- 10.1 The Proposal Approval Order in addition to authorizing this Proposal (including the annulment of the Debtor's bankruptcy), shall authorize and approve the filing of the Amended Articles on the Effective Date and provide for, among other things:
- (a) the cancellation of the Existing Shares without repayment of capital and without being exchanged for any shares in the Debtor;
 - (b) permitting the issuance of the New Shares to the Purchaser; and
 - (c) authorizing the filing of the Amended Articles.

ARTICLE 11 EVENTS OF DEFAULT

- 11.1 The non-fulfillment or satisfaction of any conditions precedent in Article 9 shall constitute a default under the Proposal for the purposes of Section 62.1 of the Act and otherwise under this Proposal.
- 11.2 In the event that this Proposal shall be annulled, any costs of this Proposal and the Proposal Trustee shall be paid out of the bankruptcy estate of the Debtor in priority to all other unsecured claims against the Debtor.

ARTICLE 12 PROPOSAL TO CREDITORS

- 12.1 The amount to be paid to the Creditors on account of their Proven Claims shall be as set out in this section. The Creditors shall accept the amounts set out herein in full satisfaction of their Claim and the Creditors shall have no other recourse to any other property of the Debtor or against the Debtor otherwise. For greater certainty, this Proposal does not compromise or otherwise affect a Creditor's claim against a third party, including without limitation a guarantor, indemnitor, and covenantor of the obligations of the Debtor.
- 12.2 The Proposal Trustee will remit payments (less the *pro rata* portion of the total amount of the Superintendent's Levy required by the Act to be paid in respect of such payments) to the Creditors in the following manner and order of priority:
- (a) The Proven Secured Claims waive their right to a distribution from the Proposal Fund in accordance with the provisions of Article 5.1 of this Proposal;
 - (b) The Proposal Fund will be distributed in the following order of priority:

- (i) First, to the Administrative Fees and Expenses;
- (ii) Second, to the Proven Unsecured Claims of the Preferred Creditors, without interest, to be paid in full in accordance with the provisions of Article 5.3 of this Proposal. The Proven Unsecured Claims under subsection 224(1.2) of the *Income Tax Act* or similar act and legislation will be paid within six (6) months after the Court Approval Date; and
- (iii) Third, *pro rata* to the remaining Unsecured Creditors, having Proven Unsecured Claims, up the amount necessary to satisfy all such remaining Unsecured Creditor Claims in full, but without interest.

ARTICLE 13 APPLICATION OF SECTIONS 95-101 OF THE ACT

- 13.1 Sections 95 to 101 of the Act and any provincial statute relating to preference, settlement, fraudulent conveyance or the like shall not apply to any dealings by the Debtor during the period prior to the Bankruptcy Date.

ARTICLE 14 PROPOSAL TRUSTEE

- 14.1 G. Moroso & Associates Inc., corporate trustee, and not in its personal capacity, shall be the Proposal Trustee under this Proposal and all monies payable under this Proposal shall be paid over to the Proposal Trustee who shall make payment of all distributions in accordance with the terms of this Proposal.
- 14.2 Any payments made by the Proposal Trustee to Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.
- 14.3 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of the Debtor.
- 14.4 The Proposal Trustee, in such capacity, shall have no liability whatsoever for the Claims arising before, on or after the Bankruptcy Date.

ARTICLE 15 FULL PERFORMANCE OF PROPOSAL

- 15.1 All obligations of the Debtor under this Proposal will commence as of the Effective Date, at which time the transactions under the Purchase Agreement will be closed. This Proposal will be fully performed upon full payment to the Proposal Trustee of the Proposal Fund.
- 15.2 When the Proposal has been fully performed, the Proposal Trustee will issue to the Debtor and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the Act

- 15.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Article 15.2 is issued by the Proposal Trustee, the Debtor shall not merge, amalgamate, rollover or otherwise change or reorganize its corporate structure, without the approval of the Inspectors, unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.
- 15.4 Upon the issuance of the Certificate of Full Performance:
- (a) all Liens shall be terminated, null and void, and be of no effect; and
 - (b) all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, positive or negative, pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, purchase order, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Debtor arising from the filing by the Debtor of a notice of intention to make a proposal under the Act, the filing of this Proposal, or the transactions contemplated by this Proposal.
- 15.5 The provisions of this Proposal will be binding on the Creditors of the Debtor and their respective heirs, executors, administrators, successors and assigns.

ARTICLE 16 AMENDMENT OF PROPOSAL

- 16.1 The Trustee may at any and all meetings of the Creditors and at any time and from time to time, vary, amend, modify or supplement this Proposal.
- 16.2 If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the final meeting of the Creditors held to consider the Proposal which the Proposal Trustee determines are for the general benefit of the Creditors, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements by exercising all voting rights its receives from Creditors who have voted in favour of the Proposal and by counting all "yes" votes and "no" votes which have not, to the time the variations, amendments, modifications or supplements are made, been changed, as "yes" votes and "no" votes for the amended or supplemental Proposal.

[Signature page follows]

DATED at the City of Kelowna in the Province of British Columbia this 30th day of October, 2018.

G. MOROSO & ASSOCIATES INC. in its
capacity as trustee-in-bankruptcy of the estate
of Osprey Landing Development Corp., and
not in its personal capacity



Name: Greg Moroso

SCHEDULE "A"
NOTICE OF ARTICLES

See attached.



1.1. Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

2. NOTICE OF ALTERATION
3. FORM 11 - BC COMPANY

Section 257 (4) *Business Corporations Act*

Telephone: 250 356 - 8626

DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FIPPA)
The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the *FIPPA* applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. INCORPORATION NUMBER OF COMPANY

BC0743062

B. NAME OF COMPANY

Osprey Landing Development Corp.

C. ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered or added

- | | |
|--|---|
| <input type="checkbox"/> Company name | <input checked="" type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | |
| <input type="checkbox"/> Pre-existing Company Provisions | <input checked="" type="checkbox"/> Authorized Share Structure |

D. ALTERATION EFFECTIVE DATE - Choose one of the following:

- ☒ The alteration is to take effect at the time that this notice is filed with the registrar.
- ☐ The alteration is to take effect at 12:01 a.m. Pacific Time on _____
being a date that is not more than ten days after the date of the filing of this notice.
- ☐ The alteration is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____
being a date and time that is not more than ten days after the date of the filing of this notice.

E. CHANGE OF COMPANY NAME

The company is to change its name from _____
to (choose one of the following):

- ☐ _____ This name
has been reserved for the company under name reservation number _____ or
- ☐ a name created by adding "B.C. Ltd." after the incorporation number of the company.

F. TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME

NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G. PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

- ☐ The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H. AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

[x]

- 18 -

Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	[no]

I. CERTIFIED CORRECT – I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

DATE SIGNED
YYYY/MM/DD

X

SCHEDULE "B"
PROPOSED ASSESSED VALUES

Secured Creditor	Proposed Assessed Value
KSCU	\$7,000,000
All Secured Creditors other than KSCU	\$0.00

Claims Register

G. Moroso & Associates Inc.

Date of Report: 20/11/2018

Osprey Landing Development Corp.
OSB 11-2438697
File 4032

CASTLEGAR

THIS IS EXHIBIT 3 IN
THE AFFIDAVIT OF G. MOROSO
Generated By: Anna Crowe
OATH SWORN BEFORE ME
DAY OF 20
A COMMISSIONER IN AND FOR
THE PROVINCE OF BRITISH COLUMBIA

Liability Type	Amount of Claims (SOA)	Amounts Filed	Amounts Admitted
Secured	\$10,890,507.38	\$0.00	\$0.00
Preferred	\$0.00		\$0.00
Unsecured	\$738,777.00		\$3,303.72
Contingent	\$0.00	\$0.00	\$0.00

Creditor's Name and Address	Ref No	Proxy	Amount of Claim	Amount Filed	Amount Admitted	CS
Secured						
1 Kootenay Savings Credit Union-Collections - Trail 1101 Dewdney Ave Suite 106, Trail, British Columbia, V1R 4T1			\$10,890,507.38	\$0.00	\$0.00	N
Sub count of Secured: 1		Total	\$10,890,507.38	\$0.00	\$0.00	
Unsecured						
1 Alco Structures 5115 Crowchild Trail SW, Calgary, Alberta, T3E 1T9			\$2,869.00	\$0.00	\$0.00	N
2 B-Boyz General Delivery, Rossland, British Columbia, V0B 1Y0			\$42,763.00	\$0.00	\$0.00	N
3 Brandt Tractor 604 Industrial Road #3, Cranbrook, British Columbia, V1C 4V2			\$326.00	\$0.00	\$0.00	N
4 Canada Revenue Agency PO Box 9070 Stn Main, Surrey, British Columbia, V3T 5W6			\$1.00	\$0.00	\$0.00	N
5 Corix Utilities Inc. Unit 2, 8515 - 48 St. SE, Calgary, Alberta, T2C 2P8			\$153,750.00	\$0.00	\$0.00	N
6 Currier Contracting Ltd. 1801 Theatre Rd, Calgary, Alberta, V1C 7G3			\$135,000.00	\$0.00	\$0.00	N
7 D Goulet Profession Corp 200, 2116 - 27th Ave NE, Calgary, Alberta, T2E 7A6			\$4,191.00	\$0.00	\$0.00	N
8 East Kootenay Community Credit Union 920 Baker Street, Cranbrook, British Columbia, V1C 1A5			\$1.00	\$0.00	\$0.00	N
9 Economy Vacuum Tankers Box 642, Cranbrook, British Columbia, V1C 4J2			\$3,711.00	\$0.00	\$0.00	N
10 Falkins Insurance Group Box 1409 692B 2nd Ave, Fernie, British Columbia, V0B 1M0			\$9,763.00	\$0.00	\$0.00	N
11 James Duke Box 115, Wardner, British Columbia, V0B 2J0			\$43,937.00	\$0.00	\$0.00	N
12 Koocanusa Publications Inc. Ste 100 - 100 - 7th Ave S, Cranbrook, British Columbia, V1C 2J4			\$3,086.00	\$3,303.72	\$3,303.72	A
13 M & R Electrical (BC) Ltd. 2514 - 30th Ave S, Cranbrook, British Columbia, V1C 6Z4			\$33,272.00	\$0.00	\$0.00	N
14 Morrissey Aggregates Ltd. PO Box 928, Fernie, British Columbia, V0B 1M0			\$283.00	\$0.00	\$0.00	N
15 Pattison Advertising 500-2700 Matheson Blvd East, Mississauga, Ontario, L4W 4V9			\$3,134.00	\$0.00	\$0.00	N
16 Rick Hardy Construction Services Ltd. 1000 Cobham Ave, Cranbrook, British Columbia, V1C 6T3			\$278,608.00	\$0.00	\$0.00	N
17 Saines North America Unit #1, 135 Commercial Drive, Calgary, Alberta, T3Z 2A7			\$19,346.00	\$0.00	\$0.00	N

CS (Claim Status): Admitted = A, Disallowed = D, Not Proven = N, Secured Asset Released = S, Partially Disallowed = P, To be Reviewed = R

Page 1 of 2

Creditor's Name and Address	Ref No	Proxy	Amount of Claim	Amount Filed	Amount Admitted	CS
18 Sander Rental Equipment 2450 Cranbrook St N, Cranbrook, British Columbia, V1C 3T4			\$3,736.00	\$0.00	\$0.00	N
Sub count of Unsecured: 18		Total	\$738,777.00	\$3,303.72	\$3,303.72	

Total count of all creditors: 19

District of: British Columbia
Division No: 1
Court No: 19768
Estate No: 11-2202310

FORM 78

Statement of Affairs (Business Proposal)

(Subsections 50(2) and 62(1) of the Act)

In the matter of the Proposal of Osprey Landing Development Corp.
of the Town of Wardner in the Province of British Columbia

THIS IS EXHIBIT Ca IN
THE AFFIDAVIT OF G MOROSO
OATH SWORN BEFORE ME
THIS DAY OF 20
A COMMISSIONER IN AND FOR
THE PROVINCE OF BRITISH COLUMBIA

✓ Original Amended

To the Debtor:

You are required to carefully and accurately complete this Form and the applicable attachments, showing the state of your affairs on the date of the filing of your proposal (or notice of intention if applicable), on the 31st day of October, 2018. When completed, this Form and the applicable attached lists will constitute your Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (As stated and estimated by Debtor)		ASSETS (As stated and estimated by Debtor)	
1. Unsecured creditors as per list "A"	\$738,777.00	1. Inventory	\$0.00
2. Secured creditors as per list "B"	\$10,890,507.38	2. Trade fixtures, etc.	\$0.00
3. Preferred creditors as per list "C"	\$0.00	3. Accounts receivable and other receivables, as per List "E"	
4. Contingent, trust claims or other liabilities as per list "D"	\$0.00	Good	\$0.00
estimated to be reclaimable for	\$0.00	Doubtful	\$0.00
Total Liabilities	\$11,629,284.38	Bad	\$0.00
Surplus	\$0.00	Estimated to produce	\$0.00
		4. Bills of exchange, promissory note, etc., as per List "F"	\$0.00
		5. Deposits in Financial Institutions	\$0.00
		6. Cash	\$0.00
		7. Livestock	\$0.00
		8. Machinery, equipment and plant	\$0.00
		9. Real property or immovable as per List "G"	\$7,000,000.00
		10. Furniture	\$0.00
		11. RRSPs, RRIFFs, Life insurance, etc.	\$0.00
		12. Securities (Shares, Bonds, Debentures, etc.)	\$0.00
		13. Interests under wills	\$0.00
		14. Vehicles	\$0.00
		15. Other property, as per List "H"	\$0.00
		If Debtor is a corporation, add:	
		Amount of subscribed capital	
		Amount paid on capital	
		Balance subscribed and unpaid	
		Estimated to produce	
		Total Assets	\$7,000,000.00
		Deficiency	\$4,629,284.38

I, Mark Taylor, of Osprey Landing Development Corp. of the City of Wardner in the Province of British Columbia, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge a full, true and complete statement of its affairs on the 31st day of October, 2018 and fully disclose all property of every description that is in its possession or that may devolve on it in accordance with the Act.

SWORN (or SOLEMNLY
DECLARED) before me at
Castlegar in the Province of British
Columbia, on this 31st day of
October, 2018.

Anna Crowe
Commissioner of Oaths
for the Province of British
Columbia

Signature of Debtor

List "A"
Unsecured Creditors
Osprey Landing Development Corp.

No	Name of Creditor	Address	Amount of Claim
1	Alco Structures	5115 Crowchild Trail SW, Calgary, Alberta, Canada, T3E 1T9	\$2,869.00
2	B-Boyz	General Delivery, Rossland, British Columbia, Canada, V0B 1Y0	\$42,763.00
3	Brandt Tractor	604 Industrial Road #3, Cranbrook, British Columbia, Canada, V1C 4V2	\$326.00
4	Canada Revenue Agency	PO Box 9070 Stn Main, Surrey, British Columbia, Canada, V3T 5W6	\$1.00
5	Corix Utilities Inc.	Unit 2, 8515 - 48 St. SE, Calgary, Alberta, Canada, T2C 2P8	\$153,750.00
6	Currier Contracting Ltd.	1801 Theatre Rd, Calgary, Alberta, Canada, V1C 7G3	\$135,000.00
7	D Goulet Profession Corp	200, 2116 - 27th Ave NE, Calgary, Alberta, Canada, T2E 7A6	\$4,191.00
8	East Kootenay Community Credit Union	920 Baker Street, Cranbrook, British Columbia, Canada, V1C 1A5	\$1.00
9	Economy Vacuum Tankers	Box 642, Cranbrook, British Columbia, Canada, V1C 4J2	\$3,711.00
10	Falkins Insurance Group	Box 1409-692B 2nd Ave, Fernie, British Columbia, Canada, V0B 1M0	\$9,763.00
11	James Duke	Box 115, Wardner, British Columbia, Canada, V0B 2J0	\$43,937.00
12	Kootenaya Publications Inc.	Ste 100 - 100 - 7th Ave S, Cranbrook, British Columbia, Canada, V1C 2J4	\$3,086.00
13	M & R Electrical (BC) Ltd.	2514 - 30th Ave S, Cranbrook, British Columbia, Canada, V1C 6Z4	\$33,272.00
14	Morrissey Aggregates Ltd.	PO Box 928, Fernie, British Columbia, Canada, V0B 1M0	\$283.00
15	Pattison Advertising	500-2700 Matheson Blvd East, Mississauga, Ontario, Canada, L4W 4V9	\$3,134.00
16	Rick Hardy Construction Services Ltd.	1000 Cobham Ave, Cranbrook, British Columbia, Canada, V1C 6T3	\$279,608.00
17	Saines North America	Unit #1, 135 Commercial Drive, Calgary, Alberta, Canada, T3Z 2A7	\$19,346.00
18	Sandor Rental Equipment	2450 Cranbrook St N, Cranbrook, British Columbia, Canada, V1C 3T4	\$3,736.00
Total:			\$738,777.00

THIS IS EXHIBIT C3 IN
THE AFFIDAVIT OF G. MOROSO
JUROR SWORN BEFORE ME
THIS _____ DAY OF _____, 20____

A COMMISSIONER IN AND FOR
THE PROVINCE OF BRITISH COLUMBIA


Debtor

31st day of October, 2018
Date

List "B"

Secured Creditors

Osprey Landing Development Corp.

No	Name and Address of Creditor Nature of Claim Particulars of Security	When Given	Amount of Claim	Estimated Value of Security	Estimated Surplus from Security	Balance of Claims Unsecured
1	Kootenay Savings Credit Union-Collections - Trail 1101 Dewdney Ave Suite 106 Trail, British Columbia. V1R 4T1 RP	22 Oct 2018	\$10,890,507.38	\$7,000,000.00	\$0.00	\$3,890,507.38
Totals			\$10,890,507.38	\$7,000,000.00	\$0.00	\$3,890,507.38


 Debtor

 31st day of October, 2018
 Date

Superintendent of Bankruptcy Estate No. 11-2202310
Nelson Court Registry No. 19768

IN THE MATTER OF THE PROPOSAL OF
OSPREY LANDING DEVELOPMENT CORP.

MINUTES OF THE FIRST MEETING OF CREDITORS
HELD ON NOVEMBER 20, 2018

The first meeting of creditors was held on November 20, 2018 at the offices of G. Moroso & Associates Inc., 241 Columbia Avenue, Castlegar, B.C. at the hour of 10:00 a.m. PST.

In attendance were Mr. Gregory F. Moroso, Trustee, Mr. Brian Moroney of Kootenay Savings Credit Union ("KSCU") (via telephone conference), and Mr. Marko Maryniak, legal counsel representing four creditors (via telephone conference). Attached is the attendance sign in sheet.

Mr. Moroso advised the meeting that he was acting as chairman pursuant to authority of Section 51(3) of the *Bankruptcy and Insolvency Act*, and briefly explained that section.

The following documents were tabled:

- Statement of Affairs;
- Proposal;
- Trustee's Report on the Proposal;
- Proofs of Claim filed to date; and
- Proof of Mailing.

THIS IS EXHIBIT <u>12</u> IN
THE AFFIDAVIT OF G. MOROSO
CORP SWORN BEFORE ME
THIS ____ DAY OF ____, 20__
A COMMISSIONER IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

Mr. Moroso acted as the chairman and secretary of the meeting. The meeting was called to order at 10:03 a.m. PST. The Trustee announced that he held two Proxies from two separate unsecured creditors; KSCU and Pattison Outdoor Advertising. Additionally, there were four Proxies held by Mr. Marko Maryniak, legal counsel for Peregrine Projects Ltd (formerly Rick Hardy Construction Services Ltd.), B.E. Civil Projects Ltd. (formerly Currier Contracting Ltd.), M&R Electrical (B.C.) Ltd., and Sandor Rental Equipment (1981) Ltd. Consequently, there being a quorum present, the meeting was properly called and duly constituted. Mr. Moroso introduced himself and the above noted people in attendance. The Trustee noted that all creditors were attending via telephone conference call.

Mr. Moroso advised the attendees that the purpose of the meeting was set out in the *Bankruptcy and Insolvency Act*, and included consideration of the affairs of the Debtor, the Proposal filed by the Debtor, the Trustee's Report on the Proposal, and directions to the Trustee as the creditors may see fit in the administration of the Estate.

Mr. Moroso allowed the meeting to read through the Proposal and the Trustee's Report on the Proposal, which is attached to and forms part of these minutes. Mr. Moroso

briefly summarized the Trustee's Report. The following questions and discussions took place:

- The Trustee reviewed the Proofs of Claim filed to date and indicated any voting letters lodged with the Trustee and advised that the Trustee held Proxies from KSCU and Pattison Outdoor Advertising.
- The Trustee advised that Osprey Landing had previously filed an Assignment For the General Benefit of Creditors on December 22, 2016 naming G. Moroso & Associates Inc. as Trustee. Prior to that G. Moroso & Associates Inc. had been Court-Appointed as Receiver-Manager as at May 2, 2011.
- The Trustee advised that the Bankruptcy Trustee had filed the Proposal pursuant to authority of Section 50(1) of the Bankruptcy and Insolvency Act.
- The Trustee reviewed the terms of the Proposal, which was to be funded by KSCU in the amount of \$100,000, and that all current shares of Osprey Landing would be cancelled, and new shares issued in the name of KS Property Management Ltd., an investment holding company related to KSCU.
- The Trustee advised that KSCU would waive any right to participate in the distribution to creditors. Consequently, the participating creditors accounted for claims totaling \$512,712.72. It was anticipated that there would be further claims filed prior to any final distribution, specifically Corix Utilities Inc. for approximately \$153,750.00.
- The Trustee advised that KSCU had paid \$5,000 to the Trustee to date.
- Mr. Maryniak inquired as to the timing of the dividend distribution. The Trustee advised the meeting of the time lines involved with the Court approval and Office of the Superintendent of Bankruptcy's review, and taxation process, but anticipated being able to distribute the funds prior to December 31, 2018.
- Mr. Maryniak requested that his client's dividend cheques be forwarded to his office for distribution.

Mr. Moroso advised that there were nine (9) separate Proofs of Claim properly filed, as reflected on the attached Claims Registry:

Unsecured Creditors: Nine (9) totaling \$4,403,220.10

Total Claims Filed and Voting - \$4,350,425.10

Total Claims Abstaining from voting: \$52,795.00

Voting in Favour – 6/6 for 100.00%

Voting Against – 0/6 for 0.00%

As a majority in number and 2/3 in dollar value of the proven creditors had approved the Proposal (100.00%), the Proposal was passed.

The following creditors were appointed as Estate Inspectors: Moved and passed,

➤ Mr. Brian Moroney of KSCU

Mr. Moroso asked if there were any further instructions to the Trustee by the Creditors, which there were none. There being no further business, it was moved by Mr. Brian Moroney, seconded by Mr. Marko Maryniak and carried that the meeting be adjourned at 10:17 a.m. PST.




Mr. Gregory F. Moroso
Chairman & Secretary

November 20, 2018

Superintendent of Bankruptcy No. 11- 2202310
Nelson Court Registry No. 19768

IN THE MATTER OF THE PROPOSAL OF
OSPREY LANDING DEVELOPMENT CORP.
NOVEMBER 20, 2018

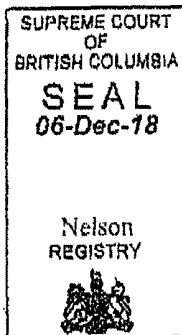
ATTENDANCE LIST:

PRINT NAME:	SIGNATURE:	REPRESENTING:	AMOUNT OF CLAIM:
1. Gregory F. Moroso		TRUSTEE	\$ n/a
2. Brian Moroney	"via telephone conference"	KSCU	\$3,890,507.38
3. Marko Maryniak	"via telephone conference"	B.E. Civil Projects Ltd	\$135,000.00
4. Marko Maryniak	"via telephone conference"	M & R Electrical (B.C.) Ltd	\$33,272.00
5. Marko Maryniak	"via telephone conference"	Perègrine Projects Ltd	\$279,608.00
6. Marko Maryniak	"via telephone conference"	Sandor Rental Equipment (1981) Ltd	\$3,736.00
7.			
8.			

IN THE MATTER OF THE PROPOSAL OF
OSPREY LANDING DEVELOPMENT CORP.

PROOFS OF CLAIM FILED
AS AT NOVEMBER 20, 2018

CREDITOR NAME	AMOUNT OF CLAIM	PROXY/VOTE	NOTES
Secured Creditors			
1 KSCU	7,000,000.00		Mortgage
	<u>7,000,000.00</u>		
Preferred Creditors			
1 None	-		
	<u>-</u>		
Unsecured Creditors			
1 Atco Structures & Logistics Ltd	8,858.00	Abstaining	
2 B. E. Civil Projects Ltd	135,000.00	Maryniak/For	Currier Contracting
3 Duke, James	43,937.00	Abstaining	
4 KSCU	3,890,507.38	GFM/For	
5 Koocanusa Publications Inc	3,303.72	For	
6 M & R Electrical (B.C.) Ltd	33,272.00	Maryniak/For	
7 Pattison Outdoor Advertising	4,998.00	GFM/For	
8 Peregrine Projects Ltd	279,608.00	Maryniak/For	Rick Hardy Construction
9 Sander Rental Equipment (1981) Ltd	3,736.00	Maryniak/For	
	<u>4,403,220.10</u>		
TOTAL CLAIMS	<u>11,403,220.10</u>		
Voting:			
For	4,350,425.10	98.80%	
Against	-	0.00%	
Abstaining	52,795.00	1.20%	
Total	<u>4,403,220.10</u>	<u>100.00%</u>	
Participating Proofs of Claim	512,712.72		



NO. B-19768
ESTATE NO. 11-2438697
NELSON REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY
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
OSPREY LANDING DEVELOPMENT CORP.

ORDER MADE AFTER APPLICATION

BEFORE)	THE HONOURABLE MADAM)	THURSDAY, THE 6 TH DAY
)	JUSTICE DILLON)	OF DECEMBER, 2018
)	<i>MURRAY</i>)	

ON THE APPLICATION of Kootenay Savings Credit Union ("KSCU") and G. Moroso & Associates Inc. (the "Proposal Trustee"), trustee in bankruptcy and trustee under the proposal of Osprey Landing Development Corp. (the "Debtor") coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, on December 6, 2018, and on hearing H. Lance Williams, counsel for KSCU and those other counsel listed on **Schedule "A"** hereto, and on reading the proposal of the Debtor dated October 30, 2018 (the "Proposal") as approved by the Creditors of the Debtor at a meeting held on November 20, 2018 (the "Meeting"), the report of the Proposal Trustee filed herein and the Order of the Registrar in Bankruptcy pronounced November 21, 2018 granting leave for this matter to be heard in Vancouver;

THIS COURT ORDERS that:

1. the time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today;
2. capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal;
3. the Proposal is approved pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

4. the reorganisation of the Debtor on the Effective Date by:
 - (a) the redemption and cancellation of the Existing Shares and all rights related to them, without payment, consideration or any other right;
 - (b) the issuance of the New Shares; and
 - (c) filing the Amended Articles,

(collectively the "Reorganisation") is approved. The Meeting and these proceedings shall be sufficient for the purposes of effecting the Reorganisation, and any other notices, meetings or other requirements pursuant to the *Business Corporations Act* (British Columbia) or otherwise, including without limitation in relation to meetings or resolutions of the shareholders of the Debtor, are hereby dispensed with;
5. having considered the interest of third parties, as at the Effective Date and upon presentation for registration in the Land Title Office for the Land Title District of Nelson of a certified copy of this Order, together with a letter from the Proposal Trustee authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to discharge, release, delete and expunge from title to the lands listed in **Schedule "B"** all of the registered encumbrances listed in **Schedule "C"** hereto;
6. as at the Effective Date, all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system in relation to the assets, undertakings and properties of Osprey shall be expunged and discharged and the Proposal Trustee and its agents are authorized to discharge such registrations;
7. the Proposal Trustee is hereby authorized and directed to take all actions and steps necessary or appropriate to implement and complete the Proposal, including authorization and direction to make all payments and distributions required to be made pursuant to the Proposal and to execute any necessary corporate documents and filings necessary or desirable to implement the Reorganisation;
8. the bankruptcy of the Debtor is hereby annulled;
9. this Order shall have full force and effect in all provinces and territories of Canada and abroad and as against all persons against whom it may otherwise be enforceable; and

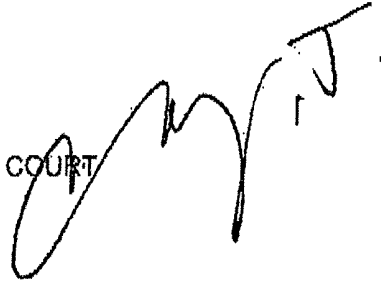
10. endorsement of this Order by counsel appearing, other than counsel for the Debtor, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of lawyer for Kootenay Savings Credit Union
Cassels Brock & Blackwell LLP
(H. Lance Williams)

BY THE COURT



REGISTRAR-IN-BANKRUPTCY



SCHEDULE "A"

Counsel List	
Name	Party Represented
NIL	

SCHEDULE "B"
LIST OF PROPERTIES OWNED BY
OSPREY LANDING DEVELOPMENT CORP.

Parcel Identifier No.	Legal Description
028-271-122	STRATA LOT 70 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-681	STRATA LOT 26 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-009	STRATA LOT 58 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-444	STRATA LOT 3 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-908	STRATA LOT 48 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-452	STRATA LOT 4 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-114	STRATA LOT 69 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-894	STRATA LOT 47 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-860	STRATA LOT 44 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

Parcel Identifier No.	Legal Description
028-270-428	STRATA LOT 1 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-622	STRATA LOT 20 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-050	STRATA LOT 63 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-541	STRATA LOT 13 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-017	STRATA LOT 59 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-436	STRATA LOT 2 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-819	STRATA LOT 39 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-878	STRATA LOT 45 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-703	STRATA LOT 28 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-149	STRATA LOT 72 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

Parcel Identifier No.	Legal Description
028-271-033	STRATA LOT 61 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-983	STRATA LOT 56 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-649	STRATA LOT 22 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-517	STRATA LOT 10 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-533	STRATA LOT 12 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-801	STRATA LOT 38 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-487	STRATA LOT 7 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-092	STRATA LOT 67 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-738	STRATA LOT 31 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-924	STRATA LOT 50 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

Parcel Identifier No.	Legal Description
028-271-173	STRATA LOT 75 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-181	STRATA LOT 76 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-851	STRATA LOT 43 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-550	STRATA LOT 14 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-088	STRATA LOT 64 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-220	STRATA LOT 80 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-843	STRATA LOT 42 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-076	STRATA LOT 65 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-975	STRATA LOT 55 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-084	STRATA LOT 66 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

Parcel Identifier No.	Legal Description
028-270-509	STRATA LOT 9 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-495	STRATA LOT 8 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-461	STRATA LOT 5 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-479	STRATA LOT 6 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-991	STRATA LOT 57 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-525	STRATA LOT 11 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-041	STRATA LOT 62 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-665	STRATA LOT 24 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-106	STRATA LOT 68 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-025	STRATA LOT 60 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

Parcel Identifier No.	Legal Description
028-270-967	STRATA LOT 54 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-270-886	STRATA LOT 46 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V
028-271-211	STRATA LOT 79 DISTRICT LOT 2374 KOOTENAY DISTRICT STRATA PLAN EPS171 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

SCHEDULE "C"
LIST OF ENCUMBRANCES

Description	Chargeholder	Registration Number
Mortgage	East Kootenay Community Credit Union	LB131725
Assignment of Rents	East Kootenay Community Credit Union	LB131726
Mortgage	0791342 B.C. Ltd.	CA1141169
Mortgage	East Kootenay Community Credit Union	LB317837
Mortgage	Western Tank & Lining Ltd. M & R Electrical (B.C.) Ltd. Rick Hardy Construction Services Ltd. B.E. Civil Projects Ltd.	CA1640792
Mortgage	Corix Utilities Inc.	CA1640793

NO. B-19768
ESTATE NO. 11-2077891
NELSON REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

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
OSPREY LANDING DEVELOPMENT CORP.

ORDER MADE AFTER APPLICATION

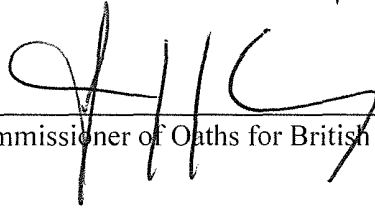
Cassels Brock & Blackwell LLP
2200 HSBC Building
885 West Georgia Street
Vancouver, BC V6C 3E8

Tel. No. 604.691.6112
Fax No. 604.691.6120

File No. 47542-1

LW

This is **Exhibit "H"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia

District of: British Columbia
Division No: 5
Court No:
Estate No: 11-2441158

FORM 40

Report of Trustee on Proposal

(Section 59(1) and paragraph 58(d) of the Act)

In the matter of the Proposal of Twin River Estates Ltd.
of the City of Castlegar in the Province of British Columbia

I, Gregory F. Moroso, of G. Moroso & Associates Inc., the trustee acting in the proposal of Twin River Estates Ltd., hereby report to the Court as follows:

1. That a proposal was filed with me on the 7th day of November, 2018 a copy of which is attached and marked as Exhibit "A" and that I filed a copy of the proposal with the official receiver on the 7th day of November, 2018.
2. That on the 8th day of November, 2018 I gave notice to the debtor, to the Division Office and to every known creditor affected by the proposal, whose names and addresses are shown in Exhibit "B" to this report, of the calling of a meeting of creditors to be held on the 22nd day of November, 2018 to consider the proposal.
3. That with the notice was included a condensed statement of the assets and liabilities of the debtor, a list of the creditors affected by the proposal who have claims of \$250 or more and showing the amounts of their claims, a copy of the proposal, a form of proof of claim and proxy in blank and a voting letter. Copies of the notice, the condensed statement and the list of creditors are attached and marked as Exhibits "C1", "C2" and "C3", respectively.
4. That prior to the meeting of creditors I made a detailed and careful inquiry into the liabilities of the debtor, the debtor's assets and their value, the debtor's conduct and the causes of the debtor's insolvency.
5. That the meeting of creditors was held on the 22nd day of November, 2018, and was presided over by Gregory F. Moroso.
6. That the said proposal was accepted by the required majority of creditors.
7. That a copy of the minutes of the meeting is attached and marked as Exhibit "D".

8. That I am of the opinion that:

(a) the assets of the debtor and their fair realizable value are as follows:

Asset Description	Book Value	Est. Realizable Value
Land	\$1,350,000.00	\$0.00
Total	\$1,350,000.00	\$0.00

(b) the liabilities of the debtor are as follows:

Creditor	Type	Declared	Admitted
Kootenay Savings Credit Union	Secured	\$3,491,112.00	\$0.00
0823045 BC Ltd.	Unsecured	\$750,000.00	\$0.00
Fortis BC Electricity	Unsecured	\$404.06	\$0.00
Glade Materials Testing	Unsecured	\$367.50	\$0.00
Hango Land Surveying Inc.	Unsecured	\$17,696.63	\$0.00
Kats Trophys and Signs	Unsecured	\$1,461.61	\$0.00
Kerkhoff Construction	Unsecured	\$1.00	\$0.00
Pennco Engineering	Unsecured	\$13,761.32	\$0.00
Telus - Insolvency Group	Unsecured	\$30.00	\$0.00
Trowalex Rentals & Sales	Unsecured	\$6,675.20	\$0.00
Lougheed Enterprises Ltd.	Unsecured	\$2,500,000.00	\$3,033,502.26
City of Castlegar	Unsecured	\$98,580.63	\$0.00
Fusionwired Internet	Unsecured	\$267.75	\$0.00
Active Development	Unsecured	\$22,500.00	\$0.00
Canada Revenue Agency	Unsecured	\$1.00	\$0.00
Kyo Joong Yoon and Myoung Ja Joon	Unsecured	\$1.00	\$0.00
Soon Hi Lee	Unsecured	\$1.00	\$0.00
Woon Jin Park	Unsecured	\$1.00	\$0.00
Cho & Lee Holdings Ltd.	Unsecured	\$1.00	\$0.00
McMillan LLP	Unsecured	\$1.00	\$0.00
BC First Life Insurance Brokerage Ltd.	Unsecured	\$1.00	\$0.00
Kootenay Savings Credit Union-Collections - Trail	Unsecured	\$0.00	\$2,141,112.00
Total		\$6,902,864.70	\$5,174,614.26

9. That I am also of the opinion that:

(a) the causes of the insolvency of the debtor are as follows:

Undercapitalization of development costs, coupled with environmental issues.

(b) the conduct of the debtor is subject to censure in the following respects:

None

(c) the following facts, mentioned in section 173 of the Act, may be proved against the debtor:

None

10. That I am further of the opinion that the debtor's proposal is an advantageous one for the creditors, for the following reasons:

There is no recovery available to creditors in a bankruptcy proceeding due to the realizable value of the undeveloped land

11. That I forwarded a copy of this report to the official receiver on this day.

Dated at Castlegar, British Columbia, this 22nd day of November, 2018.



Licensed Insolvency Trustee

G. MOROSO & ASSOCIATES INC.
GREGORY F. MOROSO, CIRP, LIT
Licensed Insolvency Trustee
Chartered Insolvency and Restructuring Professional
 241 Columbia Avenue
 Castlegar B.C.
 V1N 1G3

Telephone: (250) 365-1035

Fax: (250) 365-6066

November 7, 2018

To: The Creditors of Twin River Estates Ltd:

**RE: IN THE MATTER OF THE PROPOSAL OF
 TWIN RIVER ESTATES LTD.
 ("TWIN RIVER")**

THIS IS EXHIBIT <u>A</u> IN
THE AFFIDAVIT OF G. MOROSO
CIRP SWORN BEFORE ME
THIS ____ DAY OF _____, 20__
A COMMISSIONER IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

This Report to Creditors is provided pursuant to Directive No. 24 of the *Bankruptcy and Insolvency Act*.

We advise that on November 7, 2018 Twin River Estates Ltd. (the "Debtor" or "Twin River") filed a Division I Proposal pursuant to the *Bankruptcy and Insolvency Act* naming G. Moroso & Associates Inc. as Trustee.

Attached please find the following documents:

- Notice of Meeting of Creditors set for Thursday, November 22, 2018 at 10:00 a.m., PST;
- Statement of Affairs and Projected Cash Flow Statements for the twelve-month period November 2018 to October 2019;
- Proposal to Creditors and Estimated Statement of Distribution;
- Proof of Claim form, along with a Proxy form and a Voting Letter; and
- Telephone Conference Call-In Information Sheet.

By way of background, we provide the following:

On August 11, 2006, Twin River Estates Ltd. was incorporated under the *Business Corporations Act* (British Columbia). The Company's directors and officers were Mr. Donald Drysdale and Mr. Brian Kaminski. Mr. Kaminski has resigned as a Director, leaving Mr. Drysdale as the sole Director. The Company was incorporated to develop a two-phase property development located in Castlegar, B.C.

In August 2007, Kootenay Savings Credit Union ("KSCU") and Columbia Basin Trust ("CBT") entered into a syndicated loan agreement, in the principal sum of \$6.395 million, with Twin River for the purpose of funding the development. Phase One has been completed and sold and CBT was paid out in full in August 2011.

KSCU commenced a foreclosure action against the Phase Two property and was granted Order Nisi and Conduct of Sale in April 2012. The remaining lands are all part of the Phase Two development. There was an environmental issue insofar as an old cement plant was previously located on the upper bench of the property, and an Environmental Certificate was required to move the project forward. The environmental issues, reporting and compliance were some of the primary reasons for the Phase two delays. KSCU ultimately obtained the Environmental Clearance Certificate at a cost of \$463,000, which is part of their secured claim.

The secured creditors of Twin River as at the date of the Proposal Trustee's appointment total approximately \$3.5 million and are as follows:

1. KSCU – 1st priority mortgage - \$3,492,112

There are a number of other mortgages and judgments registered against the property which are subordinate to KSCU's security. There is no equity in the property to satisfy any of the claims other than KSCU.

Twin River currently has the following assets (and estimated realizable values):

- Real Estate Property – Undivided lots totaling 26.475 acres - \$1.35 million;

The Debtor's Proposal consists of a payment of \$5,000 at the time of filing of the Proposal (which has been paid), plus a lump sum payment of \$95,000 upon Court approval to satisfy the claims of the creditors, making total payments to the Trustee of \$100,000. The funds are to be provided by KS Property Management Inc. ("KSPM"), a company owned by KSCU, pursuant to an agreement by KSPM to purchase all of the issued and outstanding shares of the Debtor, conditional on the Debtor successfully making a Proposal to its creditors. The result of the transaction with KSPM is that all creditor claims against the Debtor would be compromised by the Proposal, all existing shares of the Debtor would be cancelled, and new shares would be issued to KSPM. The sale proceeds value the Debtor at \$1.45 million, which is substantially greater than the assessed value of the property held by it. The purchase price will be satisfied by a credit against the amounts owing to the senior secured creditor of \$1.35 million, and the provision of \$100,000 to fund this Proposal. Further details are set out in the Proposal document.

The Proposal will likely result in a recovery to creditors in the range of 2.5% to 3.0% of proven creditors. The Secured Creditor, KSCU, will not participate in any distributions under the Proposal for the balance of its debt. The rejection of the Proposal by the creditors will result in no recovery to creditors, as the secured claim held by KSCU (approx. \$3.5 million) greatly exceeds the estimated net realizable value of the properties.

The Trustee's fees and costs are estimated to be in the range of \$8,000 to \$10,000 and are detailed in the attached Estimated Statement of Distribution. The fees and costs will be paid firstly from the funds noted above. If the Trustee's fees are ultimately less, then the recovery to unsecured creditors will increase.

It is the Trustee's opinion that the Proposal is to the advantage of the creditors, as the recovery from assets in a liquidation would be nil. The Proposal payments are not available in a bankruptcy or receivership proceeding.

Should you wish to attend the first meeting of creditors via telephone conference call, there is a contact and access sheet attached to the notice in this package.

Should you have any questions or comments, please feel free to call Anna Crowe at (250) 365-1035 or Greg Moroso at (604) 786-6331.

Yours truly,

G. MOROSO & ASSOCIATES INC.

Trustee acting *in re* the Proposal of Twin River Estates Ltd.

Per:



Gregory F. Moroso, CIRP, LIT
Chartered Insolvency and Restructuring Professional
Licensed Insolvency Trustee

NO. xx
ESTATE NO. 11-2441158
NELSON REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY
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
TWIN RIVER ESTATES LTD.

AMENDED PROPOSAL TO CREDITORS
November 22, 2018

FILED PURSUANT TO THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED

Twin River Estates Ltd. hereby submits the following proposal to creditors, as amended at the first meeting of creditors on November 22, 2018 pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended:

ARTICLE 1
DEFINITIONS

In this Proposal, capitalized terms shall have the meanings set out in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended, save and except for the terms and definitions set out below:

- (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (b) "Administrative Fees and Expenses" means the proper fees and expenses of the Proposal Trustee including its legal fees and disbursements;
- (c) "Amended Articles" means the notice of articles substantially in the form attached hereto as Schedule "A", and articles of incorporation in a form acceptable to the Purchaser materially in the form attached to the Purchase Agreement, to effect the reorganization of the Debtor in accordance with Article 10 of this Proposal.
- (d) "Canada Pension Plan" means the *Canada Pension Plan*, R.S.C. 1985, c C-8, as amended;
- (e) "Claim" means collectively, each of the following:

- 2 -

(i) any right or claim of any Person against the Debtor, that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence at the Proposal Date or which is

(A) based on an event, act or omission which occurred in whole or in part prior to the Proposal Date, or

(B) with respect to any agreements of the Debtor that have been disclaimed, repudiated or terminated after the Proposal Date, based on such disclaimer, repudiation or termination,

whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim directly or which indirectly may result in a claim for contribution or indemnity or otherwise being made against the Debtor with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future based in whole or in part on facts which exist prior to or at the Proposal Date or, with respect to any agreements of the Debtor, that have been disclaimed, repudiated or terminated after the Proposal Date, based in whole or in part on facts which exist prior to or at the time of such disclaimer, repudiation or termination;

- (f) **"Claims Bar Date"** has the meaning given to it in Article 6.1;
- (g) **"Court"** means the Supreme Court of British Columbia in bankruptcy and insolvency and shall have such extended meaning as is set out in Section 2 of the Act;
- (h) **"Creditor"** means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (i) **"Court Approval Date"** means the date on which the Court finally and conclusively approves this Proposal;
- (j) **"Debtor"** means Twin River Estates Ltd.;
- (k) **"Effective Date"** means the date on which all conditions precedent to this Proposal have been satisfied;
- (l) **"Employment Insurance Act"** means the *Employment Insurance Act*, S.C. 1996, c. 23
- (m) **"Existing Shares"** means all shares of any class or series issued by the Debtor outstanding as at the Effective Date prior to the issuance of the New Shares.

- 3 -

- (n) **"Income Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended;
- (o) **"KSCU"** means Kootenay Savings Credit Union;
- (p) **"KSCU Claim"** means the Claim of KSCU secured by, *inter alia*, a real property mortgage registered September 19, 2007 between Kootenay Savings Credit Union and the Debtor and registered against the lands held by the Debtor;
- (q) **"Lien"** means, with respect to any interest in property of the Debtor, any mortgage, lien, pledge, charge, security interest, or encumbrance of any kind whatsoever, under, affecting such interest in property;
- (r) **"New Shares"** means 100 common shares in the capital stock of the Debtor to be issued to KS Property Management Inc. in accordance with the Purchase Agreement and Article 10 of this Proposal;
- (s) **"Notice of Final Dividend"** means the notice made pursuant to Section 149 of the Act to be sent by the Proposal Trustee to all known Persons having a Claim that have not yet filed a Proof of Claim with the Trustee, advising such Creditors that if their Claims are not proven within a period of 30 days after the sending of the notice, the Proposal Trustee will proceed to declare a dividend or final dividend without regard to that Creditor's Claim;
- (t) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (u) **"Preferred Creditors"** means Creditors with Proven Unsecured Claims which are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
 - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act on the Bankruptcy Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's businesses during the same period;
 - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Proposal Date and are of a kind that could be subject to a demand under,
 - (A) subsection 224(1.2) of the Income Tax Act;
 - (B) any provisions of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's

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premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or

- (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or
 - (II) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (v) **"Preferred Claims"** means the Claims of the Preferred Creditors;
- (w) **"Proof of Claim"** shall mean the proof of claim or proof of security, as applicable, required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;
- (x) **"Proposal"** means this Amended Proposal dated November 22, 2018 made pursuant to the Act, as further amended or supplemented from time to time;
- (y) **"Proposal Approval Order"** means the Order of the Court approving this Proposal, in form and substance satisfactory to the Proposal Trustee and the Purchaser;
- (z) **"Proposal Fund"** has the meaning given to it in Article 4.1;
- (aa) **"Proposal Trustee"** means G. Moroso & Associates Inc.;
- (bb) **"Proposed Assessed Value"** means, in accordance with Section 50.1 of the Act, for each Secured Creditor, the amount set out on Schedule "B" hereto beside such Secured Creditor's name, being the amount determined by the Proposal Trustee to represent the expected recovery from the assets of the Debtor by the Secured Creditor if the assets of the Debtor had been liquidated in the bankruptcy as of the date of this Proposal, or as otherwise determined by the Court in accordance with Section 50.1(4) of the Act;
- (cc) **"Proven Claim"** means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the Act;
- (dd) **"Proven Secured Claim"** of a Secured Creditor means the amount of the Claim of such Secured Creditor finally determined in accordance with the provisions of the

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Act, being the lesser of (i) the amount of the Proven Claim of such Secured Creditor; or (ii) the Proposed Assessed Value of such Secured Creditor;

- (ee) **"Proven Unsecured Claim"** of an Unsecured Creditor means the amount of the Claim of such Unsecured Creditor finally determined in accordance with the provisions of the Act and for a Secured Creditor means the amount if any by which the Proven Claim of such Secured Creditor exceeds the Proposed Assessed Value of such Secured Creditor, and for certainty, excludes all Unaffected Claims;
- (ff) **"Purchaser"** means KS Property Management Inc.;
- (gg) **"Purchase Agreement"** means the agreement between Twin River Estates Ltd. and the Purchaser dated November 6, 2018;
- (hh) **"Purchase Price"** has the meaning given to it in Article 3.2;
- (ii) **"Secured Creditor"** means any person or persons holding a valid mortgage, hypothec, pledge, charge, lien or privilege on or against any property of any person or persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security upon which the Debtor is only indirectly or secondarily liable, but excluding Secured Creditors with respect to their Proven Unsecured Claim (if any);
- (jj) **"Secured Creditor Claims"** means the Claims of the Secured Creditors; and
- (kk) **"Superintendent's Levy"** means the levy exigible on certain amounts distributed by the Proposal Trustee under this Proposal in accordance with Section 147 of the Act;
- (ll) **"Trustee"** means G. Moroso & Associates Inc. in its capacity as Trustee acting in re the Proposal of the Debtor;
- (mm) **"Unsecured Creditors"** means the Creditors who are not Secured Creditors but includes Secured Creditors with respect to their Proven Unsecured Claim (if any).

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

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In the event that any date on which any action is required to be taken hereunder is not a business day, such action will be required to be taken on the next succeeding day that is a business day.

1.5 Time

All times expressed herein are local time in Vancouver, British Columbia, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified the time shall be deemed to be 5:00 pm local time in Vancouver, British Columbia, Canada.

1.6 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successor and Assigns

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 GENERAL INTENT

2.1 Purpose of Proposal

The purpose of this Proposal is to:

- (a) effect a compromise of the Claims of the Creditors of the Debtor in accordance with the Act; and
- (b) facilitate the investment in the Debtor by the Purchaser and the restructuring of the capital of the Debtor, including the cancellation of the Existing Shares, the adoption of the Articles of Amendment and the issuance of the New Shares.

in the expectation that all Creditors will derive a greater benefit from a Proposal to Creditors than would result from the liquidation of the Debtor's assets.

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2.2 Overview of Proposal

- (a) This Proposal provides for the compromise of the Claims of the Creditors of the Debtor and the restructuring of the capital of the Debtor, including the cancellation of the Existing Shares and the issuance of the New Shares.
- (b) It shall be a term of the Proposal Approval Order that the articles of the Debtor be amended and all other necessary steps taken to provide for the filing of the Amended Articles, the cancellation of the Existing Shares and of all rights related to them, the issuance of the New Shares, all on the Effective Date.
- (c) Following the cancellation of the Existing Shares and the issuance of the New Shares, the Debtor will be wholly owned by the Purchaser.

2.3 Person Affected

This Proposal will, as of the Effective Date, be binding on the Debtor and on all Creditors, including the Crown, to whom this Proposal is made.

ARTICLE 3 PURCHASE OF SHARES AND RELATED MATTERS

- 3.1** Pursuant to the Purchase Agreement, the Purchaser has agreed to subscribe for and purchase the New Shares for the Purchase Price, which will, upon the granting of the Proposal Approval Order and the closing of the transactions contemplated in the Purchase Agreement, constitute 100% of the issued and outstanding shares in the capital of the Debtor and the Existing Shares will be cancelled in accordance with this Proposal.
- 3.2** The total consideration payable by the Purchaser for the purchase of the New Shares (the "Purchase Price") will be \$1,500,000, which will be satisfied as follows:
 - (a) the Purchaser making a payment of \$150,000.00 to the Proposal Trustee (the "Proposal Fund"); and
 - (b) the balance of the Purchase Price by KSCU providing a credit against the KSCU Claim as against the Debtor, which credit shall be in the amount of the balance of the Purchase Price.

For greater certainty, in no circumstances shall the aggregate of the amounts under Articles 3.2(a) to (b) above exceed the Purchase Price.

ARTICLE 4 THE PROPOSAL FUND

- 4.1** The Proposal Trustee shall establish a segregated, interest bearing trust account to hold the Proposal Fund. All amounts comprising the Proposal Fund shall be delivered to the Proposal Trustee, and shall be held by the Proposal Trustee, in trust, pending distribution to Creditors.

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ARTICLE 5 CLASSIFICATION AND TREATMENT OF CREDITORS

5.1 Secured Creditors

Each Secured Creditor shall forgo any distribution in relation to its Secured Claim from the Proposal Fund. Notwithstanding the forgoing, KSCU shall be entitled to apply all or a portion of its Proven Secured Claim towards the Purchase Price under the Purchase Agreement, provided however that to the extent KSCU also has a Proven Unsecured Claim, KSCU shall waive its right to a distribution under this Proposal.

5.2 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtors shall be comprised of two classes, as follows:

- (a) Secured Creditors; and
- (b) Unsecured Creditors.

5.3 Preferred Creditors

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Debtors in full in priority to all other Proven Unsecured Claims in accordance with the scheme of distribution set forth in the Act.

5.4 Unsecured Creditors

The Proven Unsecured Claims will be satisfied in accordance with Article 12 herein.

5.5 Different Capacities

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

ARTICLE 6 PROCEDURE FOR VALIDATING OF CLAIMS

6.1 Filing of Proofs of Claim

In order to vote on, or to receive a distribution under, the Proposal, each Secured Creditor and each Unsecured Creditor shall file a Proof of Claim in accordance with the Act and as instructed in the Proposal Trustee's mailing to the Creditors with respect to the Proposal.

However, to be eligible to receive a distribution in accordance with Article 12.2 herein, Creditors must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the Act and by no later than the date on which the Proposal Trustee delivers the Notice of Final Dividend (the "Claims Bar Date").

Creditors that fail to file their Proof of Claim with the Proposal Trustee before 5:00 p.m. PST on the Claims Bar Date will not be eligible for participation in the proposed distribution from the Proposal Fund and their Claims will be forever barred as against the Debtor.

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6.2 Valuing Claims

Upon receipt of a completed Proof of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the Act. The procedure for valuing Claims of Secured Creditors and the Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the Act and in this Proposal. The Proposal Trustee reserves the right to seek the assistance of the Court in valuing the Claim of any Secured Creditor or any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Secured Creditor or such Unsecured Creditor under the Proposal, as the case may be.

6.3 Set Off

The law of set-off shall be applied to all Claims.

ARTICLE 7 MEETING OF CREDITORS

7.1 Creditors' Meeting

The Proposal Trustee shall hold a meeting of the Secured Creditors and the Unsecured Creditors in order for the Secured Creditors and the Unsecured Creditors to consider and vote upon the Proposal.

7.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the meeting of the Secured Creditors and the Unsecured Creditors shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Proposal Trustee's notice of meeting to be mailed pursuant to the Act.

7.3 Conduct of Meeting

The Official Receiver or the nominee thereof, shall preside as the chair of the meeting of the Creditors and will decide all matters relating to the conduct of the meeting. The only Persons entitled to attend the meeting of Creditors are those Persons, including the holders of proxies, entitled to vote at the meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Proposal Trustee as the Proposal Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may be admitted on invitation of the chair of the meeting only.

7.4 Adjournment of Meetings

Meetings of the Creditors may be adjourned in accordance with Section 52 of the Act.

7.5 Voting by Creditors

To the extent provided for herein, each Secured Creditor and each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to their respective Proven Secured Claim and Proven Unsecured Claim.

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7.6 Approval by Creditors

In order that the Proposal be binding on all of the Secured Creditors and the Unsecured Creditors of the Debtors in accordance with the Act, it must first be accepted by the Proven Secured Creditors and the Proven Unsecured Creditors by a majority in number of each of the Proven Secured Creditors and the Proven Unsecured Creditors who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors, representing two-thirds in value of the Proven Secured Claims of the Proven Secured Creditors and the Proven Unsecured Claims of the Proven Unsecured Creditors who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors.

7.7 Appointment of Inspectors

At the meeting of Creditors, the Creditors may appoint up to five Inspector(s) whose powers will be limited to:

- (a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and
- (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspector(s) may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspector(s) will terminate upon the discharge of the Proposal Trustee or such earlier time if the inspector resigns by notifying the Proposal Trustee of such resignation in writing.

ARTICLE 8 PAYMENT OF ADMINISTRATION FEES AND EXPENSES

- 8.1 Payment of Administrative Fees and Expenses for this Proposal shall be paid under the terms of this Proposal from the Proposal Fund.

ARTICLE 9 CONDITIONS PRECEDENT

- 9.1 The performance of this Proposal by the Debtor shall be conditional upon the fulfillment or satisfaction of the following conditions:
- (a) the receipt by the Proposal Trustee of the Proposal Fund;
 - (b) the acceptance of this Proposal by the Secured Creditors and the Unsecured Creditors;
 - (c) all conditions precedent under the Purchase Agreement have been satisfied or waived and the parties thereto have confirmed that they are prepared to close the transactions under the Purchase Agreement;
 - (d) the Proposed Assessed Values have not been revised by the Court or otherwise, other than on terms acceptable to the Purchaser; and

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- (e) the Proposal Approval Order being pronounced and entered and not having been appealed, set aside, varied or stayed.

ARTICLE 10 REORGANIZATION

- 10.1** The Proposal Approval Order in addition to authorizing this Proposal (including the annulment of the Debtor's bankruptcy), shall authorize and approve the filing of the Amended Articles on the Effective Date and provide for, among other things:
- (a) the cancellation of the Existing Shares without repayment of capital and without being exchanged for any shares in the Debtor;
 - (b) permitting the issuance of the New Shares to the Purchaser; and
 - (c) authorizing the filing of the Amended Articles.

ARTICLE 11 EVENTS OF DEFAULT

- 11.1** The non-fulfillment or satisfaction of any conditions precedent in Article 9 shall constitute a default under the Proposal for the purposes of Section 62.1 of the Act and otherwise under this Proposal.
- 11.2** In the event that this Proposal shall be annulled, any costs of this Proposal and the Proposal Trustee shall be paid out of the bankruptcy estate of the Debtor in priority to all other unsecured claims against the Debtor.

ARTICLE 12 PROPOSAL TO CREDITORS

- 12.1** The amount to be paid to the Creditors on account of their Proven Claims shall be as set out in this section. The Creditors shall accept the amounts set out herein in full satisfaction of their Claim and the Creditors shall have no other recourse to any other property of the Debtor or against the Debtor otherwise. For greater certainty, this Proposal does not compromise or otherwise affect a Creditor's claim against a third party, including without limitation a guarantor, indemnitor, and covenantor of the obligations of the Debtor.
- 12.2** The Proposal Trustee will remit payments (less the *pro rata* portion of the total amount of the Superintendent's Levy required by the Act to be paid in respect of such payments) to the Creditors in the following manner and order of priority:
- (a) The Proven Secured Claims waive their right to a distribution from the Proposal Fund in accordance with the provisions of Article 5.1 of this Proposal;
 - (b) The Proposal Fund will be distributed in the following order of priority:
 - (i) First, to the Administrative Fees and Expenses;
 - (ii) Second, to the Proven Unsecured Claims of the Preferred Creditors, without interest, to be paid in full in accordance with the provisions of Article 5.3 of this Proposal. The Proven Unsecured Claims under subsection 224(1.2) of the *Income Tax Act* or similar act and legislation will be paid within six (6) months after the Court Approval Date; and

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- (iii) Third, *pro rata* to the remaining Unsecured Creditors, having Proven Unsecured Claims, up the amount necessary to satisfy all such remaining Unsecured Creditor Claims in full, but without interest.

ARTICLE 13 APPLICATION OF SECTIONS 95-101 OF THE ACT

- 13.1** Sections 95 to 101 of the Act and any provincial statute relating to preference, settlement, fraudulent conveyance or the like shall not apply to any dealings by the Debtor during the period prior to the Proposal Date.

ARTICLE 14 PROPOSAL TRUSTEE

- 14.1** G. Moroso & Associates Inc., corporate trustee, and not in its personal capacity, shall be the Proposal Trustee under this Proposal and all monies payable under this Proposal shall be paid over to the Proposal Trustee who shall make payment of all distributions in accordance with the terms of this Proposal.
- 14.2** Any payments made by the Proposal Trustee to Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.
- 14.3** The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of the Debtor.
- 14.4** The Proposal Trustee, in such capacity, shall have no liability whatsoever for the Claims arising before, on or after the Bankruptcy Date.

ARTICLE 15 FULL PERFORMANCE OF PROPOSAL

- 15.1** All obligations of the Debtor under this Proposal will commence as of the Effective Date, at which time the transactions under the Purchase Agreement will be closed. This Proposal will be fully performed upon full payment to the Proposal Trustee of the Proposal Fund.
- 15.2** When the Proposal has been fully performed, the Proposal Trustee will issue to the Debtor and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the Act
- 15.3** During the currency of this Proposal and until the Certificate of Full Performance referred to in Article 15.2 is issued by the Proposal Trustee, the Debtor shall not merge, amalgamate, rollover or otherwise change or reorganize its corporate structure, without the approval of the Inspectors, unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.
- 15.4** Upon the issuance of the Certificate of Full Performance:
 - (a) all Liens shall be terminated, null and void, and be of no effect; and

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- (b) all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, positive or negative, pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, purchase order, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Debtor arising from the filing by the Debtor of a notice of intention to make a proposal under the Act, the filing of this Proposal, or the transactions contemplated by this Proposal.

- 15.5 The provisions of this Proposal will be binding on the Creditors of the Debtor and their respective heirs, executors, administrators, successors and assigns.

ARTICLE 16 AMENDMENT OF PROPOSAL

- 16.1 The Trustee may at any and all meetings of the Creditors and at any time and from time to time, vary, amend, modify or supplement this Proposal.
- 16.2 If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the final meeting of the Creditors held to consider the Proposal which the Proposal Trustee determines are for the general benefit of the Creditors, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements by exercising all voting rights its receives from Creditors who have voted in favour of the Proposal and by counting all "yes" votes and "no" votes which have not, to the time the variations, amendments, modifications or supplements are made, been changed, as "yes" votes and "no" votes for the amended or supplemental Proposal.

[Signature page follows]

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DATED at the City of Coquitlam in the Province of British Columbia this 22nd day of November, 2018.

TWIN RIVER ESTATES LTD.

A handwritten signature in black ink, consisting of a large, loopy 'D' followed by a horizontal line and a small flourish.

Name: Don Drysdale, Director and President

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SCHEDULE "A"
NOTICE OF ARTICLES

See attached.

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1.1. Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

2. NOTICE OF ALTERATION

3. FORM 11 – BC COMPANY

Section 257 (4) *Business Corporations Act*

Telephone: 250 356 – 8626

DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FIPPA)
The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the FIPPA applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. INCORPORATION NUMBER OF COMPANY

BC0765755

B. NAME OF COMPANY

Twin River Estates Ltd.

C. ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered or added

- | | |
|--|---|
| <input type="checkbox"/> Company name | <input checked="" type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | |
| <input type="checkbox"/> Pre-existing Company Provisions | <input checked="" type="checkbox"/> Authorized Share Structure |

D. ALTERATION EFFECTIVE DATE – Choose one of the following:

- ☒ The alteration is to take effect at the time that this notice is filed with the registrar.
- ☐ The alteration is to take effect at 12:01 a.m. Pacific Time on _____ being a date that is not more than ten days after the date of the filing of this notice.
- ☐ The alteration is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____ being a date and time that is not more than ten days after the date of the filing of this notice.

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E. CHANGE OF COMPANY NAME

The company is to change its name from _____
to (choose one of the following):

- ☐ _____ . This name
has been reserved for the company under name reservation number _____ or
- ☐ a name created by adding "B.C. Ltd." after the incorporation number of the company.

F. TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G. PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

- ☐ The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H. AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

[x]

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Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	[no]

I. CERTIFIED CORRECT – I have read this form and found it to be correct.NAME OF AUTHORIZED SIGNING AUTHORITY
FOR THE COMPANYSIGNATURE OF AUTHORIZED SIGNING
AUTHORITY FOR THE COMPANYDATE SIGNED
YYYY/MM/DD

X

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SCHEDULE "B"
PROPOSED ASSESSED VALUES

Secured Creditor	Proposed Assessed Value
KSCU	\$1,350,000
All Secured Creditors other than KSCU	\$0.00

PURCHASE AGREEMENT

THIS AGREEMENT is dated for reference as of November 7, 2018,

BETWEEN:

KS PROPERTY MANAGEMENT INC., a company incorporated under the laws of the Province of British Columbia

("Purchaser")

AND:

TWIN RIVER ESTATES LTD., a company incorporated under the laws of the Province of British Columbia

("Vendor")

WHEREAS:

- A. Twin River is party to certain credit agreements and security with Kootenay Savings Credit Union ("KCSU").
- B. Twin River has defaulted on its obligations to KSCU.
- C. The Purchaser is related to KSCU; and
- D. The Vendor desires to sell and the Purchaser desires to purchase, the New Twin River Shares (as defined herein) such that it owns all equity in Twin River, upon the terms and subject to the conditions contained in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of, and in reliance on, the premises, the representations, warranties, covenants and agreements set forth in this Agreement, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Interpretation

In this Agreement, unless otherwise provided:

- (a) "**Agreement**" means this purchase agreement, together with any amendments to or replacements of this purchase agreement;
- (b) "**Amended Articles of Incorporation**" mean the amended articles of incorporation to be filed in relation to Twin River pursuant to the provision of this Agreement and the Proposal, in a form materially similar to those attached as Schedule B;
- (c) "**Applicable Laws**" means any applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws, regulations and orders, directives and decisions, approvals of all governmental authorities or administrative or regulatory agency related to, or having jurisdiction over Twin River and the Business, as may be in effect from time to time;

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- (d) **"Approval Order"** means an order of the Court, approving the terms of the Proposal, unamended, and all steps necessary to carry out the transactions contemplated in the Proposal and herein, including, *inter alia*, the cancellation of the Existing Twin River Shares, the filing of the Notice of Alteration and Amended Articles of Incorporation, and the issuance of the New Twin River Shares;
- (e) **"BIA"** means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time, and every statute that may be substituted therefor, and in the case of any such amendment or substitution, any reference in this Agreement to the BIA will be read as referring to the amended or substituted provisions therefor;
- (f) **"BIA Proceedings"** means the proceedings commenced in the Court in relation to Twin River and in which the Proposal has or will be filed;
- (g) **"Books and Records"** means books and records of Twin River relating to the Business and the assets of the Business, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections, and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media, and "Books and Records" will include the advice and files of lawyers and accountants specifically relating to the Business and the assets of the Business, whether subject to privilege or not, but will not include any advice and files of lawyers and accountants relating to the BIA Proceedings or the transactions contemplated in this Agreement;
- (h) **"Business"** means the real estate development business operated by Twin River, and now operated by the Vendor;
- (i) **"Business Day"** means any day, other than a Saturday or a Sunday, on which the chartered banks in Vancouver, British Columbia, Canada, are open for business;
- (j) **"Closing"** means the closing of the purchase of the New Twin River Shares in the manner contemplated in this Agreement and subject to the terms and conditions set out in this Agreement;
- (k) **"Closing Date"** means that date which is three Business Days following the granting of the Approval Order, unless extended by the Purchaser, in its sole discretion, until all time periods in which the Approval Order could be appealed have expired, or such other date as the Purchaser and the Vendor may agree upon;
- (l) **"Court"** means the Supreme Court of British Columbia in bankruptcy and insolvency;
- (m) **"Creditors"** has the meaning set out in Section 4.1(b)(i);
- (n) **"Encumbrance"** means any encumbrance, lien, claim, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any contract to create any of the foregoing;

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- (o) **"Existing Twin River Shares"** means all issued and outstanding shares of any class in the capital stock of Twin River and **"Existing Twin River Share"** means any one of them;
- (p) **"GAAP"** means those accounting principles which are recognized as being generally accepted in Canada from time to time as set forth in the Handbook published by The Canadian Institute of Chartered Accountants (as revised from time to time);
- (q) **"KSCU"** has the meaning set forth in Recital A;
- (r) **"Material Adverse Effect"** means any change, effect, event or occurrence arising after the date of this Agreement that, individually or in the aggregate is, or would reasonably be expected to be, materially adverse to the financial position, Business, or assets of Twin River, but will exclude any Material Adverse Effect arising out of: (i) any adverse change, effect or circumstance relating generally to financial markets or general economic conditions, including any currency fluctuations; (ii) any adverse change, effect or circumstance relating to conditions generally affecting the industry in which the Business operates, and not affecting the Business in a materially disproportionate manner; (iii) any adverse change, effect or circumstance resulting from an action required or permitted by this Agreement; (iv) any adverse change, effect or circumstance caused by the announcement or pendency of this Agreement or the transactions contemplated by this Agreement; or (v) the existence of the BIA Proceedings;
- (s) **"New Twin River Shares"** means 100 common shares in the capital stock of Twin River to be issued to the Purchaser pursuant to this Agreement and the Proposal in consideration of the payment of the Purchase Price, and **"New Twin River Share"** means any one of them;
- (t) **"Notice of Alteration"** means the notice of alteration to be filed with the British Columbia Registrar of Companies in relation to Twin River pursuant to the provision of this Agreement and the Proposal, in a form materially similar to those attached as Schedule A;
- (u) **"Twin River"** has the meaning set out in the preamble to this Agreement;
- (v) **"Person"** means any individual, corporation, partnership, trustee, trust or unincorporated association, joint venture, syndicate, sole proprietorship, executor, administrator, or other legal representatives, regulatory body, or agency, government, governmental agency, authority or entity, however designated or constituted;
- (w) **"Personal Information"** means information about an identifiable individual created or collected by the Vendor or Twin River, in the course of conducting the Business, including information about an individual created or collected by the Vendor or Twin River for purposes reasonably required to establish, manage or terminate an employment relationship between the Vendor or Twin River and that individual, but not including information to enable an individual to be contacted at a place of business or information prepared or collected by an individual or group of individuals as part of the individual's or group's responsibilities or activities related to the individual's or group's employment or business;

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- (x) **"Property"** means all of the assets of Twin River, including, without limitation, all real and personal property of Twin River;
- (y) **"Proposal"** means a proposal to the creditors of Twin River pursuant to the BIA, pursuant to which all of the obligations of Creditors are compromised on terms acceptable to the Purchaser in its sole discretion;
- (z) **"Proposal Trustee"** means G. Moroso & Associates Inc., in its capacity as trustee under the Proposal;
- (aa) **"Purchase Price"** has the meaning set out in Section 2.2;
- (bb) **"Purchaser"** has the meaning set out in the preamble to this Agreement;
- (cc) **"Tax" or "Taxes"** means all federal, provincial, state municipal, foreign and other taxes (including, without limitation, income taxes, sales taxes, excise taxes, value added taxes, capital taxes, property taxes, and production, severance and similar taxes and assessments) and includes all penalties, interest and fines with respect thereto;
- (dd) **"Transferee"** has the meaning Section 7.4;
- (ee) **"Vendor"** has the meaning set out in the preamble to this Agreement;
- (ff) Any words defined elsewhere in this Agreement will have the particular meaning ascribed thereto;
- (gg) Words (including defined terms) using or importing the singular number include the plural and vice versa and words importing one gender only will include all genders and words importing persons in this Agreement will include individuals, partnerships, corporations and any other entities, legal or otherwise;
- (hh) The headings used in this Agreement are for ease of reference only and will not affect the meaning or the interpretation of this Agreement;
- (ii) All accounting terms not defined in this Agreement will have the meanings generally ascribed to them under GAAP; and
- (jj) Unless otherwise specified, all references to the symbol "\$" are to lawful money of Canada.

1.2 Knowledge

The phrase "to the best of the knowledge" of a Person and similar phrases, when used in this Agreement, mean the actual knowledge of the Person, or any of the directors and officers of that Person, as the case may be, after making due enquiry concerning the factual matter in question.

1.3 Schedules

The following schedules attached to this Agreement will form part of this Agreement:

- Schedule A Notice of Alteration
- Schedule B Amended Articles of Incorporation

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ARTICLE 2 AGREEMENT TO PURCHASE SHARES AND DISCHARGE LOANS

2.1 Closing of Purchase for New Twin River Shares

Upon the terms and subject to the conditions set forth in this Agreement, the Approval Order, and the Proposal, on the Closing Date the Purchaser agrees to subscribe for and purchase, and the Vendor cause the issuance to the Purchaser of, the New Twin River Shares (after such New Twin River Shares will have been duly issued pursuant to the Proposal) for the Purchase Price, which will, upon the granting of the Approval Order and the closing of the transactions contemplated hereunder, constitute 100% of the issued and outstanding shares in the capital of Twin River and the Existing Twin River Shares will be cancelled in accordance with the Proposal.

2.2 Purchase Price

The purchase price for the New Twin River Shares (the "Purchase Price") will be \$1,450,000, which will be satisfied as follows:

- (a) the Purchaser making a payment, by solicitor's trust cheque, certified cheque, bank draft, or wire transfer, of \$100,000.00 to the Proposal Trustee; and
- (b) the balance of the Purchase Price by KSCU providing a partial release of the secured indebtedness owing to it by Twin River.

For greater certainty, in no circumstances shall the aggregate of (a) and (b) above exceed the Purchase Price.

2.3 Payment of Purchase Price

At the Closing, the Purchaser will deliver to the Vendor the Purchase Price as set out in Section 2.2, as payment in full for the New Twin River Shares.

2.4 Share Certificates

At the Closing, the Vendor will deliver or cause to be delivered to the Purchaser share certificates representing the New Twin River Shares.

2.5 Use of Purchase Price

The proceeds of the purchase and sale of the New Twin River Shares will be used by the Vendor to fund the Proposal.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser as of the date hereof, as follows:

- (a) **Incorporation and Existence** – it is duly incorporated or organized and validly existing under the laws of the jurisdiction of incorporation or organization;
- (b) **Corporate Power** – subject to the granting of the Approval Order, it has the necessary power, capacity, right and authority to enter into and deliver this Agreement and the documents required for the Closing to which it is a party and to perform its obligations thereunder; and

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- (c) **Authorization** - subject to the granting of the Approval Order, all action on the part of the Vendor necessary for the authorization, execution and delivery of this Agreement, and the performance of all obligations of the Vendor hereunder has been taken or will be taken prior to the Closing, and this Agreement constitutes valid and legally binding obligations of the Vendor, enforceable in accordance with its terms.
- (d) **Residence** – Twin River is a resident in Canada within the meaning of the *Income Tax Act* (Canada) and is not, and on the Closing Date will not be, a non-resident of Canada under the *Income Tax Act* (Canada).

3.2 Representations and Warranties of Purchaser

The Purchaser hereby represents and warrants to the Vendor that:

- (a) **Incorporation, Organization and Existence** – it is duly incorporated or organized and validly existing under the laws of the jurisdiction of incorporation or organization.
- (b) **Power and Capacity** – it has the necessary power, capacity, right and authority to enter into and deliver this Agreement and the documents required for the Closing to which it is a party and to perform its obligations thereunder.
- (c) **Authorization** - all action on the part of the Purchaser necessary for the authorization, execution and delivery of this Agreement, and the performance of all obligations of the Purchaser hereunder has been taken or will be taken prior to the Closing, and this Agreement constitutes valid and legally binding obligations of the Purchaser, enforceable in accordance with its terms.
- (d) **Residence** – it is not a non-Canadian for the purposes of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

ARTICLE 4 OTHER COVENANTS

4.1 Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Date, the Vendor covenants and agrees as follows:

- (a) **Conduct Business in the Ordinary Course** - subject to any limitation imposed as a result of being subject to the BIA Proceedings or, as required by any Applicable Laws, including any order of the Court, and except as the Purchaser may approve in writing or as otherwise explicitly contemplated or permitted by this Agreement, conduct the Business in all material respects in the ordinary course, consistent with past practice, and in particular:
 - (i) use all reasonable efforts to preserve the Business and assets of the Business intact and maintain the assets of the Business in accordance with standard industry practice;

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- (ii) not sell, lease, license, transfer or otherwise dispose of, or agree to sell, lease, license, transfer or otherwise dispose of, any of the assets of the Business; and
- (iii) make all necessary tax, governmental and other filings, as and when required, in the ordinary course of business;

(b) Approval Order

- (i) Immediately following the acceptance of the Proposal by the Purchaser and the Vendor, the Vendor call a meeting of all of the creditors, both secured and unsecured, of Twin River (the "Creditors") to consider the Proposal in accordance with the BIA;
- (ii) The Purchaser and the Vendor will do all acts and things as are reasonably required in order to obtain entry of the Approval Order; and
- (iii) The Purchaser will promptly provide to the Vendor all such information within its possession or under its control as the Vendor may reasonably require to obtain the Approval Order and other transaction related orders.

(c) Access for Investigation

- (i) The Vendor will permit the Purchaser and its representatives, between the date of this Agreement and the Closing Time to have reasonable access during normal business hours on not less than 24 hours' advance notice, except as otherwise agreed to by the Vendor, for purposes consistent with this Agreement, to (i) the assets of the Business, and (ii) the Books and Records. The Vendor will promptly furnish to the Purchaser copies of Books and Records as the Purchaser will from time to time reasonably request; and
- (ii) Notwithstanding Section 4.1(c)(i), the Vendor will not be required to disclose any information, records, files or other data to the Purchaser where prohibited by any Applicable Laws; and

(d) Confidential and Personal Information

- (i) Prior to the Closing, the Purchaser will keep confidential all confidential information and Personal Information disclosed to it or its shareholders by the Vendor or their respective agents relating to this Agreement, the BIA Proceedings, the Vendor or the Business and will not disclose any confidential information and Personal Information except in accordance with Applicable Laws, as permitted by this Agreement, or as agreed to with the Vendor. If this Agreement is terminated without completion of the transactions contemplated by this Agreement, the parties will promptly destroy all documents, work papers and other written material (including all copies) obtained from each other in connection with this Agreement, and not previously made public and will continue to maintain the confidence of all such information; and
- (ii) After the Closing, the parties will keep confidential all confidential information and Personal Information disclosed to it by the other parties and all information relating to the Business, except information which:

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- (A) is part of the public domain;
- (B) becomes part of the public domain other than as a result of a breach of these provisions by any party; or
- (C) was received in good faith after Closing from an independent Person who was lawfully in possession of such information free of any obligation of confidence, including in accordance with the Confidentiality Agreement.

4.2 Consents to Material Contracts

Except to the extent that such consents are not required because the Vendor intends to compel assignment through the Proposal or BIA Proceedings, the Vendor will obtain any consents required pursuant to any material contracts of Twin River, as a result of the transactions contemplated by this Agreement, including any consent required as a result of the change in control of Twin River.

ARTICLE 5 CLOSING AND CONDITIONS OF CLOSING

5.1 Time and Place of Closing

Subject to the terms and conditions herein, the Closing will take place at 10:00 a.m. (Vancouver time), or at such other time as agreed upon by the Vendor and the Purchaser, on the Closing Date at the offices of Thompson LeRose & Brown LLP, located at 202 – 605 20th Street, Castlegar, British Columbia.

5.2 Purchaser's Closing Conditions

The obligations of the Purchaser to subscribe for and purchase the New Twin River Shares under Section 2.1 and contemplated herein are conditional upon each of the conditions listed below having been satisfied on or before the Closing Date, it being understood that the said conditions are included for the exclusive benefit of the Purchaser:

- (a) there will have occurred no Material Adverse Effect;
- (b) the Vendor will have received, in form and substance acceptable to the Purchaser, all consents and waivers which are required in relation to all the material contracts of Twin River, except to the extent that such consents are not required because the Vendor has compelled assignment through the Proposal or BIA Proceeding;
- (c) the Vendor will have made all deliveries to be made by them in accordance with Section 5.5;
- (d) the Vendor will have received all consents, waivers and orders required under Applicable Laws or agreements to permit the cancellation of the Existing Twin River Shares, the filing of the Amended Articles of Incorporation and the issuance of the New Twin River Shares;
- (e) the representations and warranties of the Vendor contained in Section 3.1 will be true, accurate and correct on and as of the Closing Date with the same effect as though such representations and warranties have been made on and as of the Closing Date;

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- (f) the Proposal, as approved, and the Approval Order are in a form acceptable to the Purchaser in its sole discretion; and
- (g) the Vendor is not currently in breach of any material covenants under this Agreement.

5.3 Mutual Closing Conditions

Subject to Section 5.4, the obligations of the parties to complete the transactions contemplated herein are conditional upon each of the conditions listed below having been satisfied:

- (a) the Proposal being approved by the requisite majority of Creditors; and
- (b) the Approval Order being pronounced, all time periods within which such order could at law be appealed will have expired, no appeals are existing therefrom and such order will not have been stayed, varied, amended, appealed, modified, vacated or dismissed.

5.4 Termination and Failure to Satisfy Closing Conditions

The conditions precedent set forth in Section 5.2 are for the benefit of the Purchaser and whether or not they are satisfied or unsatisfied will be determined by the Purchaser in its sole discretion. The conditions precedent set forth in Section 5.3 are true conditions precedent to the Closing which must be satisfied and cannot be waived except that the Purchaser may elect, in its sole discretion, to waive the requirement that all appeal periods relating to the Approval Order have expired and that no appeals have been taken. If one or more of such conditions precedent in Section 5.2 are not satisfied or waived by the Purchaser on or before the Closing Date, or, subject to this Section 5.4, either of the conditions precedent set forth in Section 5.3 is not satisfied, then:

- (a) this Agreement will terminate;
- (b) the Purchaser will not be obligated to purchase the New Twin River Shares and the Closing will not proceed;
- (c) the Purchaser and the Vendor will be released from any further obligation to each other.

5.5 Closing Obligations of the Vendor

At the Closing, the Vendor will deliver or cause to be delivered to the Purchaser the following documents in form satisfactory to the Purchaser:

- (a) a Court certified copy of the Approval Order;
- (b) a certificate executed by a senior officer of the Vendor dated as of the Closing Date confirming that: (i) all of the representations and warranties of the Vendor made in or pursuant to this Agreement will be true and correct in all material respects at the Closing Time and with the same effect as if made at and as of the Closing Time, except as such representations and warranties may be affected by the occurrence of events or transactions contemplated or permitted by this Agreement; (ii) the Vendor has performed or complied with, in all material respects, all their obligations and covenants under this Agreement; and (iii) there has occurred no Material Adverse Effect;

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- (c) share certificates representing all Existing Twin River Shares, duly cancelled;
- (d) a filed copy of the Notice of Alteration and Amended Articles of Incorporation;
- (e) share certificates duly and validly registered in the name of the Purchaser representing the New Twin River Shares; and
- (f) all other documents as the Purchaser may reasonably request pursuant to the terms and conditions contained in this Agreement.

5.6 Closing Obligations of the Purchaser

Subject to the terms and conditions of this Agreement, the Purchaser covenants and agrees with the Vendor that at the Closing at which it is purchasing the New Twin River Shares, it will deliver to the Vendor/Proposal Trustee:

- (a) a certificate executed by a senior officer of the Purchaser confirming that the representations and warranties made in Section 3.2 are true and correct as of the Closing Date;
- (b) a solicitor's trust cheque, certified cheque, bank draft, or wire transfer, for the portion Purchase Price made payable to the Proposal Trustee in accordance with Section 2.3; and
- (c) written confirmation that KSCU has applied a credit to the amounts owing to it to satisfy the balance of the Purchase Price.

ARTICLE 6 TERMINATION

6.1 Termination

In addition to the parties' rights to terminate this Agreement pursuant to Section 5.4, this Agreement may be terminated at any time prior to the Closing by the mutual written consent of the Purchaser and the Vendor.

6.2 Effect of Termination

In the event of termination of this Agreement in accordance with this Article 6, this Agreement will forthwith become of no further force or effect, the parties will be released from any further obligation to each other.

ARTICLE 7 GENERAL PROVISIONS

7.1 Time of the Essence

Time will be of the essence of this Agreement.

7.2 Further Acts

Each of the parties will at the request of any other party execute and deliver any further documents and do all acts and things as that party may reasonably require in order to carry out the true intent and meaning of this Agreement.

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7.3 No Partnership

Nothing in this Agreement or in the relationship of the parties hereto will be construed as in any sense creating a partnership among the parties or as giving to any party any of the rights or subjecting any party to any of the creditors of the other parties.

7.4 Assignment

No party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other party, except, however, that the Purchaser may, without any consent required, assign all or any part of this Agreement to one or more Persons (each a "Transferee") in which the Purchaser holds an interest. Any such assignment by the Purchaser will operate to release the Purchaser from liability accruing thereafter under this Agreement, to the extent that the Transferee(s) agree in writing to assume the Purchaser's obligations under this Agreement.

7.5 Parties of Interest

This Agreement will enure to the benefit of and be binding upon the parties and their respective personal representatives, administrators, heirs, successors and permitted assigns.

7.6 Governing Law

This Agreement will be construed and governed exclusively by the laws in force in British Columbia and the laws of Canada applicable therein and the courts of British Columbia will have exclusive jurisdiction to hear and determine all disputes arising hereunder. Each of the parties hereto irrevocably attorns to the jurisdiction of said courts and consents to the commencement of proceedings in such courts. This Section will not be construed to affect the rights of a party to enforce a judgment or award outside said province, including the right to record and enforce a judgment or award in any other jurisdiction.

7.7 Survival

Each party hereby agrees that all representations, warranties and other provisions contained in this Agreement will survive the Closing.

7.8 Severability

The invalidity or unenforceability of any provision in this Agreement will not affect the validity or enforceability of any other provision or part of this Agreement, and the parties hereby undertake to renegotiate in good faith any such invalid or unenforceable provision, with a view to concluding valid and enforceable arrangements as nearly as possible the same as those contained in this Agreement.

7.9 Entire Agreement

The provisions contained in this Agreement constitute the entire agreement between the parties with respect to the subject matter and supersede all prior communications, proposals, representations and agreements, whether oral or written, with respect to the subject matter of this Agreement.

7.10 Notices

All notices, demands and payments under this Agreement must be in writing and may be delivered personally or by facsimile transmission to the addresses as first written above or such

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other addresses as may from time to time be notified in writing by the parties. All notices will be deemed to have been given and received on the next Business Day following the date of transmission or delivery, as the case may be.

7.11 Public Notices

The parties will jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement and no party will act in this regard without the prior approval of the other, such approval not to be unreasonably withheld, except where required to meet timely disclosure obligations of any party under Applicable Laws (including the BIA) or stock exchange rules in circumstances where prior consultation with the other Party is not practicable and a copy of such disclosure is provided to the other Party.

7.12 Waiver

Failure by any party hereto to insist in any instance upon the strict performance of any one of the covenants contained herein will not be construed as a waiver or relinquishment of such covenant. No waiver by any party hereto of any such covenant will be deemed to have been made unless expressed in writing and signed by the waiving party.

7.13 Amendments

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, is binding unless executed in writing by the party to be bound thereby.

7.14 Counterparts

This Agreement may be executed in several counterparts (including by fax or other means of electronic transmission producing a printed copy), each of which when so executed will be deemed to be an original and will have the same force and effect as an original and such counterparts together will constitute one and the same instrument.

[The remainder of this page left intentionally blank. Signature page follows.]

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IN WITNESS WHEREOF the parties have signed, sealed and delivered this agreement as of the date first written above.

KS PROPERTY MANAGEMENT INC.

By:

Name:

Title:

TWIN RIVER ESTATES LTD.

By:



Name:


Title: *President*

DAVID A. DRYSDALE
Barrister & Solicitor
#211 - 1015 Austin Avenue
Coquitlam, B.C. V3K 3N9
Telephone: 604-939-8321

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IN WITNESS WHEREOF the parties have signed, sealed and delivered this agreement as of the date first written above.

KS PROPERTY MANAGEMENT INC.

By:  DocuSigned by:
8CEA9B7D04F8498
Name: Brian Moroney

Title: VP Credit & Support Services

By:  DocuSigned by:
A88ED764E8B94416
Name: Ron Johnston

Title: VP Finance & CFO

TWIN RIVER ESTATES LTD.

By:

Name:

Title:

SCHEDULE A
NOTICE OF ALTERATION

Please see attached.



Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

NOTICE OF ALTERATION
FORM 11 – BC COMPANY
Section 257 (4) *Business Corporations Act*

Telephone: 250 356 – 8626

DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FIPPA)
The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the FIPPA applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. INCORPORATION NUMBER OF COMPANY

BC0765755

B. NAME OF COMPANY

Twin River Estates Ltd.

C. ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered or added

- | | |
|--|---|
| <input type="checkbox"/> Company name | <input checked="" type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | |
| <input type="checkbox"/> Pre-existing Company Provisions | <input checked="" type="checkbox"/> Authorized Share Structure |

D. ALTERATION EFFECTIVE DATE – Choose one of the following:

- ☒ The alteration is to take effect at the time that this notice is filed with the registrar.
- ☐ The alteration is to take effect at 12:01 a.m. Pacific Time on _____
being a date that is not more than ten days after the date of the filing of this notice.
- ☐ The alteration is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____
being a date and time that is not more than ten days after the date of the filing of this notice.

E. CHANGE OF COMPANY NAME

The company is to change its name from _____
to (choose one of the following):

- ☐ _____ This name
has been reserved for the company under name reservation number _____ or
- ☐ a name created by adding "B.C. Ltd." after the incorporation number of the company.

F. TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

Rev. 2004/7/27

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G. PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

☐ The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H. AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

[x]

Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	[no]

I. CERTIFIED CORRECT – I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	DATE SIGNED YYYY/MM/DD
	X	

SCHEDULE B
AMENDED ARTICLES OF INCORPORATION

Please see attached.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the Business Corporations Act;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the Business Corporations Act.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Business Corporations Act; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the Business Corporations Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or

of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the Business Corporations Act, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the Business Corporations Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Business Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior

officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the Business Corporations Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all the directors participating in the meeting, whether in person, by telephone or by other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the Business Corporations Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the Business Corporations Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal

representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

- (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) "expenses" has the meaning set out in the Business Corporations Act.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the Business Corporations Act, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the Business Corporations Act, the Company may indemnify any person.

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the Business Corporations Act or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the Business Corporations Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS**23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Business Corporations Act.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. NOTICES

24.1 Method of Giving Notice

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer, or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Business Corporations Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Application

Article 26.2 does not apply to the Company if and for so long as it is a public company.

26.2 Consent Required for Transfer of Shares or Designated Securities

No securities of the Company other than non-convertible debt securities of the Company shall be transferred without the consent of the directors expressed by resolution and the directors shall not be required to give any reason for refusing to consent to any such transfer.

District of: British Columbia
 Division No: 5
 Court No:
 Estate No: 11-2441158

FORM 92

Notice of Proposal to Creditors

(Section 51 of the Act)

In the matter of the Proposal of Twin River Estates Ltd.
 of the City of Castlegar in the Province of British Columbia

Take notice that Twin River Estates Ltd. of the city of Coquitlam in the Province of British Columbia has lodged with me a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a 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 or more are enclosed herewith.

A general meeting of the creditors will be held at G. Moroso & Associates Inc., 241 Columbia Avenue, Castlegar, British Columbia, V1N 1G3 on the 22nd day of November, 2018 at the hour of 10:00 AM.

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 Castlegar, British Columbia, this 8th day of November, 2018.



Licensed Insolvency Trustee

THIS IS EXHIBIT <u>C1</u> IN
THE AFFIDAVIT OF G. MOROSO
CIRP SWORN BEFORE ME
THIS ____ DAY OF _____, 20____
A COMMISSIONER IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

District of:
Division No:
Court No:
Estate No:

FORM 78

Statement of Affairs (Business Proposal)
(Subsections 50(2) and 62(1) of the Act)

In the matter of the Proposal of Twin River Estates Ltd.
of the City of Castlegar in the Province of British Columbia

THIS IS EXHIBIT C2 IN
THE AFFIDAVIT OF G. MOROSO
CIRP SWORN BEFORE ME
THIS DAY OF , 20

A COMMISSIONER IN AND FOR
THE PROVINCE OF BRITISH COLUMBIA

☒ Original☐ Amended

To the Debtor:

You are required to carefully and accurately complete this Form and the applicable attachments, showing the state of your affairs on the date of the filing of your proposal (or notice of intention if applicable), on the 7th day of November, 2018. When completed, this Form and the applicable attached lists will constitute your Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (As stated and estimated by Debtor)		
1.	Unsecured creditors as per list "A"	\$3,411,752.70
2.	Secured creditors as per list "B"	\$3,491,112.00
3.	Preferred creditors as per list "C"	\$0.00
4.	Contingent, trust claims or other liabilities as per list "D"	\$0.00
	estimated to be reclaimable for	\$0.00
Total Liabilities		\$8,902,864.70
Surplus		\$0.00

ASSETS (As stated and estimated by Debtor)		
1.	Inventory	\$0.00
2.	Trade fixtures, etc	\$0.00
3.	Accounts receivable and other receivables, as per List "E"	
	Good	\$0.00
	Doubtful	\$0.00
	Bad	\$0.00
	Estimated to produce	\$0.00
4.	Bills of exchange, promissory notes, etc., as per List "F"	\$0.00
5.	Deposits in Financial Institutions	\$0.00
6.	Cash	\$0.00
7.	Livestock	\$0.00
8.	Machinery, equipment and plant	\$0.00
9.	Real property or immovable as per List "G"	\$1,350,000.00
10.	Furniture	\$0.00
11.	RRSPs, RRIFs, Life Insurance, etc.	\$0.00
12.	Securities (Shares, Bonds, Debentures, etc.)	\$0.00
13.	Interests under wills	\$0.00
14.	Vehicles	\$0.00
15.	Other property, as per List "H"	\$0.00
If Debtor is a corporation, add:		
	Amount of subscribed capital	
	Amount paid on capital	
	Balance subscribed and unpaid	
	Estimated to produce	
Total Assets		\$1,350,000.00
Deficiency		\$8,902,864.70

I, Donald A. Drysdale, of Twin River Estates Ltd. of the City of Coquitlam in the Province of British Columbia, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge a full, true and complete statement of its affairs on the 7th day of November, 2018 and fully disclose all property of every description that is in its possession or that may devolve on it in accordance with the Act.

SWORN (or SOLEMNLY
DECLARED) before me at
Coquitlam in the Province of British
Columbia, on this 7th day of
November, 2018

Administrator Default
Commissioner of Oaths
for the Province of Alberta
BRITISH COLUMBIA

Signature of Debtor

RICHARD J.S. RAINEY
Barrister & Solicitor
#211 - 1015 Austin Avenue
Coquitlam, B.C. V3K 3N9
Telephone: 604-939-8321

List "A"
Unsecured Creditors
Twin River Estates Ltd.

No	Name of Creditor	Address	Amount of Claim
1	0823045 BC Ltd.	c/o Borden Ladner, Attn: Geoff Thompson 1200 - 200 Burrard St, Vancouver, British Columbia, Canada, V7X 1T2	\$750,000.00
2	Active Development	c/o Drysdale Bacon McStravich LLP 1015 Austin Ave, Coquitlam, British Columbia, Canada, V3K 3H9	\$22,500.00
3	BC First Life Insurance Brokerage Ltd.	c/o Borden Ladner, Attn: Geoff Thompson 1200 - 200 Burrard St, Vancouver, British Columbia, Canada, V7X 1T2	\$1.00
4	Canada Revenue Agency	PO Box 8070 Stn Main, Surrey, British Columbia, Canada, V3T 5W6	\$1.00
5	Cho & Lee Holdings Ltd.	c/o Borden Ladner, Attn: Geoff Thompson 1200 - 200 Burrard St, Vancouver, British Columbia, Canada, V7X 1T2	\$1.00
6	City of Castlegar	460 Columbia Avenue, Castlegar, British Columbia, Canada, V1N 1G7	\$88,580.83
7	Fortis BC Electricity	Utility Payment processing PO Box 8970 Stn M, Vancouver, British Columbia, Canada, V6B 4E2	\$404.08
8	Fusionwired Internet	241 Columbia Ave, Castlegar, British Columbia, Canada, V1N 1G3	\$287.75
9	Glade Materials Testing	2127 Makonin Rd, Castlegar, British Columbia, Canada, V1N 4R2	\$387.50
10	Hango Land Surveying Inc.	2924 - 8th Ave, Castlegar, British Columbia, Canada, V1N 2Z1	\$17,688.83
11	Kats Trophys and Signs	2305 - 6th Ave, Castlegar, British Columbia, Canada, V1N 2W1	\$1,481.81
12	Kerkhoff Construction	3805 Columbia Ave, Castlegar, British Columbia, Canada, V1N 4C1	\$1.00
13	Kyo Joong Yoon and Myoung Ja Joon	c/o Borden Ladner, Attn: Geoff Thompson 1200 - 200 Burrard St, Vancouver, British Columbia, Canada, V7X 1T2	\$1.00
14	Lougheed Enterprises	1479 Lennox St, North Vancouver, British Columbia, Canada, V7H 1X4	\$2,500,000.00
15	McMullan LLP	Royal Centre, 1055 W. Georgia Suite 1500, Box 11117, Vancouver, British Columbia, Canada, V6E 4N7	\$1.00
16	Pennco Engineering	515 Vernon St, Nelson, British Columbia, Canada, V1L 4B6	\$13,781.32
17	Soon Hi Lee	c/o Borden Ladner, Attn: Geoff Thompson 1200 - 200 Burrard St, Vancouver, British Columbia, Canada, V7X 1T2	\$1.00
18	Telus - Insolvency Group	PO Box 5450 Stn Terminal, Vancouver, British Columbia, Canada, V6B 3B3	\$30.00
19	Trowatex Rentals & Sales	4450 Columbia Ave, Castlegar, British Columbia, Canada, V1N 3N8	\$8,875.20
20	Woon Jin Park	c/o Borden Ladner, Attn: Geoff Thompson 1200 - 200 Burrard St, Vancouver, British Columbia, Canada, V7X 1T2	\$1.00
Total:			\$3,411,762.70

THIS IS EXHIBIT C3 IN
 THE AFFIDAVIT OF G. MOROSO
 CIRP SWORN BEFORE ME
 THIS DAY OF , 20
 A COMMISSIONER IN AND FOR
 THE PROVINCE OF BRITISH COLUMBIA


 Debtor

7th day of November, 2018
 Date

List "B"
Secured Creditors
Twin River Estates Ltd.

No	Name and Address of Creditor Nature of Claim Particulars of Security	When Given	Amount of Claim	Estimated Value of Security	Estimated Surplus from Security	Balance of Claims Unsecured
1	Kootenay Savings Credit Union 605 - 20th Street Castlegar, British Columbia, V1N 2P2 RP - Land	9 Aug 2018	\$3,481,112.00	\$1,350,000.00	\$0.00	\$2,141,112.00
Totals			\$3,481,112.00	\$1,350,000.00	\$0.00	\$2,141,112.00



Debtor

7th day of November, 2018

Date

Superintendent of Bankruptcy Estate No. 11-2441158
Nelson Court Registry No. xx

**IN THE MATTER OF THE PROPOSAL OF
TWIN RIVER ESTATES LTD.**

**MINUTES OF THE FIRST MEETING OF CREDITORS
HELD ON NOVEMBER 22, 2018**

The first meeting of creditors was held on November 22, 2018 at the offices of G. Moroso & Associates Inc., 241 Columbia Avenue, Castlegar, B.C. at the hour of 10:00 a.m. PST.

In attendance were Mr. Gregory F. Moroso, Trustee, Mr. Don Drysdale, principal of Twin River, Mr. Brian Moroney of Kootenay Savings Credit Union ("KSCU") (via telephone conference), and Mr. Peter Reardon, legal counsel representing Loughheed Enterprises Ltd. (via telephone conference). Attached is the attendance sign in sheet.

Mr. Moroso advised the meeting that he was acting as chairman pursuant to authority of Section 51(3) of the *Bankruptcy and Insolvency Act*, and briefly explained that section.

The following documents were tabled:

- Statement of Affairs;
- Proposal;
- Trustee's Report on the Proposal;
- Proofs of Claim filed to date; and
- Proof of Mailing.

THIS IS EXHIBIT <u>D</u> IN
THE AFFIDAVIT OF <u>G. MOROSO</u>
CIRP SWORN BEFORE ME
THIS ____ DAY OF _____, 20__
_____ A COMMISSIONER IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

Mr. Moroso acted as the chairman and secretary of the meeting. The meeting was called to order at 10:03 a.m. PST. The Trustee announced that he held one Proxy from one unsecured creditor; KSCU. Additionally, there was one Proxy held by Mr. Peter Reardon, legal counsel for Loughheed Enterprises Ltd. Consequently, there being a quorum present, the meeting was properly called and duly constituted. Mr. Moroso introduced himself and the above noted people in attendance. The Trustee noted that all creditors were attending via telephone conference call.

Mr. Moroso advised the attendees that the purpose of the meeting was set out in the *Bankruptcy and Insolvency Act*, and included consideration of the affairs of the Debtor, the Proposal filed by the Debtor, the Trustee's Report on the Proposal, and directions to the Trustee as the creditors may see fit in the administration of the Estate.

Mr. Moroso allowed the meeting to read through the Proposal and the Trustee's Report on the Proposal, which is attached to and forms part of these minutes. Mr. Moroso briefly summarized the Trustee's Report. The following questions and discussions took place:

- The Trustee reviewed the Proofs of Claim filed to date and indicated any voting letters lodged with the Trustee and advised that the Trustee held a Proxy from KSCU.
- The Trustee reviewed the terms of the Proposal, which was to be funded by KSCU in the amount of \$100,000, and that all current shares of Twin River would be cancelled, and new shares issued in the name of KS Property Management Ltd., an investment holding company related to KSCU.
- The Trustee advised that KSCU would waive any right to participate in the distribution to creditors. Consequently, the participating creditors as at the time of the creditors' meeting accounted for claims totaling \$3,033,502.26. It was anticipated that there would be further claims filed prior to any final distribution, specifically by a Korean Investor Group for approximately \$750,000.00. The Trustee advised that he had been in contact with legal counsel for the Korean Investor Group.
- The Trustee advised that KSCU had paid \$5,000 to the Trustee to date.
- There was a discussion regarding the total funding amount to be provided by KSCU. Mr. Reardon advised that his client would be voting against the Proposal if the funding were not increased. Mr. Moroney agreed to increase the Proposal funding from \$100,000 to \$150,000, and Mr. Drysdale concurred with the amendment. Consequently, pursuant to Article 16.1, the Proposal funding was amended to be increased from \$100,000 to \$150,000.
- Mr. Reardon inquired as to the timing of the dividend distribution. The Trustee advised the meeting of the time lines involved with the Court approval and Office of the Superintendent of Bankruptcy's review, and taxation process, but anticipated being able to distribute the funds prior to December 31, 2018.
- Mr. Reardon advised that he would provide instructions at a later date regarding where his client's dividend cheque should be forwarded for distribution.

Mr. Moroso advised that there were two (2) separate Proofs of Claim properly filed, as reflected on the attached Claims Registry:

Unsecured Creditors: Two (2) totaling \$5,174,614.26

Total Claims Filed and Voting - \$5,174,614.26

Total Claims Abstaining from voting: \$0.00

Voting in Favour – 2/2 for 100.00%

Voting Against – 0/6 for 0.00%

As a majority in number and 2/3 in dollar value of the proven creditors had approved the Amended Proposal (100.00%), the Amended Proposal was passed.

The following creditors were appointed as Estate Inspectors: Moved and passed.

- Mr. Brian Moroney of KSCU

Mr. Moroso asked if there were any further instructions to the Trustee by the Creditors, which there were none. There being no further business, it was moved by Mr. Brian Moroney, seconded by Mr. Peter Reardon and carried that the meeting be adjourned at 10:19 a.m. PST.



Mr. Gregory F. Moroso
Chairman & Secretary

November 22, 2018

Superintendent of Bankruptcy No. 11-2441158
Nelson Court Registry No. xx


IN THE MATTER OF THE PROPOSAL OF
TWIN RIVER ESTATES LTD.

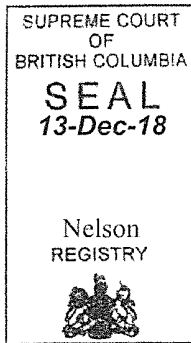
PROOFS OF CLAIM FILED
AS AT NOVEMBER 22, 2018

CREDITOR NAME	AMOUNT OF CLAIM	PROXY/VOTE	NOTES
Secured Creditors			
1 KSCU	1,350,000.00		Mortgage
	<u>1,350,000.00</u>		
Preferred Creditors			
1 None	-		
	<u>-</u>		
Unsecured Creditors			
1 KSCU	2,141,112.00	GFM/For	
2 Loughheed Enterprises Ltd	3,033,502.26	For	
	<u>5,174,614.26</u>		
TOTAL CLAIMS	<u>6,524,614.26</u>		
Voting:			
For	5,174,614.26	100.00%	
Against	-	0.00%	
Abstaining	-	0.00%	
Total	<u>5,174,614.26</u>	<u>100.00%</u>	
Participating Proofs of Claim	3,033,502.26		

IN THE MATTER OF THE PROPOSAL OF
TWIN RIVER ESTATES LTD.
NOVEMBER 22, 2018

ATTENDANCE LIST:

PRINT NAME:	SIGNATURE:	REPRESENTING:	AMOUNT OF CLAIM:
1. Gregory F. Moroso		TRUSTEE	\$ n/a
2. Brian Moroney	"via telephone conference"	KSCU	\$2,141,112.00
3. Peter Reardon	"via telephone conference"	Lougheed Enterprises Ltd	\$3,033,502.26
4. Don Drysdale	"via telephone conference"	Self	n/a
5.			
6.			
7.			
8.			



NO. 20610
ESTATE NO. 11-2441158
NELSON REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**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
TWIN RIVER ESTATES LTD.**

ORDER MADE AFTER APPLICATION

))	Monday, the 10 th day
BEFORE)	Mr. Justice McEwan)	of December, 2018
))	

ON THE APPLICATION of Kootenay Savings Credit Union ("KSCU") and G. Moroso & Associates Inc. (the "**Proposal Trustee**"), trustee in bankruptcy and trustee under the proposal of Twin River Estates Ltd. (the "**Debtor**") coming on for hearing 320 Ward Street, Nelson, British Columbia, on December 10, 2018, and on hearing Ryan R.W. Sookorukoff, counsel for KSCU, and on reading the amended proposal of the Debtor dated November 22, 2018 (the "**Proposal**") as approved by the Creditors of the Debtor at a meeting held on November 22, 2018 (the "**Meeting**"), the report of the Proposal Trustee filed herein;

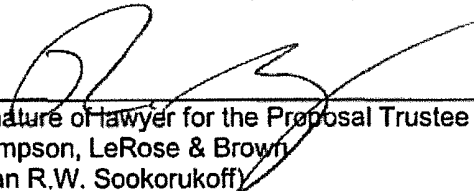
THIS COURT ORDERS that:

1. capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal;
2. the Proposal is approved pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
3. the reorganisation of the Debtor on the Effective Date by:
 - a) the redemption and cancellation of the Existing Shares and all rights related to them, without payment, consideration or any other right;
 - b) the issuance of the New Shares; and
 - c) filing the Amended Articles,

(collectively the "**Reorganisation**") is approved. The Meeting and these proceedings shall be sufficient for the purposes of effecting the Reorganisation, and any other notices, meetings or other requirements pursuant to the *Business Corporations Act* (British Columbia) or otherwise, including without limitation in relation to meetings or resolutions of the shareholders of the Debtor, are hereby dispensed with;

4. having considered the interest of third parties, as at the Effective Date and upon presentation for registration in the Land Title Office for the Land Title District of Nelson of a certified copy of this Order, together with a letter from the Proposal Trustee authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to discharge, release, delete and expunge from title to the lands listed in **Schedule "A"** all of the registered encumbrances listed in **Schedule "B"** hereto;
5. as at the Effective Date, all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system in relation to the assets, undertakings and properties of the Debtor shall be expunged and discharged and the Proposal Trustee and its agents are authorized to discharge such registrations;
6. the Proposal Trustee is hereby authorized and directed to take all actions and steps necessary or appropriate to implement and complete the Proposal, including authorization and direction to make all payments and distributions required to be made pursuant to the Proposal and to execute any necessary corporate documents and filings necessary or desirable to implement the Reorganisation;
7. this Order shall have full force and effect in all provinces and territories of Canada and abroad and as against all persons against whom it may otherwise be enforceable; and

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



 Signature of lawyer for the Proposal Trustee and KSCU
 Thompson, LeRose & Brown
 (Ryan R.W. Sookorukoff)

BY THE COURT

 REGISTRAR-IN-BANKRUPTCY

- 3 -

SCHEDULE "A"

LIST OF PROPERTIES OWNED BY
TWIN RIVER ESTATES LTD.

Parcel Identifier No	Legal Description
014-793-512	Lot 1, District Lot 4598 Kootenay District Plan 4520 Except Plans 7849 and NEP87626

- 4 -

SCHEDULE "B"**LIST OF ENCUMBRANCES**

Description	Chargeholder	Registration Number
Mortgage	Kootenay Savings Credit Union	CA573739
Assignment of Rents	Kootenay Savings Credit Union	CA573740
Mortgage	Lougheed Enterprises Ltd.	CA1831560
Mortgage	0823045 B.C. Ltd.	CA1838444
Certificate of Pending Litigation	Kootenay Savings Credit Union	CA2138546
Judgment	Kyo Joong Yoon, Myoung Ja Joon	LB490065
Judgment	Soon Hi Lee	LB490066
Judgment	Woo Jin Park	LB490067
Judgment	BC First Life Insurance Brokerage Ltd.	LB490068
Judgment	Cho & Lee Holdings Ltd.	LB490069

NO. xx
ESTATE NO. 11-2441158
NELSON REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY
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
TWIN RIVER ESTATES LTD.

AMENDED PROPOSAL TO CREDITORS
November 22, 2018

FILED PURSUANT TO THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED

Twin River Estates Ltd. hereby submits the following proposal to creditors, as amended at the first meeting of creditors on November 22, 2018 pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended:

ARTICLE 1
DEFINITIONS

In this Proposal, capitalized terms shall have the meanings set out in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended, save and except for the terms and definitions set out below:

- (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (b) "Administrative Fees and Expenses" means the proper fees and expenses of the Proposal Trustee including its legal fees and disbursements;
- (c) "Amended Articles" means the notice of articles substantially in the form attached hereto as Schedule "A", and articles of incorporation in a form acceptable to the Purchaser materially in the form attached to the Purchase Agreement, to effect the reorganization of the Debtor in accordance with Article 10 of this Proposal.
- (d) "Canada Pension Plan" means the *Canada Pension Plan*, R.S.C. 1985, c C-8, as amended;
- (e) "Claim" means collectively, each of the following:

- 2 -

- (l) any right or claim of any Person against the Debtor, that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence at the Proposal Date or which is
 - (A) based on an event, act or omission which occurred in whole or in part prior to the Proposal Date, or
 - (B) with respect to any agreements of the Debtor that have been disclaimed, repudiated or terminated after the Proposal Date, based on such disclaimer, repudiation or termination,

whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim directly or which indirectly may result in a claim for contribution or indemnity or otherwise being made against the Debtor with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future based in whole or in part on facts which exist prior to or at the Proposal Date or, with respect to any agreements of the Debtor, that have been disclaimed, repudiated or terminated after the Proposal Date, based in whole or in part on facts which exist prior to or at the time of such disclaimer, repudiation or termination;

- (f) "Claims Bar Date" has the meaning given to it in Article 6.1;
- (g) "Court" means the Supreme Court of British Columbia in bankruptcy and insolvency and shall have such extended meaning as is set out in Section 2 of the Act;
- (h) "Creditor" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (i) "Court Approval Date" means the date on which the Court finally and conclusively approves this Proposal;
- (j) "Debtor" means Twin River Estates Ltd.;
- (k) "Effective Date" means the date on which all conditions precedent to this Proposal have been satisfied;
- (l) "Employment Insurance Act" means the *Employment Insurance Act*, S.C. 1996, c. 23
- (m) "Existing Shares" means all shares of any class or series issued by the Debtor outstanding as at the Effective Date prior to the issuance of the New Shares.

- 3 -

- (n) "Income Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended;
- (o) "KSCU" means Kootenay Savings Credit Union;
- (p) "KSCU Claim" means the Claim of KSCU secured by, *inter alia*, a real property mortgage registered September 19, 2007 between Kootenay Savings Credit Union and the Debtor and registered against the lands held by the Debtor;
- (q) "Lien" means, with respect to any interest in property of the Debtor, any mortgage, lien, pledge, charge, security interest, or encumbrance of any kind whatsoever, under, affecting such interest in property;
- (r) "New Shares" means 100 common shares in the capital stock of the Debtor to be issued to KS Property Management Inc. in accordance with the Purchase Agreement and Article 10 of this Proposal;
- (s) "Notice of Final Dividend" means the notice made pursuant to Section 149 of the Act to be sent by the Proposal Trustee to all known Persons having a Claim that have not yet filed a Proof of Claim with the Trustee, advising such Creditors that if their Claims are not proven within a period of 30 days after the sending of the notice, the Proposal Trustee will proceed to declare a dividend or final dividend without regard to that Creditor's Claim;
- (t) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (u) "Preferred Creditors" means Creditors with Proven Unsecured Claims which are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
 - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act on the Bankruptcy Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's businesses during the same period;
 - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Proposal Date and are of a kind that could be subject to a demand under,
 - (A) subsection 224(1.2) of the Income Tax Act;
 - (B) any provisions of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's

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premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or

- (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or
 - (II) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (v) **"Preferred Claims"** means the Claims of the Preferred Creditors;
- (w) **"Proof of Claim"** shall mean the proof of claim or proof of security, as applicable, required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;
- (x) **"Proposal"** means this Amended Proposal dated November 22, 2018 made pursuant to the Act, as further amended or supplemented from time to time;
- (y) **"Proposal Approval Order"** means the Order of the Court approving this Proposal, in form and substance satisfactory to the Proposal Trustee and the Purchaser;
- (z) **"Proposal Fund"** has the meaning given to it in Article 4.1;
- (aa) **"Proposal Trustee"** means G. Moroso & Associates Inc.;
- (bb) **"Proposed Assessed Value"** means, in accordance with Section 50.1 of the Act, for each Secured Creditor, the amount set out on Schedule "B" hereto beside such Secured Creditor's name, being the amount determined by the Proposal Trustee to represent the expected recovery from the assets of the Debtor by the Secured Creditor if the assets of the Debtor had been liquidated in the bankruptcy as of the date of this Proposal, or as otherwise determined by the Court in accordance with Section 50.1(4) of the Act;
- (cc) **"Proven Claim"** means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the Act;
- (dd) **"Proven Secured Claim"** of a Secured Creditor means the amount of the Claim of such Secured Creditor finally determined in accordance with the provisions of the

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Act, being the lesser of (i) the amount of the Proven Claim of such Secured Creditor; or (ii) the Proposed Assessed Value of such Secured Creditor;

- (ee) **"Proven Unsecured Claim"** of an Unsecured Creditor means the amount of the Claim of such Unsecured Creditor finally determined in accordance with the provisions of the Act and for a Secured Creditor means the amount if any by which the Proven Claim of such Secured Creditor exceeds the Proposed Assessed Value of such Secured Creditor, and for certainty, excludes all Unaffected Claims;
- (ff) **"Purchaser"** means KS Property Management Inc.;
- (gg) **"Purchase Agreement"** means the agreement between Twin River Estates Ltd. and the Purchaser dated November 6, 2018;
- (hh) **"Purchase Price"** has the meaning given to it in Article 3.2;
- (ii) **"Secured Creditor"** means any person or persons holding a valid mortgage, hypothec, pledge, charge, lien or privilege on or against any property of any person or persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security upon which the Debtor is only indirectly or secondarily liable, but excluding Secured Creditors with respect to their Proven Unsecured Claim (if any);
- (jj) **"Secured Creditor Claims"** means the Claims of the Secured Creditors; and
- (kk) **"Superintendent's Levy"** means the levy exigible on certain amounts distributed by the Proposal Trustee under this Proposal in accordance with Section 147 of the Act;
- (ll) **"Trustee"** means G. Moroso & Associates Inc. in its capacity as Trustee acting in re the Proposal of the Debtor;
- (mm) **"Unsecured Creditors"** means the Creditors who are not Secured Creditors but includes Secured Creditors with respect to their Proven Unsecured Claim (if any).

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

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In the event that any date on which any action is required to be taken hereunder is not a business day, such action will be required to be taken on the next succeeding day that is a business day.

1.5 Time

All times expressed herein are local time in Vancouver, British Columbia, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified the time shall be deemed to be 5:00 pm local time in Vancouver, British Columbia, Canada.

1.6 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successor and Assigns

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 GENERAL INTENT

2.1 Purpose of Proposal

The purpose of this Proposal is to:

- (a) effect a compromise of the Claims of the Creditors of the Debtor in accordance with the Act; and
- (b) facilitate the investment in the Debtor by the Purchaser and the restructuring of the capital of the Debtor, including the cancellation of the Existing Shares, the adoption of the Articles of Amendment and the issuance of the New Shares.

in the expectation that all Creditors will derive a greater benefit from a Proposal to Creditors than would result from the liquidation of the Debtor's assets.

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2.2 Overview of Proposal

- (a) This Proposal provides for the compromise of the Claims of the Creditors of the Debtor and the restructuring of the capital of the Debtor, including the cancellation of the Existing Shares and the issuance of the New Shares.
- (b) It shall be a term of the Proposal Approval Order that the articles of the Debtor be amended and all other necessary steps taken to provide for the filing of the Amended Articles, the cancellation of the Existing Shares and of all rights related to them, the issuance of the New Shares, all on the Effective Date.
- (c) Following the cancellation of the Existing Shares and the issuance of the New Shares, the Debtor will be wholly owned by the Purchaser.

2.3 Person Affected

This Proposal will, as of the Effective Date, be binding on the Debtor and on all Creditors, including the Crown, to whom this Proposal is made.

ARTICLE 3 PURCHASE OF SHARES AND RELATED MATTERS

- 3.1 Pursuant to the Purchase Agreement, the Purchaser has agreed to subscribe for and purchase the New Shares for the Purchase Price, which will, upon the granting of the Proposal Approval Order and the closing of the transactions contemplated in the Purchase Agreement, constitute 100% of the issued and outstanding shares in the capital of the Debtor and the Existing Shares will be cancelled in accordance with this Proposal.
- 3.2 The total consideration payable by the Purchaser for the purchase of the New Shares (the "Purchase Price") will be \$1,500,000, which will be satisfied as follows:
 - (a) the Purchaser making a payment of \$150,000.00 to the Proposal Trustee (the "Proposal Fund"); and
 - (b) the balance of the Purchase Price by KSCU providing a credit against the KSCU Claim as against the Debtor, which credit shall be in the amount of the balance of the Purchase Price.

For greater certainty, in no circumstances shall the aggregate of the amounts under Articles 3.2(a) to (b) above exceed the Purchase Price.

ARTICLE 4 THE PROPOSAL FUND

- 4.1 The Proposal Trustee shall establish a segregated, interest bearing trust account to hold the Proposal Fund. All amounts comprising the Proposal Fund shall be delivered to the Proposal Trustee, and shall be held by the Proposal Trustee, in trust, pending distribution to Creditors.

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ARTICLE 5 CLASSIFICATION AND TREATMENT OF CREDITORS

5.1 Secured Creditors

Each Secured Creditor shall forgo any distribution in relation to its Secured Claim from the Proposal Fund. Notwithstanding the foregoing, KSCU shall be entitled to apply all or a portion of its Proven Secured Claim towards the Purchase Price under the Purchase Agreement, provided however that to the extent KSCU also has a Proven Unsecured Claim, KSCU shall waive its right to a distribution under this Proposal.

5.2 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtors shall be comprised of two classes, as follows:

- (a) Secured Creditors; and
- (b) Unsecured Creditors.

5.3 Preferred Creditors

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Debtors in full in priority to all other Proven Unsecured Claims in accordance with the scheme of distribution set forth in the Act.

5.4 Unsecured Creditors

The Proven Unsecured Claims will be satisfied in accordance with Article 12 herein.

5.5 Different Capacities

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

ARTICLE 6 PROCEDURE FOR VALIDATING OF CLAIMS

6.1 Filing of Proofs of Claim

In order to vote on, or to receive a distribution under, the Proposal, each Secured Creditor and each Unsecured Creditor shall file a Proof of Claim in accordance with the Act and as instructed in the Proposal Trustee's mailing to the Creditors with respect to the Proposal.

However, to be eligible to receive a distribution in accordance with Article 12.2 herein, Creditors must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the Act and by no later than the date on which the Proposal Trustee delivers the Notice of Final Dividend (the "Claims Bar Date").

Creditors that fail to file their Proof of Claim with the Proposal Trustee before 5:00 p.m. PST on the Claims Bar Date will not be eligible for participation in the proposed distribution from the Proposal Fund and their Claims will be forever barred as against the Debtor.

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6.2 Valuing Claims

Upon receipt of a completed Proof of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the Act. The procedure for valuing Claims of Secured Creditors and the Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the Act and in this Proposal. The Proposal Trustee reserves the right to seek the assistance of the Court in valuing the Claim of any Secured Creditor or any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Secured Creditor or such Unsecured Creditor under the Proposal, as the case may be.

6.3 Set Off

The law of set-off shall be applied to all Claims.

ARTICLE 7 MEETING OF CREDITORS

7.1 Creditors' Meeting

The Proposal Trustee shall hold a meeting of the Secured Creditors and the Unsecured Creditors in order for the Secured Creditors and the Unsecured Creditors to consider and vote upon the Proposal.

7.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the meeting of the Secured Creditors and the Unsecured Creditors shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Proposal Trustee's notice of meeting to be mailed pursuant to the Act.

7.3 Conduct of Meeting

The Official Receiver or the nominee thereof, shall preside as the chair of the meeting of the Creditors and will decide all matters relating to the conduct of the meeting. The only Persons entitled to attend the meeting of Creditors are those Persons, including the holders of proxies, entitled to vote at the meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Proposal Trustee as the Proposal Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may be admitted on invitation of the chair of the meeting only.

7.4 Adjournment of Meetings

Meetings of the Creditors may be adjourned in accordance with Section 52 of the Act.

7.5 Voting by Creditors

To the extent provided for herein, each Secured Creditor and each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to their respective Proven Secured Claim and Proven Unsecured Claim.

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7.6 Approval by Creditors

In order that the Proposal be binding on all of the Secured Creditors and the Unsecured Creditors of the Debtors in accordance with the Act, it must first be accepted by the Proven Secured Creditors and the Proven Unsecured Creditors by a majority in number of each of the Proven Secured Creditors and the Proven Unsecured Creditors who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors, representing two-thirds in value of the Proven Secured Claims of the Proven Secured Creditors and the Proven Unsecured Claims of the Proven Unsecured Creditors who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors.

7.7 Appointment of Inspectors

At the meeting of Creditors, the Creditors may appoint up to five Inspector(s) whose powers will be limited to:

- (a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and
- (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspector(s) may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspector(s) will terminate upon the discharge of the Proposal Trustee or such earlier time if the inspector resigns by notifying the Proposal Trustee of such resignation in writing.

ARTICLE 8 PAYMENT OF ADMINISTRATION FEES AND EXPENSES

- 8.1** Payment of Administrative Fees and Expenses for this Proposal shall be paid under the terms of this Proposal from the Proposal Fund.

ARTICLE 9 CONDITIONS PRECEDENT

- 9.1** The performance of this Proposal by the Debtor shall be conditional upon the fulfillment or satisfaction of the following conditions:
- (a) the receipt by the Proposal Trustee of the Proposal Fund;
 - (b) the acceptance of this Proposal by the Secured Creditors and the Unsecured Creditors;
 - (c) all conditions precedent under the Purchase Agreement have been satisfied or waived and the parties thereto have confirmed that they are prepared to close the transactions under the Purchase Agreement;
 - (d) the Proposed Assessed Values have not been revised by the Court or otherwise, other than on terms acceptable to the Purchaser; and

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- (e) the Proposal Approval Order being pronounced and entered and not having been appealed, set aside, varied or stayed.

ARTICLE 10 REORGANIZATION

- 10.1 The Proposal Approval Order in addition to authorizing this Proposal (including the annulment of the Debtor's bankruptcy), shall authorize and approve the filing of the Amended Articles on the Effective Date and provide for, among other things:
- (a) the cancellation of the Existing Shares without repayment of capital and without being exchanged for any shares in the Debtor;
 - (b) permitting the issuance of the New Shares to the Purchaser; and
 - (c) authorizing the filing of the Amended Articles.

ARTICLE 11 EVENTS OF DEFAULT

- 11.1 The non-fulfillment or satisfaction of any conditions precedent in Article 9 shall constitute a default under the Proposal for the purposes of Section 62.1 of the Act and otherwise under this Proposal.
- 11.2 In the event that this Proposal shall be annulled, any costs of this Proposal and the Proposal Trustee shall be paid out of the bankruptcy estate of the Debtor in priority to all other unsecured claims against the Debtor.

ARTICLE 12 PROPOSAL TO CREDITORS

- 12.1 The amount to be paid to the Creditors on account of their Proven Claims shall be as set out in this section. The Creditors shall accept the amounts set out herein in full satisfaction of their Claim and the Creditors shall have no other recourse to any other property of the Debtor or against the Debtor otherwise. For greater certainty, this Proposal does not compromise or otherwise affect a Creditor's claim against a third party, including without limitation a guarantor, indemnitor, and covenantor of the obligations of the Debtor.
- 12.2 The Proposal Trustee will remit payments (less the *pro rata* portion of the total amount of the Superintendent's Levy required by the Act to be paid in respect of such payments) to the Creditors in the following manner and order of priority:
- (a) The Proven Secured Claims waive their right to a distribution from the Proposal Fund in accordance with the provisions of Article 5.1 of this Proposal;
 - (b) The Proposal Fund will be distributed in the following order of priority:
 - (i) First, to the Administrative Fees and Expenses;
 - (ii) Second, to the Proven Unsecured Claims of the Preferred Creditors, without interest, to be paid in full in accordance with the provisions of Article 5.3 of this Proposal. The Proven Unsecured Claims under subsection 224(1.2) of the *Income Tax Act* or similar act and legislation will be paid within six (6) months after the Court Approval Date; and

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- (iii) Third, *pro rata* to the remaining Unsecured Creditors, having Proven Unsecured Claims, up the amount necessary to satisfy all such remaining Unsecured Creditor Claims in full, but without interest.

ARTICLE 13 APPLICATION OF SECTIONS 95-101 OF THE ACT

- 13.1 Sections 95 to 101 of the Act and any provincial statute relating to preference, settlement, fraudulent conveyance or the like shall not apply to any dealings by the Debtor during the period prior to the Proposal Date.

ARTICLE 14 PROPOSAL TRUSTEE

- 14.1 G. Moroso & Associates Inc., corporate trustee, and not in its personal capacity, shall be the Proposal Trustee under this Proposal and all monies payable under this Proposal shall be paid over to the Proposal Trustee who shall make payment of all distributions in accordance with the terms of this Proposal.
- 14.2 Any payments made by the Proposal Trustee to Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.
- 14.3 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of the Debtor.
- 14.4 The Proposal Trustee, in such capacity, shall have no liability whatsoever for the Claims arising before, on or after the Bankruptcy Date.

ARTICLE 15 FULL PERFORMANCE OF PROPOSAL

- 15.1 All obligations of the Debtor under this Proposal will commence as of the Effective Date, at which time the transactions under the Purchase Agreement will be closed. This Proposal will be fully performed upon full payment to the Proposal Trustee of the Proposal Fund.
- 15.2 When the Proposal has been fully performed, the Proposal Trustee will issue to the Debtor and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the Act
- 15.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Article 15.2 is issued by the Proposal Trustee, the Debtor shall not merge, amalgamate, rollover or otherwise change or reorganize its corporate structure, without the approval of the Inspectors, unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.
- 15.4 Upon the issuance of the Certificate of Full Performance:
 - (a) all Liens shall be terminated, null and void, and be of no effect; and

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- (b) all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, positive or negative, pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, purchase order, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Debtor arising from the filing by the Debtor of a notice of intention to make a proposal under the Act, the filing of this Proposal, or the transactions contemplated by this Proposal.

- 15.5 The provisions of this Proposal will be binding on the Creditors of the Debtor and their respective heirs, executors, administrators, successors and assigns.

ARTICLE 16 AMENDMENT OF PROPOSAL

- 16.1 The Trustee may at any and all meetings of the Creditors and at any time and from time to time, vary, amend, modify or supplement this Proposal.
- 16.2 If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the final meeting of the Creditors held to consider the Proposal which the Proposal Trustee determines are for the general benefit of the Creditors, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements by exercising all voting rights its receives from Creditors who have voted in favour of the Proposal and by counting all "yes" votes and "no" votes which have not, to the time the variations, amendments, modifications or supplements are made, been changed, as "yes" votes and "no" votes for the amended or supplemental Proposal.

[Signature page follows]

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DATED at the City of Coquitlam in the Province of British Columbia this 22nd day of November, 2018.

TWIN RIVER ESTATES LTD.

A handwritten signature in black ink, appearing to read 'Don Drysdale', is written over a horizontal line.

Name: Don Drysdale, Director and President

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SCHEDULE "A"
NOTICE OF ARTICLES

See attached.

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1.1. Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

2. NOTICE OF ALTERATION
3. FORM 11 – BC COMPANY

Section 257 (4) *Business Corporations Act*

Telephone: 250 356 – 8626

DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FIPPA)
The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the FIPPA applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. INCORPORATION NUMBER OF COMPANY

BC0765755

B. NAME OF COMPANY

Twin River Estates Ltd.

C. ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered or added

- | | |
|--|---|
| <input type="checkbox"/> Company name | <input checked="" type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | |
| <input type="checkbox"/> Pre-existing Company Provisions | <input checked="" type="checkbox"/> Authorized Share Structure |

D. ALTERATION EFFECTIVE DATE – Choose one of the following:

- ☒ The alteration is to take effect at the time that this notice is filed with the registrar.
- ☐ The alteration is to take effect at 12:01 a.m. Pacific Time on _____
being a date that is not more than ten days after the date of the filing of this notice.
- ☐ The alteration is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____
being a date and time that is not more than ten days after the date of the filing of this notice.

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E. CHANGE OF COMPANY NAME

The company is to change its name from _____
to (choose one of the following):

- ☐ _____ This name
has been reserved for the company under name reservation number _____ or
- ☐ a name created by adding "B.C. Ltd." after the incorporation number of the company.

F. TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G. PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

- ☐ The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H. AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

[x]

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Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	[no]

I. CERTIFIED CORRECT – I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	DATE SIGNED YYYY/MM/DD
	X	

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SCHEDULE "B"
PROPOSED ASSESSED VALUES

Secured Creditor	Proposed Assessed Value
KSCU	\$1,350,000
All Secured Creditors other than KSCU	\$0.00

PURCHASE AGREEMENT

THIS AGREEMENT is dated for reference as of November 7, 2018,

BETWEEN:

KS PROPERTY MANAGEMENT INC., a company incorporated under the laws of the Province of British Columbia

("Purchaser")

AND:

TWIN RIVER ESTATES LTD., a company incorporated under the laws of the Province of British Columbia

("Vendor")

WHEREAS:

- A. Twin River is party to certain credit agreements and security with Kootenay Savings Credit Union ("KCSU").
- B. Twin River has defaulted on its obligations to KSCU.
- C. The Purchaser is related to KSCU; and
- D. The Vendor desires to sell and the Purchaser desires to purchase, the New Twin River Shares (as defined herein) such that it owns all equity in Twin River, upon the terms and subject to the conditions contained in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of, and in reliance on, the premises, the representations, warranties, covenants and agreements set forth in this Agreement, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Interpretation

In this Agreement, unless otherwise provided:

- (a) "Agreement" means this purchase agreement, together with any amendments to or replacements of this purchase agreement;
- (b) "Amended Articles of Incorporation" mean the amended articles of incorporation to be filed in relation to Twin River pursuant to the provision of this Agreement and the Proposal, in a form materially similar to those attached as Schedule B;
- (c) "Applicable Laws" means any applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws, regulations and orders, directives and decisions, approvals of all governmental authorities or administrative or regulatory agency related to, or having jurisdiction over Twin River and the Business, as may be in effect from time to time;

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- (d) **"Approval Order"** means an order of the Court, approving the terms of the Proposal, unamended, and all steps necessary to carry out the transactions contemplated in the Proposal and herein, including, *inter alia*, the cancellation of the Existing Twin River Shares, the filing of the Notice of Alteration and Amended Articles of Incorporation, and the issuance of the New Twin River Shares;
- (e) **"BIA"** means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time, and every statute that may be substituted therefor, and in the case of any such amendment or substitution, any reference in this Agreement to the BIA will be read as referring to the amended or substituted provisions therefor;
- (f) **"BIA Proceedings"** means the proceedings commenced in the Court in relation to Twin River and in which the Proposal has or will be filed;
- (g) **"Books and Records"** means books and records of Twin River relating to the Business and the assets of the Business, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections, and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media, and "Books and Records" will include the advice and files of lawyers and accountants specifically relating to the Business and the assets of the Business, whether subject to privilege or not, but will not include any advice and files of lawyers and accountants relating to the BIA Proceedings or the transactions contemplated in this Agreement;
- (h) **"Business"** means the real estate development business operated by Twin River, and now operated by the Vendor;
- (i) **"Business Day"** means any day, other than a Saturday or a Sunday, on which the chartered banks in Vancouver, British Columbia, Canada, are open for business;
- (j) **"Closing"** means the closing of the purchase of the New Twin River Shares in the manner contemplated in this Agreement and subject to the terms and conditions set out in this Agreement;
- (k) **"Closing Date"** means that date which is three Business Days following the granting of the Approval Order, unless extended by the Purchaser, in its sole discretion, until all time periods in which the Approval Order could be appealed have expired, or such other date as the Purchaser and the Vendor may agree upon;
- (l) **"Court"** means the Supreme Court of British Columbia in bankruptcy and insolvency;
- (m) **"Creditors"** has the meaning set out in Section 4.1(b)(i);
- (n) **"Encumbrance"** means any encumbrance, lien, claim, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any contract to create any of the foregoing;

- 3 -

- (o) **"Existing Twin River Shares"** means all issued and outstanding shares of any class in the capital stock of Twin River and **"Existing Twin River Share"** means any one of them;
- (p) **"GAAP"** means those accounting principles which are recognized as being generally accepted in Canada from time to time as set forth in the Handbook published by The Canadian Institute of Chartered Accountants (as revised from time to time);
- (q) **"KSCU"** has the meaning set forth in Recital A;
- (r) **"Material Adverse Effect"** means any change, effect, event or occurrence arising after the date of this Agreement that, individually or in the aggregate is, or would reasonably be expected to be, materially adverse to the financial position, Business, or assets of Twin River, but will exclude any Material Adverse Effect arising out of: (i) any adverse change, effect or circumstance relating generally to financial markets or general economic conditions, including any currency fluctuations; (ii) any adverse change, effect or circumstance relating to conditions generally affecting the industry in which the Business operates, and not affecting the Business in a materially disproportionate manner; (iii) any adverse change, effect or circumstance resulting from an action required or permitted by this Agreement; (iv) any adverse change, effect or circumstance caused by the announcement or pendency of this Agreement or the transactions contemplated by this Agreement; or (v) the existence of the BIA Proceedings;
- (s) **"New Twin River Shares"** means 100 common shares in the capital stock of Twin River to be issued to the Purchaser pursuant to this Agreement and the Proposal in consideration of the payment of the Purchase Price, and **"New Twin River Share"** means any one of them;
- (t) **"Notice of Alteration"** means the notice of alteration to be filed with the British Columbia Registrar of Companies in relation to Twin River pursuant to the provision of this Agreement and the Proposal, in a form materially similar to those attached as Schedule A;
- (u) **"Twin River"** has the meaning set out in the preamble to this Agreement;
- (v) **"Person"** means any individual, corporation, partnership, trustee, trust or unincorporated association, joint venture, syndicate, sole proprietorship, executor, administrator, or other legal representatives, regulatory body, or agency, government, governmental agency, authority or entity, however designated or constituted;
- (w) **"Personal Information"** means information about an identifiable individual created or collected by the Vendor or Twin River, in the course of conducting the Business, including information about an individual created or collected by the Vendor or Twin River for purposes reasonably required to establish, manage or terminate an employment relationship between the Vendor or Twin River and that individual, but not including information to enable an individual to be contacted at a place of business or information prepared or collected by an individual or group of individuals as part of the individual's or group's responsibilities or activities related to the individual's or group's employment or business;

- 4 -

- (x) **"Property"** means all of the assets of Twin River, including, without limitation, all real and personal property of Twin River;
- (y) **"Proposal"** means a proposal to the creditors of Twin River pursuant to the BIA, pursuant to which all of the obligations of Creditors are compromised on terms acceptable to the Purchaser in its sole discretion;
- (z) **"Proposal Trustee"** means G. Moroso & Associates Inc., in its capacity as trustee under the Proposal;
- (aa) **"Purchase Price"** has the meaning set out in Section 2.2;
- (bb) **"Purchaser"** has the meaning set out in the preamble to this Agreement;
- (cc) **"Tax" or "Taxes"** means all federal, provincial, state municipal, foreign and other taxes (including, without limitation, income taxes, sales taxes, excise taxes, value added taxes, capital taxes, property taxes, and production, severance and similar taxes and assessments) and includes all penalties, interest and fines with respect thereto;
- (dd) **"Transferee"** has the meaning Section 7.4;
- (ee) **"Vendor"** has the meaning set out in the preamble to this Agreement;
- (ff) Any words defined elsewhere in this Agreement will have the particular meaning ascribed thereto;
- (gg) Words (including defined terms) using or importing the singular number include the plural and vice versa and words importing one gender only will include all genders and words importing persons in this Agreement will include individuals, partnerships, corporations and any other entities, legal or otherwise;
- (hh) The headings used in this Agreement are for ease of reference only and will not affect the meaning or the interpretation of this Agreement;
- (ii) All accounting terms not defined in this Agreement will have the meanings generally ascribed to them under GAAP; and
- (jj) Unless otherwise specified, all references to the symbol "\$" are to lawful money of Canada.

1.2 Knowledge

The phrase "to the best of the knowledge" of a Person and similar phrases, when used in this Agreement, mean the actual knowledge of the Person, or any of the directors and officers of that Person, as the case may be, after making due enquiry concerning the factual matter in question.

1.3 Schedules

The following schedules attached to this Agreement will form part of this Agreement:

- Schedule A Notice of Alteration
- Schedule B Amended Articles of Incorporation

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ARTICLE 2 AGREEMENT TO PURCHASE SHARES AND DISCHARGE LOANS

2.1 Closing of Purchase for New Twin River Shares

Upon the terms and subject to the conditions set forth in this Agreement, the Approval Order, and the Proposal, on the Closing Date the Purchaser agrees to subscribe for and purchase, and the Vendor cause the issuance to the Purchaser of, the New Twin River Shares (after such New Twin River Shares will have been duly issued pursuant to the Proposal) for the Purchase Price, which will, upon the granting of the Approval Order and the closing of the transactions contemplated hereunder, constitute 100% of the issued and outstanding shares in the capital of Twin River and the Existing Twin River Shares will be cancelled in accordance with the Proposal.

2.2 Purchase Price

The purchase price for the New Twin River Shares (the "Purchase Price") will be \$1,450,000, which will be satisfied as follows:

- (a) the Purchaser making a payment, by solicitor's trust cheque, certified cheque, bank draft, or wire transfer, of \$100,000.00 to the Proposal Trustee; and
- (b) the balance of the Purchase Price by KSCU providing a partial release of the secured indebtedness owing to it by Twin River.

For greater certainty, in no circumstances shall the aggregate of (a) and (b) above exceed the Purchase Price.

2.3 Payment of Purchase Price

At the Closing, the Purchaser will deliver to the Vendor the Purchase Price as set out in Section 2.2, as payment in full for the New Twin River Shares.

2.4 Share Certificates

At the Closing, the Vendor will deliver or cause to be delivered to the Purchaser share certificates representing the New Twin River Shares.

2.5 Use of Purchase Price

The proceeds of the purchase and sale of the New Twin River Shares will be used by the Vendor to fund the Proposal.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser as of the date hereof, as follows:

- (a) **Incorporation and Existence** – it is duly incorporated or organized and validly existing under the laws of the jurisdiction of incorporation or organization;
- (b) **Corporate Power** – subject to the granting of the Approval Order, it has the necessary power, capacity, right and authority to enter into and deliver this Agreement and the documents required for the Closing to which it is a party and to perform its obligations thereunder; and

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- (c) **Authorization** - subject to the granting of the Approval Order, all action on the part of the Vendor necessary for the authorization, execution and delivery of this Agreement, and the performance of all obligations of the Vendor hereunder has been taken or will be taken prior to the Closing, and this Agreement constitutes valid and legally binding obligations of the Vendor, enforceable in accordance with its terms.
- (d) **Residence** – Twin River is a resident in Canada within the meaning of the *Income Tax Act* (Canada) and is not, and on the Closing Date will not be, a non-resident of Canada under the *Income Tax Act* (Canada).

3.2 Representations and Warranties of Purchaser

The Purchaser hereby represents and warrants to the Vendor that:

- (a) **Incorporation, Organization and Existence** – it is duly incorporated or organized and validly existing under the laws of the jurisdiction of incorporation or organization.
- (b) **Power and Capacity** – it has the necessary power, capacity, right and authority to enter into and deliver this Agreement and the documents required for the Closing to which it is a party and to perform its obligations thereunder.
- (c) **Authorization** - all action on the part of the Purchaser necessary for the authorization, execution and delivery of this Agreement, and the performance of all obligations of the Purchaser hereunder has been taken or will be taken prior to the Closing, and this Agreement constitutes valid and legally binding obligations of the Purchaser, enforceable in accordance with its terms.
- (d) **Residence** – It is not a non-Canadian for the purposes of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

ARTICLE 4 OTHER COVENANTS

4.1 Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Date, the Vendor covenants and agrees as follows:

- (a) **Conduct Business in the Ordinary Course** - subject to any limitation imposed as a result of being subject to the BIA Proceedings or, as required by any Applicable Laws, including any order of the Court, and except as the Purchaser may approve in writing or as otherwise explicitly contemplated or permitted by this Agreement, conduct the Business in all material respects in the ordinary course, consistent with past practice, and in particular:
 - (i) use all reasonable efforts to preserve the Business and assets of the Business intact and maintain the assets of the Business in accordance with standard industry practice;

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- (ii) not sell, lease, license, transfer or otherwise dispose of, or agree to sell, lease, license, transfer or otherwise dispose of, any of the assets of the Business; and
 - (iii) make all necessary tax, governmental and other filings, as and when required, in the ordinary course of business;
- (b) **Approval Order**
 - (i) Immediately following the acceptance of the Proposal by the Purchaser and the Vendor, the Vendor call a meeting of all of the creditors, both secured and unsecured, of Twin River (the "Creditors") to consider the Proposal in accordance with the BIA;
 - (ii) The Purchaser and the Vendor will do all acts and things as are reasonably required in order to obtain entry of the Approval Order; and
 - (iii) The Purchaser will promptly provide to the Vendor all such information within its possession or under its control as the Vendor may reasonably require to obtain the Approval Order and other transaction related orders.
- (c) **Access for Investigation**
 - (i) The Vendor will permit the Purchaser and its representatives, between the date of this Agreement and the Closing Time to have reasonable access during normal business hours on not less than 24 hours' advance notice, except as otherwise agreed to by the Vendor, for purposes consistent with this Agreement, to (i) the assets of the Business, and (ii) the Books and Records. The Vendor will promptly furnish to the Purchaser copies of Books and Records as the Purchaser will from time to time reasonably request; and
 - (ii) Notwithstanding Section 4.1(c)(i), the Vendor will not be required to disclose any information, records, files or other data to the Purchaser where prohibited by any Applicable Laws; and
- (d) **Confidential and Personal Information**
 - (i) Prior to the Closing, the Purchaser will keep confidential all confidential information and Personal Information disclosed to it or its shareholders by the Vendor or their respective agents relating to this Agreement, the BIA Proceedings, the Vendor or the Business and will not disclose any confidential information and Personal Information except in accordance with Applicable Laws, as permitted by this Agreement, or as agreed to with the Vendor. If this Agreement is terminated without completion of the transactions contemplated by this Agreement, the parties will promptly destroy all documents, work papers and other written material (including all copies) obtained from each other in connection with this Agreement, and not previously made public and will continue to maintain the confidence of all such information; and
 - (ii) After the Closing, the parties will keep confidential all confidential information and Personal Information disclosed to it by the other parties and all information relating to the Business, except information which:

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- (A) is part of the public domain;
- (B) becomes part of the public domain other than as a result of a breach of these provisions by any party; or
- (C) was received in good faith after Closing from an independent Person who was lawfully in possession of such information free of any obligation of confidence, including in accordance with the Confidentiality Agreement.

4.2 Consents to Material Contracts

Except to the extent that such consents are not required because the Vendor intends to compel assignment through the Proposal or BIA Proceedings, the Vendor will obtain any consents required pursuant to any material contracts of Twin River, as a result of the transactions contemplated by this Agreement, including any consent required as a result of the change in control of Twin River.

ARTICLE 5 CLOSING AND CONDITIONS OF CLOSING

5.1 Time and Place of Closing

Subject to the terms and conditions herein, the Closing will take place at 10:00 a.m. (Vancouver time), or at such other time as agreed upon by the Vendor and the Purchaser, on the Closing Date at the offices of Thompson LeRose & Brown LLP, located at 202 – 605 20th Street, Castlegar, British Columbia.

5.2 Purchaser's Closing Conditions

The obligations of the Purchaser to subscribe for and purchase the New Twin River Shares under Section 2.1 and contemplated herein are conditional upon each of the conditions listed below having been satisfied on or before the Closing Date, it being understood that the said conditions are included for the exclusive benefit of the Purchaser:

- (a) there will have occurred no Material Adverse Effect;
- (b) the Vendor will have received, in form and substance acceptable to the Purchaser, all consents and waivers which are required in relation to all the material contracts of Twin River, except to the extent that such consents are not required because the Vendor has compelled assignment through the Proposal or BIA Proceeding;
- (c) the Vendor will have made all deliveries to be made by them in accordance with Section 5.5;
- (d) the Vendor will have received all consents, waivers and orders required under Applicable Laws or agreements to permit the cancellation of the Existing Twin River Shares, the filing of the Amended Articles of Incorporation and the issuance of the New Twin River Shares;
- (e) the representations and warranties of the Vendor contained in Section 3.1 will be true, accurate and correct on and as of the Closing Date with the same effect as though such representations and warranties have been made on and as of the Closing Date;

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- (f) the Proposal, as approved, and the Approval Order are in a form acceptable to the Purchaser in its sole discretion; and
- (g) the Vendor is not currently in breach of any material covenants under this Agreement.

5.3 Mutual Closing Conditions

Subject to Section 5.4, the obligations of the parties to complete the transactions contemplated herein are conditional upon each of the conditions listed below having been satisfied:

- (a) the Proposal being approved by the requisite majority of Creditors; and
- (b) the Approval Order being pronounced, all time periods within which such order could at law be appealed will have expired, no appeals are existing therefrom and such order will not have been stayed, varied, amended, appealed, modified, vacated or dismissed.

5.4 Termination and Failure to Satisfy Closing Conditions

The conditions precedent set forth in Section 5.2 are for the benefit of the Purchaser and whether or not they are satisfied or unsatisfied will be determined by the Purchaser in its sole discretion. The conditions precedent set forth in Section 5.3 are true conditions precedent to the Closing which must be satisfied and cannot be waived except that the Purchaser may elect, in its sole discretion, to waive the requirement that all appeal periods relating to the Approval Order have expired and that no appeals have been taken. If one or more of such conditions precedent in Section 5.2 are not satisfied or waived by the Purchaser on or before the Closing Date, or, subject to this Section 5.4, either of the conditions precedent set forth in Section 5.3 is not satisfied, then:

- (a) this Agreement will terminate;
- (b) the Purchaser will not be obligated to purchase the New Twin River Shares and the Closing will not proceed;
- (c) the Purchaser and the Vendor will be released from any further obligation to each other.

5.5 Closing Obligations of the Vendor

At the Closing, the Vendor will deliver or cause to be delivered to the Purchaser the following documents in form satisfactory to the Purchaser:

- (a) a Court certified copy of the Approval Order;
- (b) a certificate executed by a senior officer of the Vendor dated as of the Closing Date confirming that: (i) all of the representations and warranties of the Vendor made in or pursuant to this Agreement will be true and correct in all material respects at the Closing Time and with the same effect as if made at and as of the Closing Time, except as such representations and warranties may be affected by the occurrence of events or transactions contemplated or permitted by this Agreement; (ii) the Vendor has performed or complied with, in all material respects, all their obligations and covenants under this Agreement; and (iii) there has occurred no Material Adverse Effect;

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- (c) share certificates representing all Existing Twin River Shares, duly cancelled;
- (d) a filed copy of the Notice of Alteration and Amended Articles of Incorporation;
- (e) share certificates duly and validly registered in the name of the Purchaser representing the New Twin River Shares; and
- (f) all other documents as the Purchaser may reasonably request pursuant to the terms and conditions contained in this Agreement.

5.6 Closing Obligations of the Purchaser

Subject to the terms and conditions of this Agreement, the Purchaser covenants and agrees with the Vendor that at the Closing at which it is purchasing the New Twin River Shares, it will deliver to the Vendor/Proposal Trustee:

- (a) a certificate executed by a senior officer of the Purchaser confirming that the representations and warranties made in Section 3.2 are true and correct as of the Closing Date;
- (b) a solicitor's trust cheque, certified cheque, bank draft, or wire transfer, for the portion Purchase Price made payable to the Proposal Trustee in accordance with Section 2.3; and
- (c) written confirmation that KSCU has applied a credit to the amounts owing to it to satisfy the balance of the Purchase Price.

ARTICLE 6 TERMINATION

6.1 Termination

In addition to the parties' rights to terminate this Agreement pursuant to Section 5.4, this Agreement may be terminated at any time prior to the Closing by the mutual written consent of the Purchaser and the Vendor.

6.2 Effect of Termination

In the event of termination of this Agreement in accordance with this Article 6, this Agreement will forthwith become of no further force or effect, the parties will be released from any further obligation to each other.

ARTICLE 7 GENERAL PROVISIONS

7.1 Time of the Essence

Time will be of the essence of this Agreement.

7.2 Further Acts

Each of the parties will at the request of any other party execute and deliver any further documents and do all acts and things as that party may reasonably require in order to carry out the true intent and meaning of this Agreement.

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7.3 No Partnership

Nothing in this Agreement or in the relationship of the parties hereto will be construed as in any sense creating a partnership among the parties or as giving to any party any of the rights or subjecting any party to any of the creditors of the other parties.

7.4 Assignment

No party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other party, except, however, that the Purchaser may, without any consent required, assign all or any part of this Agreement to one or more Persons (each a "Transferee") in which the Purchaser holds an interest. Any such assignment by the Purchaser will operate to release the Purchaser from liability accruing thereafter under this Agreement, to the extent that the Transferee(s) agree in writing to assume the Purchaser's obligations under this Agreement.

7.5 Parties of Interest

This Agreement will enure to the benefit of and be binding upon the parties and their respective personal representatives, administrators, heirs, successors and permitted assigns.

7.6 Governing Law

This Agreement will be construed and governed exclusively by the laws in force in British Columbia and the laws of Canada applicable therein and the courts of British Columbia will have exclusive jurisdiction to hear and determine all disputes arising hereunder. Each of the parties hereto irrevocably attorns to the jurisdiction of said courts and consents to the commencement of proceedings in such courts. This Section will not be construed to affect the rights of a party to enforce a judgment or award outside said province, including the right to record and enforce a judgment or award in any other jurisdiction.

7.7 Survival

Each party hereby agrees that all representations, warranties and other provisions contained in this Agreement will survive the Closing.

7.8 Severability

The invalidity or unenforceability of any provision in this Agreement will not affect the validity or enforceability of any other provision or part of this Agreement, and the parties hereby undertake to renegotiate in good faith any such invalid or unenforceable provision, with a view to concluding valid and enforceable arrangements as nearly as possible the same as those contained in this Agreement.

7.9 Entire Agreement

The provisions contained in this Agreement constitute the entire agreement between the parties with respect to the subject matter and supersede all prior communications, proposals, representations and agreements, whether oral or written, with respect to the subject matter of this Agreement.

7.10 Notices

All notices, demands and payments under this Agreement must be in writing and may be delivered personally or by facsimile transmission to the addresses as first written above or such

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other addresses as may from time to time be notified in writing by the parties. All notices will be deemed to have been given and received on the next Business Day following the date of transmission or delivery, as the case may be.

7.11 Public Notices

The parties will jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement and no party will act in this regard without the prior approval of the other, such approval not to be unreasonably withheld, except where required to meet timely disclosure obligations of any party under Applicable Laws (including the BIA) or stock exchange rules in circumstances where prior consultation with the other Party is not practicable and a copy of such disclosure is provided to the other Party.

7.12 Waiver

Failure by any party hereto to insist in any instance upon the strict performance of any one of the covenants contained herein will not be construed as a waiver or relinquishment of such covenant. No waiver by any party hereto of any such covenant will be deemed to have been made unless expressed in writing and signed by the waiving party.

7.13 Amendments

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, is binding unless executed in writing by the party to be bound thereby.

7.14 Counterparts

This Agreement may be executed in several counterparts (including by fax or other means of electronic transmission producing a printed copy), each of which when so executed will be deemed to be an original and will have the same force and effect as an original and such counterparts together will constitute one and the same instrument.

[The remainder of this page left intentionally blank. Signature page follows.]

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IN WITNESS WHEREOF the parties have signed, sealed and delivered this agreement as of the date first written above.

KS PROPERTY MANAGEMENT INC.


By:

Name:

Title:

TWIN RIVER ESTATES LTD.

By:



Name:


Title: *President*

ED A. DRYSDALE
Barrister & Solicitor
#211 - 1015 Austin Avenue
Coquitlam, B.C. V3K 3N9
Telephone: 604-939-8321

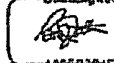
- 13 -

IN WITNESS WHEREOF the parties have signed, sealed and delivered this agreement as of the date first written above.

KS PROPERTY MANAGEMENT INC.

By: 
Name: Brian Moroney

Title: VP Credit & Support Services

By: 
Name: Ron Johnston

Title: VP Finance & CFO

TWIN RIVER ESTATES LTD.

By:

Name:

Title:

SCHEDULE A
NOTICE OF ALTERATION

Please see attached.



Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

NOTICE OF ALTERATION
FORM 11 – BC COMPANY
Section 257 (4) *Business Corporations Act*

Telephone: 250 356 – 8626

DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FIPPA)
The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the FIPPA applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. INCORPORATION NUMBER OF COMPANY

BC0765755

B. NAME OF COMPANY

Twin River Estates Ltd.

C. ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered or added

- | | |
|--|---|
| <input type="checkbox"/> Company name | <input checked="" type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | |
| <input type="checkbox"/> Pre-existing Company Provisions | <input checked="" type="checkbox"/> Authorized Share Structure |

D. ALTERATION EFFECTIVE DATE – Choose one of the following:

- ☒ The alteration is to take effect at the time that this notice is filed with the registrar.
- ☐ The alteration is to take effect at 12:01 a.m. Pacific Time on _____
being a date that is not more than ten days after the date of the filing of this notice.
- ☐ The alteration is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____
being a date and time that is not more than ten days after the date of the filing of this notice.

E. CHANGE OF COMPANY NAME

The company is to change its name from _____
to (choose one of the following):

- ☐ _____ This name
has been reserved for the company under name reservation number _____ or
- ☐ a name created by adding "B.C. Ltd." after the incorporation number of the company.

F. TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

Rev. 2004/7/27

FORM 11 – ALF Software Inc. (January 2011) – Approved September 3, 2004
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Page 1

Changes: Change the following translation(s) of the company name:	
PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G. PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

☐ The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H. AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD
[x]

Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	[no]

I. CERTIFIED CORRECT -- I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	DATE SIGNED YYYY/MM/DD
	X	

SCHEDULE B
AMENDED ARTICLES OF INCORPORATION

Please see attached.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS**13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) If the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the Business Corporations Act;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the Business Corporations Act.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Business Corporations Act; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the Business Corporations Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or

of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the Business Corporations Act, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the Business Corporations Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Business Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior

officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the Business Corporations Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all the directors participating in the meeting, whether in person, by telephone or by other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the Business Corporations Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES**19.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the Business Corporations Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal

representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

- (a) is or may be joined as a party; or
- (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the Business Corporations Act.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the Business Corporations Act, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the Business Corporations Act, the Company may indemnify any person.

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the Business Corporations Act or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the Business Corporations Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS**23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Business Corporations Act.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. NOTICES

24.1 Method of Giving Notice

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer, or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Business Corporations Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

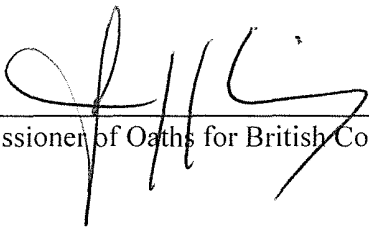
26.1 Application

Article 26.2 does not apply to the Company if and for so long as it is a public company.

26.2 Consent Required for Transfer of Shares or Designated Securities

No securities of the Company other than non-convertible debt securities of the Company shall be transferred without the consent of the directors expressed by resolution and the directors shall not be required to give any reason for refusing to consent to any such transfer.

This is **Exhibit "I"** referred to in the Affidavit of
Brian Moroney sworn before me at 12416,
British Columbia on September 10, 2024.



A Commissioner of Oaths for British Columbia

Mr. Brent Tremblay
 Chief Executive Officer
 Kootenay Savings Credit Union
 220-1101 Dewdney Avenue
 Trail, BC V1R 4T1

File No.: X020313
 Ref. No.: 0335

March 18, 2021

VIA EMAIL

Dear Mr. Tremblay:

**RE: Kootenay Savings Credit Union (KSCU) and Kootenay Savings Property
 Management Inc. (KSPM) - Asset Disposition**

I write further to recent correspondence and discussions between Ron Johnston (KSCU) and Judy Mack BC Financial Services Authority (BCFSA), and the meeting between BCFSA and KSCU staff (and their respective legal counsel) on March 16, 2020 with respect to the above noted matter.

As we understand, in 2007 –2008 KSCU, together with East Kootenay Community Credit Union (EKCCU), syndicated a loan to Osprey Landing Development Corp. (Osprey Landing) to fund a residential land development project. During the same time, KSCU together with Columbia Basin Trust (CBT) syndicated a loan to Twin River Estates Ltd. (Twin River Estates) to fund a land development project. The Twin River Estates project started to have financial issues in 2011 and as a result KSCU was granted Order Nisi and Conduct of Sale in 2012. (By way of a separate agreement CBT was paid out in August 2011).

The Osprey Landing project involved shared utilities service with an adjoining development project Koocanusa Landing Group (KLG). In 2008, Osprey Landing started to develop financial problems and in 2011 was placed into receivership. As a result of the complexity of the syndicated loan and resulting default, in 2011 EKCCU gave administration authority to KSCU, and a receiver loan was approved by the courts to complete the Osprey Landing project and shared utilities service. At the same time, KLG was also experiencing financial difficulties and was put into receivership. A dispute subsequently arose between KSCU and KLG over the costs to complete the shared utilities service which resulted in protracted legal proceedings over the

next several years. In 2017, KSCU reached a settlement agreement with KLG; and as well, bought out EKCCU's share of the syndicated loan.

In late 2018, KSCU acquired all the interest in each of Osprey Landing and Twin River Estates which assets were merged into KSPM - a newly incorporated wholly owned subsidiary of KSCU- created for the purpose of selling the lots for the Osprey Landing project and completing Phase 2 of the Twin River Estates project.

In 2019, KSCU began marketing the Osprey development projects, but discontinued those efforts in 2020 as a result of the global pandemic and market turndown. Twin River Estates was to be marketed once the plans were approved by the city of Castlegar.

Between 2017 - 2019, KSCU engaged in discussions with the staff of FICOM, later the BCFSA, during which the above asset acquisitions by KSCU and subsequent workout structure for the development projects were disclosed. We note from BCFSA records, that during those discussions it was recommended by BCFSA staff that KSCU familiarize itself with s. 142 of the *Financial Institutions Act* ("FIA") which addressed specific statutory requirements pertaining to a financial institution's acquisition and disposition of assets.

In the documents provided to BCFSA from KSCU, we also noted that in 2017 Mr. Johnston considered whether KSCU could obtain the shares in Osprey Landing and KSCU's legal counsel advised about the requisite provisions of the FIA (specifically s. 142).

The BCFSA remains committed to working with financial institutions to ensure that they are complying with governing laws and supervisory standards.

In that regard, we draw your attention to Section 142(2) of the FIA which states:

(2) If a financial institution has acquired assets in accordance with subsection (1), it must dispose of them within 5 years after their acquisition unless the Authority extends the time by order made before the time expires.

We note that KSCU acquired the assets in each of the companies in or around December 2018. The FIA, therefore, requires that KSCU (as the parent of KSPM) take all necessary steps to dispose of the assets in KSPM within 5 years of the acquisition date, which more particularly, will be by December 31, 2023.

The BCFSA has concerns about the drain on management attention and challenges that KSCU will face, and is facing, in managing a land development company. We note your concerns that given the current market conditions and the ongoing global pandemic, the ability of KSCU to dispose of the assets may take longer than anticipated and extend past the deadline. Should that be the case, please note that while the Authority may, under s. 142(2) extend the time for disposition of the assets, the Authority is, nevertheless, not obligated to do so.

We trust that you will find the above in order. Should you have any questions, please contact Judy Mack at Judy.Mack@bcfsa.ca or 236-455-1840.

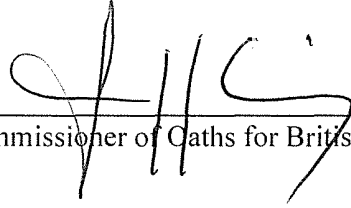
Regards,

A handwritten signature in black ink, appearing to read 'C. Elgar'.

Chris Elgar
VP & Deputy Superintendent, Prudential Supervision

cc: Mr. Ron Johnston, Chief Financial Officer
Mr. Ron Anderson, Chair, Board of Directors
Mr. Bruce LeRose, Legal Counsel

This is **Exhibit "J"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

A handwritten signature in black ink, consisting of a large, stylized 'H' followed by a 'C' and a long horizontal stroke.

A Commissioner of Oaths for British Columbia

From: Amanda Tran <Amanda.Tran@bcfsa.ca>
Sent: Wednesday, October 11, 2023 9:25 AM
To: Mark McLoughlin <mark.mcloughlin@kscu.com>; tony.leung <tony.leung@bcfsa.ca>
Subject: RE: ||EXT|| Follow up for Discussion

CAUTION: This email originated from outside of KSCU. Do not click links or open attachments unless you recognize the senders email address and know the content is safe.

Hi Mark,

Hope you had a great long weekend.

This email is to reiterate BCFSa's position based on our meeting on September 18th. As discussed, though we acknowledge the reasons for the request, we will *not* be granting an extension to Section 142(2) of the *Financial Institutions Act* ("FIA") and will require the disposition of KSPM to be observed by December 31, 2023.

Please take the necessary steps/actions to comply accordingly.

Thank you,

Amanda Tran
 Senior Risk Analyst
 BC Financial Services Authority
 O (778) 572-5102
 600-750 West Pender Street
 Vancouver, B.C. | V6C 2T8
www.bcfsa.ca



Unless otherwise agreed expressly in writing by the author, this communication is to be treated as confidential, and the information in it may not be used or disclosed except for the purpose for which it has been sent. It is intended only for the use of the person to whom it is addressed. Any distribution copying or use by anyone else is strictly prohibited. If you have received this e-mail in error, please telephone me immediately and destroy this e-mail.

From: Mark McLoughlin <mark.mcloughlin@kscu.com>
Sent: Monday, September 18, 2023 4:46 AM
To: Amanda Tran <Amanda.Tran@bcfsa.ca>; Tony Leung <Tony.Leung@bcfsa.ca>
Subject: ||EXT|| Follow up for Discussion

Good morning Amanda and Tony,

Trust you had a nice weekend. Again, appreciate the understanding in moving the meeting. I'm still not ready to be back in the office but will be attending mtgs remotely for the next two days.

As requested, here are the two scenarios of the CUDIC Assessment. One with KSPM windup prior to end of 2023, and the other without. The difference between the two is the write-off of KSPM estimated at \$1.2 million and the inclusion of \$8 million in property for resale.

The forecast indicates a reduction in the CUDIC score sufficient to increase the overall assessment amount by \$139K.

Hope this assists in our conversation later this morning. If you need more time to review and would prefer to defer the call later this week, just let me know.

Many thanks. Mark.

Mark McLoughlin

He/Him/His

President & CEO

Kootenay Savings Credit Union

220 – 1101 Dewdney Avenue

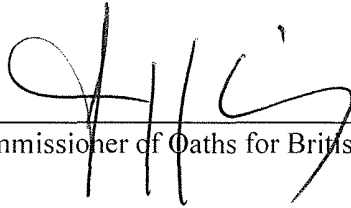
Trail BC V1R 4T1

T 250 368-2671 C 250 231 9933

mark.mcloughlin@kscu.com

www.kscu.com

This is **Exhibit "K"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia

SHARE PURCHASE AGREEMENT

THIS AGREEMENT dated for reference the 29th day of December, 2023.

BETWEEN:

KOOTENAY SAVINGS CREDIT UNION, a credit union duly incorporated under the laws of British Columbia and having a head office at 220-1101 Dewdney Avenue, Trail, BC, V1R 4T1

(the “**Vendor**”)

AND:

0997677 B.C. LTD. d.b.a. CDG ENTERPRISES, a company duly incorporated pursuant to the laws of the Province of British Columbia, and having a registered and records office at 200-4630 Lazelle Avenue, Terrace, BC, V8G 1S6

(the “**Purchaser**”)

AND:

KS PROPERTY MANAGEMENT INC., a company duly incorporated pursuant to the laws of the Province of British Columbia, and having a registered and records office at 302-1199 Cedar Avenue, Trail, BC, V1R 4B8

(the “**Company**”)

WHEREAS:

- A. The Vendor is the registered and beneficial owner of all of the issued and outstanding shares in the capital of the Company;
- B. The Company currently owns lands and works in two developments known as “Twin River Estates” and “Osprey Landing” and outlined in the Schedule of Lands (the “**Lands**”)
- C. The Vendor wishes to sell, and the Purchaser wishes to purchase, the Vendor’s interest in the Company, as more particularly set out in this Agreement;
- D. In order to finance the development of the Lands, the Vendor and the Purchaser entered into an Ancillary Agreement dated December 29, 2023 (the “**Ancillary Agreement**”), which is attached to this Agreement as a Schedule;
- E. The Purchaser and the Vendor have entered into this agreement to provide the assurances and indemnities more particularly set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS AND SCHEDULES

1.1 DEFINITIONS

In this Agreement and any Schedules to this Agreement:

- 2 -

- (a) **“Accepted Liabilities”** means the builders lien in favour of Terus Construction currently registered against title to the Lands as B1037364, the KSCU mortgage and assignment of rents currently registered on title to the Twin River Estates development under registration number CA7264705 and CA7264706 respectively and the Osprey Landing development under registration number CA7263582 and CA7263583;
- (b) **“Accounting Standards”** means the Accounting Standards for Private Enterprises (the “ASPE”);
- (c) **“Ancillary Agreement”** is as defined in Recital D to this Agreement;
- (d) **“Closing”** means the completion of the transactions contemplated in this Agreement;
- (e) **“Closing Date”** means the 31st day of December, 2023 at 11:59 p.m., or such other date as the Purchaser and Vendor may agree to in writing;
- (f) **“Company”** is as defined in Recital A to this Agreement;
- (g) **“Contaminants”** means any contaminants, pollutants, hazardous, corrosive or toxic substances, flammable materials, explosive materials, radioactive materials, dangerous goods, microwaves, hazardous waste, urea formaldehyde, asbestos, noxious substances, compounds known as chlorobiphenyls, mould, and any other substance or material the storage, manufacture, disposal, treatment, generation, use, transport, remediation, or release of which into the environment is prohibited, regulated, controlled, or licensed under Environmental Laws;
- (h) **“Encumbrance”** means any lien, claim, charge, trust deed, pledge, hypothecation, security interest, mortgage, title retention agreement, option or encumbrance of any nature or kind whatsoever;
- (i) **“Environmental Laws”** means any laws, statutes, regulations, orders, bylaws, permits or lawful requirements of any governmental authority relating to the protection of the environment or of human, animal, or plant health or habitat including the *Environmental Management Act*, S.B.C. 2003, c. 53 (British Columbia), the Canadian *Environmental Protection Act*, 1999 (Canada) and the *Fisheries Act* (Canada);
- (j) **“Financial Statements”** mean the financial statements attached to this Agreement as the Schedule of Financial Statements;
- (k) **“Financial Statement Date”** means the date of the Financial Statements, being the 30th day of December, 2023;
- (l) **“Lands”** has the meaning set out in Recital B of this Agreement;
- (m) **“Material Contracts”** means those subsisting commitments, contracts, instruments, leases and other agreements, oral or written, entered into by the Company, by which it is bound;
- (n) **“Purchaser’s Conditions”** means those conditions precedent in the Purchaser’s favour set out in Section 6.1 of this Agreement;
- (o) **“Purchase Price”** has the meaning set out in Section 2.1 of this Agreement;
- (p) **“Shareholder’s Loans”** means the total aggregate indebtedness of the Company to the Vendor as at Closing and includes any indebtedness owed by the Company to the Vendor as a result of any payments of the debts or liabilities of the Company paid by the Vendor after Closing whether required pursuant to the terms hereof or otherwise;
- (q) **“Shares”** means the issued and outstanding shares in the capital of the Company that are being purchased and sold pursuant to this Agreement, and specifically the following shares currently owned by the Vendor:

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100 Class “A” Shares without par value;

- (r) **“Vendor’s Encumbrances”** means the Encumbrances identified in the Schedule of Vendor’s Encumbrances to this Agreement;

1.2 INTERPRETATION

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) “this Agreement” means this Agreement, including the Schedules hereto, as it may from time to time be supplemented or amended;
- (b) all references in this Agreement to a designated Article, section, subsection, paragraph, or other subdivision, or to a Schedule, is to the designated Article, section, subsection, paragraph or other subdivision of or Schedule to this Agreement unless otherwise specifically stated;
- (c) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, clause, subclause or other subdivision or Schedule;
- (d) the singular of any term includes the plural and vice versa and the use of any term is equally applicable to any gender and where applicable to a body corporate;
- (e) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto);
- (f) any words used herein which are defined in the *Business Corporations Act*, unless otherwise defined herein or unless there is something in the subject matter or context inconsistent therewith, have the meanings ascribed to such words in the *Business Corporations Act*;
- (g) except as otherwise provided, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or such regulations;
- (h) where the phrase “to the best of the knowledge of” or phrases of similar import are used in this Agreement, it shall be a requirement that the person in respect of whom the phrase is used shall have made such due enquiries as are reasonably necessary to enable such person to make the statement or disclosure;
- (i) the headings to the Articles and clauses of this Agreement are inserted for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (j) the parties acknowledge that this Agreement is the product of arm’s length negotiation between the parties, each having obtained its own independent legal advice, and that this Agreement shall be construed neither strictly for nor strictly against any party irrespective of which party was responsible for drafting this Agreement;
- (k) unless otherwise specifically noted, all references to money in this Agreement and in the Financial Statements are or shall be to money in lawful money of Canada. If it is necessary to convert money from another currency to lawful money of Canada, such money shall be converted to lawful money of Canada using the exchange rates in effect at the Closing Date.
- (l) the masculine includes the feminine and vice-versa;

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- (m) any reference to a party includes and enures to the benefit of and is binding upon that party's heirs, executors, administrators and assigns and in the case of a corporation its successors and assigns;
- (n) any covenant, proviso, condition or agreement made by two or more persons shall be construed as several as well as joint.

1.3 SCHEDULES

The following schedules are attached to and incorporated in this Agreement by reference and deemed to be part of this Agreement:

- (a) Schedule of Lands
- (b) Ancillary Agreement
- (c) Schedule of Financial Statements
- (d) Schedule of Material Contracts
- (e) Schedule of Vendor's Encumbrances
- (f) Schedule of Articles and Notice of Articles

ARTICLE 2 PURCHASE AND SALE

2.1 PURCHASE PRICE

The Purchaser agrees to buy from the Vendor and the Vendor agrees to sell to the Purchaser, on the Closing Date, the Shares and the Shareholder's Loans for the aggregate sum of TEN DOLLARS (\$10.00) (the "**Purchase Price**").

2.2 PAYMENT OF PURCHASE PRICE

The Purchase Price will be paid by the Purchaser by way of certified cheque or solicitor's trust cheque to the Vendor's solicitor on the Closing Date in accordance with this Agreement.

2.3 PURCHASE PRICE ALLOCATION

The parties hereby agree that the Purchase Price shall be allocated:

- (a) Firstly to the Shareholder's Loans, as the same are recorded in the books and records of the Company;
- (b) Secondly, any remaining balance of the Purchase Price shall be allocated among the Shares in accordance with the liquidation provisions contained in the Articles of the Company.

ARTICLE 3 VENDOR'S REPRESENTATIONS AND WARRANTIES

3.1 CORPORATE AND SHARE REPRESENTATIONS

The Vendor represents and warrants that:

- (a) the Company is duly incorporated, validly existing, and in good standing with respect to the filing of annual reports under the law of British Columbia, and has all necessary corporate power, authority and capacity to own its assets and to carry on its business as presently conducted;
- (b) neither the nature of the business of the Company nor the location or character of the assets owned or leased by it requires that the Company be registered or otherwise qualified or to be in good standing in any other jurisdiction;

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- (c) the Notice of Articles and Articles of the Company have not been amended since the date the Company was incorporated under the laws of British Columbia other than to transition the Company to the *Business Corporations Act* or otherwise as recorded in the corporate record books of the Company, and a true copy of the Notice of Articles and Articles of the Company are attached hereto as the Schedule of Articles and Notices of Articles;
- (d) the Company has the corporate power and capacity to own or lease its property and carry on the business of the Company and is duly qualified to carry on business in British Columbia;
- (e) the Company carries on business in British Columbia and does not carry on any other business in any other province or territory in Canada nor in any other country;
- (f) The authorized capital of the Company is an unlimited number of:
 - (i) Class A shares without par value;
 - (ii) Class B shares without par value;
 - (iii) Class C shares without par value;
 - (iv) Class D shares without par value;
 - (v) Class E shares without par value;
 - (vi) Class F shares without par value;
 - (vii) Class G shares without par value;
 - (viii) Class H shares without par value; and
 - (ix) Class I shares without par value.
- (g) the Vendor is the registered holder and beneficial owner of the Shares;
- (h) the Shares represent all of the issued and outstanding shares in the capital of the Company, are validly issued and outstanding as fully paid and non-assessable in the capital of the Company, and are free and clear of all Encumbrances;
- (i) since the Financial Statement Date, no dividend or other distribution on any shares in the capital of the Company has been made, declared or authorized and the Company has neither purchased nor redeemed nor agreed to purchase or redeem any of the Shares;
- (j) no dividends of any kind that were declared or authorized before the Financial Statement Date remain unpaid;
- (k) the Vendor has good and sufficient right and authority to enter into this Agreement on the terms and conditions herein and to implement this Agreement and, in particular, to transfer to the Purchaser the legal title and beneficial ownership of the Shares free and clear of all Encumbrances;
- (l) no one other than the Purchaser has any right, present or future, contingent or absolute, to purchase or otherwise acquire the Shares or the Shareholder's Loans or to require the Company to issue any share in its capital and, in particular, there are no outstanding securities of the Company which are convertible into shares in the capital of the Company and there are no outstanding options on or rights to subscribe for any of the unissued shares in the capital of the Company or options to purchase the Shares;
- (m) the directors and officers of the Company are as follows:
 - Directors: Brian Maroney
 - Ron Johnston

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- 6 -

Mark McLoughlin

Officer: Mark McLoughlin - President

- (n) the execution and delivery by the Vendor of this Agreement does not result in, and the performance of the Vendor's obligations hereunder and the completion of the transactions contemplated hereby will not result in:
 - (i) the violation of any of the terms and provisions of the constating documents or resolutions of the Company or any indenture or other agreement, written or oral, to which either the Vendor or the Company may be a party or give any person any right to terminate or cancel any contract or any material right enjoyed by the Company in connection with the business of the Company;
 - (ii) the creation of any Encumbrance on any of the Shares, the Shareholder's Loans or any assets of the Company; or
 - (iii) the violation of any law or regulation of Canada or of any province or territory thereof, any municipal bylaw or ordinance or any order or decree of any court or tribunal to which any of the Vendors or the Company is subject;
- (o) no authorization, approval, order, license, permit or consent of any governmental authority, regulatory body or court, and no registration, declaration or filing by the Vendor or the Company with any such governmental authority, regulatory body or court is required in order for the Vendor:
 - (i) to incur the obligations expressed to be incurred by the Vendor pursuant to this Agreement;
 - (i) to execute and deliver all of the documents and instruments to be delivered by the Vendor pursuant to this Agreement;
 - (ii) to duly perform and observe the terms and provisions of this Agreement; and
 - (iii) to render this Agreement legal, valid, binding and enforceable in accordance with its terms;
- (p) the Company is a private issuer within the meaning of applicable securities laws and the sale of the Shares by the Vendor to the Purchaser pursuant to the terms hereof is in compliance with applicable securities laws;

3.2 FINANCIAL AND TAX REPRESENTATIONS

The Vendor represents and warrants that:

- (a) the Financial Statements were prepared on a basis consistent with generally accepted accounting principles applied on a basis consistent with that of previous years and are true and correct in every material respect and present fairly and accurately the assets, liabilities (accrued, absolute, contingent or otherwise) and the financial condition and position of the Company as at the Financial Statement Date and the revenues, earnings and results of the operations of the Company for the period then ended;
- (b) there are no liabilities (absolute, accrued, contingent or otherwise) of the Company which are not disclosed or reflected in the Financial Statements except absolute or accrued liabilities incurred in the ordinary course of business since the Financial Statement Date and there have been no

- 7 -

- payments since the Financial Statement Date of a liability of the Company which was incurred on or before the Financial Statement Date and not disclosed or reflected in the Financial Statements;
- (c) with the exception of the financing that the Company has agreed to incur after the Closing Date in accordance with the Ancillary Agreement, the Company has not guaranteed, or agreed to guarantee, or granted any indemnity in respect of, any debt, liability (accrued, absolute, contingent or otherwise) or indebtedness or other obligation of any person, firm or corporation;
 - (d) neither the Vendor nor any affiliate, officer, director or employee of the Company is now indebted or under obligation to the Company on any account;
 - (e) the Company is not indebted to the Vendor or any affiliate, director, officer or employee of the Company except for the Shareholder's Loans;
 - (f) the Company has filed all tax returns required to be filed by it (including without limitation income, property, sales, GST, PST, HST and corporation capital tax) on a timely basis and all such returns are true and correct. The Company has paid and remitted all taxes which are due and payable and has paid all assessments and reassessments and all other taxes, governmental charges, penalties, interest and fines due and payable by the Company;
 - (g) the Company has been assessed for federal and provincial taxes for all years to and including the fiscal year ended on the Financial Statement Date, and has been assessed with respect to its return for that year;
 - (h) there are no contingent tax liabilities nor any grounds which would prompt a reassessment including aggressive treatment of income and expenses in filing earlier tax returns for the Company;
 - (i) the Company has not made any election under Section 85 of the *Income Tax Act* with respect to the acquisition or disposition of any property;
 - (j) except as disclosed in writing to the Purchaser, the Company has not made any election under Section 83 of the *Income Tax Act* with respect to the payment out of the capital dividend account of the Company;
 - (k) the Company has not filed with the Minister of National Revenue any agreement or form pursuant to Section 125(3) of the *Income Tax Act* for the current taxation year;
 - (l) the Vendor is not a "non-resident" of Canada within the meaning of s. 116 of the *Income Tax Act* (Canada);
 - (m) under the provisions of the Income Tax Acts of Canada and British Columbia the Company has been since incorporation, and is now, a Canadian controlled private corporation;
 - (n) all material transactions of the Company have been promptly and properly recorded or filed in or with its respective books and records. The minute book of the Company contains records of all the meetings and proceedings of shareholders and directors of the Company as required by the *Business Corporations Act* of British Columbia and there are no documents missing from the minute book that if included and thereby disclosed would reasonably be expected to have a materially adverse effect on the value of the Shares;
 - (o) all accounts receivable represent enforceable debts which are due and payable to the Company without demand or further action and there are no grounds for set off or any valid defense by the debtors thereunder to the payment thereof;
 - (p) except as disclosed in writing to the Purchaser, the Company has not:
 - (ii) acquired or had the use of any property from a person with whom it was not dealing at arm's length other than at fair market value;

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- (i) disposed of anything to a person with whom it was not dealing at arm's length for proceeds less than the fair market value thereof; or
 - (ii) discontinued carrying on any business in respect of which non-capital losses were incurred, and any non-capital losses are not losses from property or business investment losses;
- (q) with respect to the Shareholder Loans:
- (i) each person comprising the Vendor has actually advanced its Shareholder Loan to the Company;
 - (ii) the Vendor is lawfully entitled to be repaid the full amount of its Shareholder Loan and holds its interest therein free of all Encumbrances;
 - (iii) the Shareholder's Loans have no set terms of repayment, are payable on demand, and there is no interest payable thereon;
 - (iv) the Vendor has not assigned its Shareholder Loan or any right, title or interest therein to any other person;
 - (v) the Vendor has not made any demand for repayment of the whole or any portion of its Shareholder Loan; and
 - (vi) the Vendor confirms that it has not forgiven, settled or waived any right of repayment in respect of the whole or any portion of its shareholder loan;

3.3 PROPERTY REPRESENTATIONS

The Vendor represents and warrants that:

- (a) except for those assets specifically identified as leased assets in the Schedule of Material Contracts, the Company owns and has good and marketable title to and possession of all of its assets, free and clear of all Encumbrances except the Vendor's Encumbrances and the Company is not in default of any term of any Vendor's Encumbrances;
- (b) none of the Company's assets are in the control or possession of another person;
- (c) the Company does not hold its ownership interest in any of its assets in trust for or to the benefit of any other person;
- (d) the Company has good leasehold title in and to the assets identified as leased assets in the Schedule of Material Contracts, subject to no Encumbrance, and the Company has not made any default in the performance of the terms of the leases of such assets that would entitle any of the lessors to terminate any of such leases or would render the Company liable in damages and the Company has not assigned or encumbered any of such leases;
- (e) the Vendor does not own any assets which are used by the Company or are necessary or useful in the conduct of the business of the Company;
- (f) the Company does not own any shares in or other securities of any other entity or person;
- (g) the Company is not a partner in any partnership;
- (h) all assets and all other plant, machinery, facilities, vehicles and equipment used by the Company in connection with the business of the Company are fit for their respective intended use, in good operating condition and in a good state of maintenance and repair for equipment of similar age relative to the standards of maintenance and repair maintained by other companies carrying on similar business in Canada;

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- (i) the Company holds all authorizations, approvals, orders, consents, licences, permits, and operating authorities as may be required to carry on the business of the Company in the manner in which it has heretofore been carried on and all such authorizations, approvals, orders, consents, licences, permits, and operating authorities are in good standing and the Company has at all times fully complied with the terms and conditions thereof;
- (j) since its incorporation the Company has continuously maintained, and continues to maintain, such insurance against loss on such assets and against such risks, in such amounts and to such limits as is in accordance with prudent business practices prevailing in its business and having regard to the location, age and character of its assets;
- (k) no insurance policy maintained now or in the past by the Company has a deductible which exceeds \$5,000.00;
- (l) the Company has fully and completely complied with all terms and conditions of all insurance policies maintained now or in the past, including the prompt giving of notice of any claim, and there is no valid reason that any claim by the Company against any such policy that is within the scope of coverage afforded by such policy would be denied;
- (m) the Vendor has disclosed to the Purchaser:
 - (i) all insurance policies currently maintained by the Company, including the risks and perils covers, limits (on an occurrence and aggregate basis), expiry dates, policy numbers, and underwriters;
 - (ii) all claims made against any insurance policy by the Company in the past 5 years, including details of any such claim and whether the insurer provided coverage for such claim;
 - (iii) all events which have occurred in the past of which the Company or the Vendor is aware in respect of or as a result of which any person may have a claim against the Company;
- (n) the Company does not have any agreements, contracts, pension plans, profit sharing plans, bonus plans, group insurance or similar plans, or other deferred compensation plans, or arrangements either oral, written, or implied with employees, directors, officers, or others which are material to the Company or which cannot be terminated without giving more than 30 days notice;
- (o) the Vendor does not have any indebtedness or liability to any person or government or agency which might by operation of law or otherwise now or hereafter become a liability of the Purchaser or the Company or constitute an Encumbrance upon any of the Shares, Shareholder's Loans or any assets of the Company;
- (p) the Company is not party to or bound by any Material Contract, whether oral or written, except for those Material Contracts disclosed in the Schedule of Material Contracts and true and complete copies of such Material Contracts have been provided to the Purchaser;
- (q) all Material Contracts to which the Company is a party are valid and subsisting, in full force and effect and unamended, no material default exists in respect thereof on the part of the Company or, to the best of the knowledge of the Vendor, on the part of any of the other parties thereto, the Vendor is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any such contracts or agreements;
- (r) there are no actions, suits, judgments, investigations, proceedings or claims outstanding or pending or, to the knowledge of either Vendor, threatened against or affecting the Company or the business of the Company at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

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- (s) there are no valid grounds upon which any actions, suits, judgments, investigations, proceedings or claims against the Company could be made or brought by any person;
- (t) the business of the Company and its property and assets comply with all applicable laws, judgments, decrees, orders, injunctions, rules, statutes and regulations of all courts, arbitrators or governmental authorities, including all environmental, health and safety statutes and regulations.

3.4 ENVIRONMENTAL MATTERS

The Vendor represents and warrants that:

- (a) the Company has been and is, and the Company's business has been and is operated in compliance with all applicable Environmental Laws and no condition exists or event has occurred which, with or without notice or the passage of time or both, would constitute a violation of or give rise to liability under any applicable Environmental Laws;
- (b) the Company has not used or permitted to be used any of its assets or facilities, whether owned, leased, occupied, controlled or licensed or which it owned, leased, occupied, controlled or licensed at any prior time, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Contaminant except in compliance with applicable environmental permits and all applicable Environmental Laws;
- (c) no building, structure or improvement or other assets located on the property of the Company, whether owned, leased, occupied, managed, controlled or licensed is or ever has been insulated with urea formaldehyde insulation, nor do any such buildings, structures, improvements or other assets contain any aluminum wiring, asbestos or PCBs;
- (d) neither the Company nor the Vendor has received any notice of, or been prosecuted for an offence alleging violation of or non-compliance with any Environmental Law, and neither the Company nor the Vendor has settled any allegation of violation or non-compliance short of prosecution.
- (e) Neither the Company nor the Vendor is aware of any orders of any governmental authority relating to environmental matters requiring any work, repairs, construction or capital expenditures to be made with respect to the Company's business or any property, facilities or assets (whether currently owned, leased, occupied, controlled or licensed or owned, leased, occupied, controlled or licensed at any time prior to the date hereof) of the Company;
- (f) except in compliance with environmental permits and all Environmental Laws, the Company has not caused, allowed or permitted, or has any knowledge of, the release of any Contaminants into the environment, in any manner whatsoever, or the presence of any Contaminants on, under, around or from any of its properties, facilities or other assets (whether owned, leased, occupied, controlled or licensed), or any property, facility or other asset which it owned, controlled, occupied, licensed or leased at any time prior to the date hereof, or any such release or presence on or from a property, facility or other asset owned, leased, occupied, managed, controlled or licensed by third parties but with respect to which the Company is or may reasonably be alleged to have liability.
- (g) All Contaminants used in whole or in part by the Company or resulting from the Company's business have been disposed of, treated and stored in compliance with all environmental permits and all Environmental Laws;
- (h) the Company has not received any notice from any governmental authority or any other person that the Company's business or the operation of any of its property, facilities or other assets is in violation of any Environmental Law or any environmental permit or that it is responsible (or potentially responsible) for the clean-up of any Contaminants at, on or beneath any of its

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property, facilities or other assets (whether currently owned, leased, occupied, managed, controlled or licensed, or owned, leased, occupied, managed, controlled or licensed at any time prior to the date hereof), or at, on or beneath any other land or in connection with any waste or contamination migrating to or from any of the Company's property, facilities or other assets;

- (i) the Company is not the subject of federal, provincial, municipal or private action, suit, litigation, arbitration proceeding, governmental proceeding, investigation or claim involving a demand for damages or other potential liability with respect to violations of Environmental Laws or environmental permits;
- (j) the Company has not buried, dumped, disposed of, spilled or released any Contaminants on, beneath or adjacent to any of the Company's property or facilities (whether owned, leased, occupied, managed, controlled or licensed), or any other property;
- (k) no by-products of any manufacturing process employed in the operation of the Company's business which may be Contaminants are currently stored or otherwise located on any of the property or facilities or other assets (whether owned, leased, occupied, managed, controlled or licensed) of the Company in a manner prohibited by any Environmental Laws;
- (l) the Company has, in a timely manner, filed all reports required to be filed with respect to all of the property, facilities or other assets (whether owned, leased, occupied, managed, controlled or licensed) of the Company and has generated and maintained all required data, documentation and records under all applicable Environmental Laws and environmental permits;
- (m) there are no underground storage tanks on or beneath any of the Company's property, or facilities (whether owned, leased, occupied, managed, controlled or licensed);
- (n) no Contaminants are migrating to or from any of the Company's property, facilities or other assets (whether owned, leased, occupied, managed, controlled or licensed);
- (o) all of the real property which the Company and its predecessors have owned, leased, occupied, managed controlled or licensed at any time is listed on the Schedule of Material Contracts;
- (p) all contingency plans relating to matters which might adversely affect the environment or health or safety and required by any applicable Environmental Laws or Environmental Permits are complete and available as required under applicable Environmental Laws or environmental permits; and
- (q) the Vendor has provided to the Purchaser true and complete copies of all environmental audits, evaluations, assessments, studies or tests relating to the Company and its business and assets in the possession or control of the either the Company or the Vendor.

3.5 LANDS

The Vendor represents and warrants that:

- (a) except as noted as Accepted Liabilities, no lien under the *Builders Lien Act* exists or is claimed with respect to the Lands nor any part of the Lands, nor does any person have any right to claim such a lien;
- (b) the Vendor has not received any notice of any impending or intended rezoning or expropriation of all or any part of the Lands;
- (c) the Vendor is not aware of any information relating to the Lands which has not been disclosed to the Purchaser which, if known, could reasonably be expected to have a materially adverse effect on the value of the Lands;
- (d) the current use of the Lands by the Company is permitted under the existing zoning of the Lands;

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- (e) the Vendor has disclosed to the Purchaser a true and complete listing of all permits, licences, and authorizations relating to the Lands or its operation which are in the possession or control of the Vendor, and the Vendor warrants that no other permits, licences or authorizations are required for the lawful existence of all improvements on the Lands and the operation of the business of the Company therefrom;
- (f) No improvement or installation to the Lands or any building thereon has been completed except in accordance with applicable codes and by-laws and in a good and workmanlike manner, with all required permits from governmental authorities having been issued and final inspections completed and passed;
- (g) other than pursuant to those non-financial encumbrances currently registered against title to the Lands, and any subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, no person other than the Company has any right to possess or occupy all or any part of the Lands for any reason;
- (h) the current driveways and accessways used by the Company for vehicular access to and from the Lands nearby roadways are within the boundaries of the Lands and all access points to such roads are permitted in accordance with all applicable laws and bylaws and all permits for such access have been obtained and are validly issued;
- (i) there are no local improvement charges or special levies against the Lands nor has the Vendor received any notice of any such proposed local improvement charges or special levies;
- (j) all municipal taxes, rates, levies, and assessments with respect to the Lands are paid in full and there is no pending appeal or other proceedings in existence with respect to any such taxes, rates, levies, and assessment;
- (k) the Lands are free and clear of all Encumbrances other than:
 - (i) non-financial encumbrances currently registered against title to the Lands;
 - (ii) the Accepted Liabilities;
 - (iii) any subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown; and
 - (iv) the Vendor's Encumbrances to be cleared from title to the Lands on closing.

3.6 GENERAL VENDOR REPRESENTATIONS

The Vendor represents and warrants that:

- (a) the Vendor does not have any specific information relating to the Company or the business of the Company which is not generally known or which has not been disclosed to the Purchaser and which if known could reasonably be expected to have a materially adverse effect on the value of the Shares;
- (b) the conduct of the business of the Company does not infringe the intellectual property or contractual rights or obligations of any person and is in accordance with any and all agreements pursuant to which the Company has the right to use or license any third-party intellectual property. No person has instituted or threatened any proceeding or action against the Company alleging any infringement by the Company of the intellectual property of such person;
- (c) all filings and returns required to be filed by the Company, including in respect of WorkSafe BC (formerly Workers' Compensation Board), corporation capital tax returns, goods and services tax

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returns, provincial sales tax returns, and other reports and information required to be filed with any governmental authority has been completed and filed in a timely manner as and when due;

- (d) all statements contained in any certificate or other instrument delivered by or on behalf of the Vendor pursuant hereto or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Vendor hereunder in addition to being representations and warranties of the person providing the certificate or other instrument;
- (e) this Agreement constitutes a valid and binding obligation of the Vendor. The Vendor is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of, the execution and delivery by the Vendor of this Agreement or the performance by the Vendor of any of the terms hereof;
- (f) none of the Vendor's representations, warranties or statements contained in this Agreement contain any untrue statement of fact or omit to state any fact necessary in order to make any such representations, warranties or statements not misleading, and all information relating to the Company which is known or would, on reasonable enquiry, be known to the Vendor and which may be material to a purchase for the value of the Shares has been disclosed in writing to the Purchaser;
- (g) the Company is not, and has never been, in breach of any law, ordinance, statute, regulation, bylaw, order, decree, covenant, restriction, plan or permit to which it is subject or which applies to it and the uses to which the assets of the Company have been put are not in breach of any law, ordinance, statute, regulation, bylaw, order, decree, covenant, restriction, plan or permit, including without limitation all Environmental Laws. For greater certainty, the assets of the Company have not been used in a manner which does or will give rise to any obligation of restoration or removal or any liability for the costs of restoration or removal or for the payment of damages to any third party. There are no underground storage tanks on any of the lands or leasehold properties which form part of the assets of the Company, nor is there located on or in them any Contaminants.

ARTICLE 4 PURCHASER'S REPRESENTATIONS AND WARRANTIES

4.1 PURCHASER'S REPRESENTATIONS AND WARRANTIES

The Purchaser represents and warrants that:

- (a) the Purchaser is a corporation duly incorporated under the *Business Corporations Act* of British Columbia, is not a reporting company, and is a valid and subsisting company in good standing with respect to the filing of annual reports with the Office of the Registrar of Companies of British Columbia;
- (b) neither the making of this Agreement, the completion of the transactions contemplated by it, nor the performance of or compliance with its terms will violate the Notice of Articles or Articles of the Purchaser or any agreement to which the Purchaser is a party, and will not result in the creation or imposition of any Encumbrance or restriction of any nature in favour of a third party upon or against the assets of the Company or the Shares or the violation of any law or regulation of Canada or of any province or territory of Canada, any municipal bylaw or ordinance or any order or decree of any court or tribunal to which the Purchaser is subject which could prevent the due and valid transfer of the Shares as provided in this Agreement;
- (c) the Purchaser is not a non-Canadian as that term is defined in the *Investment Canada Act*; and
- (d) the Purchaser has due and sufficient right and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to perform its obligations under this Agreement.

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ARTICLE 5 COVENANTS OF THE VENDOR

5.1 INTERIM MANAGEMENT OF THE COMPANY – POSITIVE COVENANTS

The Vendor will:

- (a) from and after the execution of this Agreement to the Closing Date, cause the Company to:
 - (i) carry on the business of the Company in the ordinary course, in a prudent, businesslike and efficient manner and substantially in accordance with the procedures and practices in effect on the date of this Agreement;
 - (ii) maintain insurance on the assets of the Company as they are insured on the date of this Agreement;
 - (iii) maintain insurance with respect to such risks, losses, and perils as is maintained as of the date of this Agreement;
 - (iv) use all reasonable efforts to preserve and maintain the goodwill of the business of the Company;
 - (v) do all necessary repairs and maintenance to the assets of the Company and take reasonable care to protect and safeguard those assets;
 - (vi) permit representatives of the Purchaser full access to its property, assets, business locations (and the Vendor will, if requested by the Purchaser, tour such locations with the Purchaser prior to the Closing Date), and books and records including financial statements and records, contracts and agreements, minute books and share registers and to give the Purchaser and its representatives such information with respect thereto as may be reasonably required to permit the Purchaser to assess the business of the Company, including the profitability of the business, so as to determine the viability of the purchase of the Shares and Shareholder's Loans by the Purchaser. The provisions of this Section 5.1(a)(vi) are without prejudice to the warranties and representations of the Vendor set forth in Section 3.1 of this Agreement and the conditions in favour of the Purchaser set forth in Section 6.1 of this Agreement;

5.2 TITLE AND APPROVALS

The Vendor will, both before and after the Closing Date:

- (a) do such acts and things and execute such instruments and documents as may be necessary or desirable to vest good and marketable title in the Purchaser to the Shares and Shareholder's Loans, free and clear of all Encumbrances, equities or claims of every nature and kind, whatsoever;
- (b) use all reasonable efforts to assist the Purchaser in obtaining from all appropriate federal, provincial, state, municipal and other governmental or administrative bodies and all other persons (including but not limited to landlords, lessors and franchisors, as applicable) all such approvals and consents in form and terms satisfactory to counsel for the Purchaser as are necessary or required in order to permit the sale, transfer and assignment of the Shares and Shareholder's Loans to the Purchaser.

5.3 FILE TAX RETURNS

The Vendor will as of the Closing Date, and on behalf of the Company:

- (a) cause all federal and provincial income tax returns and other returns for the fiscal year end of the Company ending on the Closing Date to be completed accurately and correctly in all respects and

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all other reports and information required to be filed with all applicable government authorities, agencies or regulatory bodies shall be filed accurately and correctly in all respects, and copies of all such filings, returns or forms shall be provided to the Purchaser; and

- (b) pay all taxes, including all federal, provincial and local taxes, assessments or other imposts in respect of its income, business, assets or property, and all interest and penalties thereon with respect to the Company for the fiscal year end of the Company ending on the Closing Date.

5.4 PREPARE CLOSING DATE FINANCIAL STATEMENTS

The Vendor will, within 90 days of the Closing Date, cause the Company's accountants to prepare financial statements for the Company as at the fiscal period ended on the Closing Date, which such statements shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of previous years. The Vendor shall bear the cost of preparing the said financial statements and shall provide the Purchaser with a copy of the same, while the Purchaser shall bear the cost of its own accounting advice to the extent that the Purchaser may wish to have its accountants work with the Vendor's accountants in respect of such matters;

5.5 NEGATIVE COVENANTS

From the date of this Agreement to the Closing Date, the Vendor will not permit the Company, without the prior consent in writing of the Purchaser, to:

- (a) purchase or sell, consume or otherwise dispose of any of its assets except in the ordinary course of business;
- (b) enter into any contract or assume or incur any liability except in the ordinary course of business and which is not material;
- (c) settle any account receivable of a material nature at less than face value net of the reserve for that account;
- (d) waive or surrender any material right;
- (e) discharge, satisfy or pay any Encumbrance, obligation or liability except in the ordinary course of business;
- (f) make any capital expenditure or commitment for any capital expenditure;
- (g) declare dividends or repay any shareholder loans;
- (h) increase the wages or remuneration payable to any person, other than in the ordinary course of business; or
- (i) declare any bonuses payable to any person, other than in the ordinary course of business.

5.6 RELEASE OF COMPANY ON CLOSING

The Vendor acknowledges, covenants and agrees with the Purchaser and the Company that, with the exception of claims arising from the terms of this Agreement or any document or agreement delivered pursuant to the terms hereof, from and after the Closing Date the Purchaser and the Company shall stand wholly released and discharged by the Vendor from any and all claims, suits, demands, indemnities, actions or causes of action whatsoever, known or unknown, that the Vendor may have now or at any time in the future in respect of any matter arising or existing at any time up to or prior to the Closing Date.

5.7 REPRESENTATIONS AND WARRANTIES TRUE ON CLOSING

The Vendor covenants that all of its representations and warranties contained herein shall be true, accurate and not misleading on the Closing Date as if they had been made on that date.

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ARTICLE 6 CONDITIONS

6.1 PURCHASER'S CONDITIONS

The obligations of the Purchaser under this Agreement are subject to the following conditions for the exclusive benefit of the Purchaser (the "**Purchaser's Conditions**") being waived by the Purchaser on or before the Closing Date:

- (a) the Purchaser will have made all considerations, investigations, inquiries, and other due diligence in respect of the Company and the business of the Company and the Purchaser's intended purchase thereof, and found the results thereof to be acceptable in its sole and unfettered discretion;
- (b) the representations and warranties of the Vendors contained in this Agreement will be true and correct in every material particular on the Closing Date as if such warranties and representations had been made by the Vendor on the Closing Date;
- (c) the Vendors will have complied with all covenants and agreements in this Agreement agreed to be performed or caused to be performed by them on or before the Closing Date;
- (d) no material loss or destruction of or damage to any of the assets of the Company will have occurred between the date of this Agreement and the Closing Date;
- (e) no action or proceeding will be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency to enjoin or prohibit:
 - (i) the purchase and sale of the Shares contemplated by this Agreement or the right of the Purchaser to own the Shares; or
 - (ii) the right of the Company to conduct its operations and carry on the business of the Company in the ordinary course as the business of the Company and its operations have been carried on in the past;

6.2 NON WAIVER OF PURCHASER'S CONDITIONS

If any of the Purchaser's Conditions are not waived or declared satisfied on or before the such date as may be specified in this Agreement, the Purchaser may rescind this Agreement by notice in writing to the Vendors, in which event this Agreement will be terminated, lapsed and determined and be of no further force and effect save as to those provisions taking effect on termination or stated to survive termination.

6.3 VENDOR'S ACCEPTANCE IRREVOCABLE

The Vendor acknowledges that in consideration of all good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Vendor will not revoke its agreement hereto while this Agreement remains subject to the Purchaser's Conditions.

ARTICLE 7 INDEMNITIES

7.1 INDEMNITY OF VENDOR

The Vendor covenants and agrees to indemnify and save harmless the Company and the Purchaser from any claims, demands, loss, damages, liabilities (including without limitation tax liability), costs (including without limitation legal costs on a solicitor and own client basis) and expenses suffered or incurred by the Company or the Purchaser directly or indirectly as a result of or arising out of any breach of any representation, warranty, covenant or agreement of the Vendor contained in the Agreement or any document or certificate delivered pursuant hereto ("**Purchaser's Losses**"). Without limiting any other right or remedy of the Purchaser, whether in law or in equity, the Purchaser may deduct and set off from

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any unpaid portion of the Purchase Price the entire amount of any Purchaser's Losses, without regard to any thresholds or restrictions set out above.

7.2 RELIANCE OF PURCHASER

The Vendor acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement and that no information which is known or which may hereafter become known to the Purchaser, and no waiver of any condition in the Purchaser's favour, shall limit or extinguish the right to indemnity set out in Section 7.1 of this Agreement.

7.3 INDEMNITY OF PURCHASER

The Purchaser covenants and agrees to indemnify and save harmless the Vendor from any claims, demands, loss, damages, liabilities, costs (including without limitation legal costs on a solicitor and own client basis) and expenses suffered or incurred by the Vendor directly or indirectly as a result of or arising out of any breach of any representation, warranty, covenant or agreement of the Purchaser contained in the Agreement or any document or certificate delivered pursuant hereto.

7.4 RELIANCE OF VENDOR

The Purchaser acknowledges and agrees that the Vendor has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement and that no information which is known or which may hereafter become known to the Vendor, and no waiver of any condition in the Vendor's favour, shall limit or extinguish the right to indemnity set out in Section 7.3 of this Agreement.

ARTICLE 8 CLOSING PROCEDURE

8.1 CLOSING

The Closing will take place on the Closing Date as follows:

- (a) On the Closing Date or as soon as practicable thereafter, the Vendor shall or shall cause to be delivered to the Purchaser's solicitor the following items, duly executed as applicable, on the Purchaser's solicitor's undertaking not to release or otherwise deal with the same unless and until the items referred to in Section 8.1(a)(i) hereof have been delivered to the Vendor's solicitor:
 - (i) those share certificates representing the Shares, duly endorsed for transfer to the Purchaser;
 - (ii) resolutions of the directors of the Company authorizing the transfer of the Shares and the registration of the same in the names of the Purchaser;
 - (iii) share certificates in the names of the Purchaser, representing the Shares;
 - (iv) all books, records, books of account, list of suppliers and customers of the Company and all other documents, files, records and other data, financial or otherwise, relating to the Company or the business of the Company;
 - (v) the Company's seal, if any;
 - (vi) resignations of all directors and officers of the Company;
 - (vii) an assignment of the Shareholder's Loans;
 - (viii) a duly executed copy of the Ancillary Agreement;
 - (ix) a release of the Company by the Vendor in a form required by the Purchaser;

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- (x) a certificate of the President of the Vendor in the form required by the Purchaser's Solicitor, acting reasonably, confirming that all representations and warranties of the Vendor are true as of the Closing Date and that all covenants of the Vendor have been fulfilled;
- (xi) the opinion of the Vendor's solicitor in a form required by the Purchaser's solicitor, acting reasonably, that:
 - (A) the Vendor and the Company:
 - (1) are duly incorporated pursuant to and exist under the laws of British Columbia;
 - (2) have filed all required annual reports with the Registrar of Companies; and
 - (3) have the power and authority to enter into this Agreement and all further documents contemplated hereby;
 - (B) the Shares have been validly issued by the Company and are fully paid and non-assessable;
 - (C) all corporate action and proceedings required to transfer the Shares to the Purchaser have been taken;
 - (D) this Agreement has been duly authorized, executed and delivered by the Company;
 - (E) this Agreement and all documents delivered by the Vendor pursuant to this Agreement have been duly authorized, executed and delivered;
- (xii) such other documents or instruments as the Purchaser's solicitor may require, acting reasonably;
- (b) On the Closing Date but after delivery to the Purchaser's solicitor of the items listed in Section 8.1(a) of this Agreement, the Purchaser shall or shall cause to be delivered to the Vendor's solicitor the following items, duly executed as applicable,:
 - (i) a solicitor's trust cheque payable to the Vendor for the Purchase Price;
 - (ii) resolutions of the directors of the Purchaser authorizing the transfer of the Shares and the registration of the same in the name of the Purchaser;
 - (iii) a duly executed copy of the Ancillary Agreement; and,
 - (iv) such other documents or instruments as the Vendor's solicitor may require, acting reasonably.

8.2 TIME OF EFFECTIVE CLOSING

The purchase and sale of the Shares, assignment of Shareholder Loans, and other transactions contemplated hereby shall, unless stated herein to the contrary, be deemed to have occurred as at 11:59 p.m. on the Closing Date, and the Purchaser shall have all rights and benefits resulting therefrom as of such time.

- 19 -

ARTICLE 9 GENERAL PROVISIONS

9.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties of the Vendor shall survive the Closing and, notwithstanding the Closing and the payment of the Purchase Price, notwithstanding any investigations or enquiries made by the Purchaser prior to the Closing and notwithstanding the waiver of any condition by the Purchaser, the representations, warranties, covenants and agreements of the Vendor shall (except where otherwise specifically provided in this Agreement) survive the Closing and shall continue in full force and effect.

9.2 TIME OF THE ESSENCE

Time shall be of the essence of this Agreement.

9.3 ENTIRE AGREEMENT

With the exception of the Ancillary Agreement, this Agreement contains the whole agreement between the Vendor and Purchaser in respect of the purchase and sale herein contemplated and there are no warranties, representations, terms, conditions or collateral agreements, express, implied or statutory, other than expressly set forth in this Agreement.

9.4 NOTICE

Any notice required or permitted to be given under this Agreement shall be in writing and may be given by delivering same or by mailing same by registered mail to the part to whom the notice is to be given at the address first noted above, or at such other address as any part shall, in writing, have specified to the other. Any notice shall, if delivered, be deemed to have been given at the time of delivery or, if mailed, will be deemed to have been given on the third day following the date which it was so mailed. If the notice is mailed, should there be, at the time of mailing or between the time of mailing and the actual receipt of notice, a mail strike, slowdown or other labour dispute which might affect the delivery of the notice by mail, then such notice shall only be effective if actually delivered.

9.5 SEVERABILITY

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

9.6 FURTHER ASSURANCES

Each of the parties will execute and deliver such further documents and instruments and do such acts and things as may, before or after the Closing Date, be reasonably required by another party to carry out the intent and meaning of this Agreement.

9.7 PROPER LAW

This Agreement will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of British Columbia.

9.8 BENEFIT AND BINDING NATURE OF AGREEMENT

This agreement shall enure to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

9.9 AMENDMENTS AND WAIVER

No modification of or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties and no waiver of any breach of any term or provision of this

Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same, and unless otherwise provided, will be limited to the specific breach waived.


9.10 COUNTERPART EXECUTION AND DELIVERY

This Agreement may be executed and delivered by any one or more of the parties by facsimile or e-mail, and any copy of this Agreement so executed and delivered shall be as effective as an original and deemed for all purposes to be validly executed and delivered.


This Agreement may be executed by the parties in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.


KOOTENAY SAVINGS CREDIT UNION

DocuSigned by:

 4E014D301B1A428


Per: _____
 Authorized Signatory Mark McLoughlin


DocuSigned by:

A00ED704E8B9410...
Ron Johnston

0997677 B.C. LTD. d.b.a. CDG ENTERPRISES

DocuSigned by:
Per: 
08CE9A60A0AE483...
Authorized Signatory

KS PROPERTY MANAGEMENT INC.

DocuSigned by:

 Per: _____
 B0CA9B7004F849B...
 Authorized Signatory Brian Moroney

DocuSigned by:

A00ED704E8B9410...
Ron Johnston

- 21 -

SCHEDULE OF LANDS

{04602311;1}

- 22 -

ANCILLARY AGREEMENT

{04602311;1}

SCHEDULE OF FINANCIAL STATEMENTS

SCHEDULE OF MATERIAL CONTRACTS

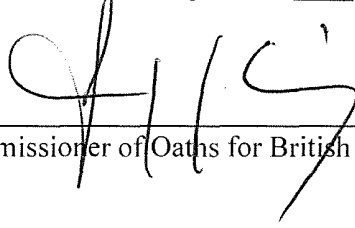
[attach contracts with buyers]

SCHEDULE OF VENDOR’S ENCUMBRANCES

SCHEDULE OF ARTICLES AND NOTICE OF ARTICLES

{04602311;1}

This is **Exhibit "L"** referred to in the Affidavit of
Brian Moroney sworn before me at 12412,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia

ANCILLARY AGREEMENT

THIS AGREEMENT (the “Agreement”) is dated for reference the 30th day of December, 2023.

BETWEEN:

KOOTENAY SAVINGS CREDIT UNION

a credit union duly incorporated under the laws of British Columbia and having a head office at 220-1101 Dewdney Avenue, Trail, BC, V1R 4T1

(“KSCU”)

AND:

0997677 BC LTD. d.b.a. CDG ENTERPRISES

a company duly incorporated under the laws of British Columbia and having a head office at 16-2550 Acland Road, Kelowna, BC, V1X 7L4

(“CDG”)

WHEREAS:

- A. KSCU is the legal and beneficial owner of all the issued and outstanding shares of KS Property Management Inc.(“KSPM”).
- B. KSPM currently owns lands and works in two developments known as “Twin River Estates” (hereinafter “Twin River”) and “Osprey Landing” (hereinafter “Osprey”). The lands for each development are outlined in Schedule A hereto.
- C. Under a separate agreement, CDG will, on or before December 31st, 2023, purchase all the issued and outstanding shares of KSPM (the “Purchase Agreement”) for the purpose of acquiring the Twin River and Osprey developments (collectively, the “Developments”),
- D. KSCU and CDG (collectively the “Parties” individually a “Party”) wish to enter into this agreement to outline certain ancillary issues, terms, and agreements relating to the Purchase Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all Parties, the Parties agree as follows:

- 1. **Purchase of KSPM shares.** CDG will, on or before December 31st, 2023, purchase all the issued and outstanding shares of KSPM for an amount of \$10.00.
- 2. **Financing.** In order to secure some of the covenants and obligations under this Agreement the Parties agree as follows:

- a. Concurrent with the completion of the Purchase Agreement, KSPM will provide to KSCU a promissory note in the amount of \$15,583,749.00; (the "Promissory Note") in place of the related-party balance.
 - b. The Parties, on or before December 31st, 2024, agree to arrange and execute any additional lending documents as may be required by KSCU acting reasonably in order to more fully secure itself for the transactions contemplated herein at an interest rate of 1%.
 - c. The first \$2,000,000.00 of gross sales of the Developments will remain the property of KSPM. Upon the sale of any lot in the Developments after the initial \$2,000,000.00, 80% of the net sale proceeds, will be payable directly onto the principal of the Promissory Note. The remaining 20% of the net sale proceeds will remain the property of KSPM.
 - d. KSCU will provide a line of credit, or other agreeable credit facility to CDG at rates and on terms agreeable to the Parties and subject to qualification.
 - e. KSCU will offer competitive financing on sales of the lots of the Developments to qualified contractors to be capped at a 4% interest rate but subject to any other terms and conditions deemed necessary or advisable by KSCU and CDG or KSPM may advise potential purchasers of same.
 - f. KSCU will offer competitive construction financing for qualified residential home purchasers at KSCU's best 5-year rate at the time of buyers application to KSCU and CDG or KSPM may advise potential purchasers of same. KSCU makes no representation whether the best 5-year rate at the time of application will be fixed or variable.
3. **Liabilities.** CDG acknowledges and agrees that KSPM will be solely responsible for payment of any and all liabilities as they relate to the Developments including, but not limited to, work orders, issued but unpaid invoices, further invoices, taxes (including but not limited to municipal, federal, GST and PST), WorkSafe, court actions, or any other liabilities that have arisen or may arise whether known or unknown to the Parties (collectively the "Liabilities") and that these Liabilities (if any) will survive the completion of the Purchase Agreement.
- CDG shall not be held liable for any obligations, debts, or liabilities of KSPM beyond the fair market value of the assets held by KSPM. In the event of any claims, liabilities or obligations exceeding the fair market value of KSPM's assets, CDG's liability shall be limited to and shall not exceed such fair market value. This limitation on liability applies irrespective of the nature or origin of the claims and shall survive the termination of any agreements or relationships between CDG and KSPM or CDG and KSCU.
4. **Equity Allocation.** In the event that upon completion of the Purchase Agreement there is negative equity in KSPM, that negative equity will remain with KSCU and may be used or allocated at the sole discretion of KSCU and for KSCU's sole benefit.
5. **Development Costs.** KSCU agrees that KSPM will pay for all final development costs of the Twin River Development.
6. **Overhead Costs.** KSPM and/or CDG will be responsible for all day-to-day operation and overhead costs.

7. **Investment in CDG** In order to allow KSCU to share in the potential profits of the Developments, KSCU agrees to invest in CDG and CDG agrees accept that investment upon the following terms and conditions:
- a. KSCU will invest \$1,500,000.00 into CDG. (the "Investment") concurrently with or within a reasonable amount of time after the completion of the Purchase Agreement.
 - b. Upon Investment CDG will issue common shares in CDG to KSCU (up to a maximum of 9.99% of the value of CDG) (the "CDG Shares"). In the event that the Investment would purchase more than 9.99% of CDG then the remainder of the Investment will be a shareholder loan, preferred shares, bonds, or such other instrument or otherwise as may be determined by CDG in its sole discretion.
 - c. In addition to the Investment, KSCU may invest up to an additional \$500,000 at any time (the "Additional Investment"), from time to time, upon providing written notice to CDG and agreement by majority of shareholders in CDG.
8. **Exit Strategy.** Upon all lots in the Developments being sold by KSPM; KSCU being satisfied in its sole discretion on its return on the Investment or Additional Investment; or upon the Promissory Note being paid in full (whichever occurs first), then KSCU may demand that CDG re-purchase some or all of the CDG Shares issued to KSCU, which must be approved by the majority of the shareholders of CDG. Upon approval by the majority of the shareholders of CDG, CDG will forthwith repurchase the number of shares requested by KSCU in its sole discretion.
9. **Acknowledgments.** CDG acknowledges and agrees that it has been integral part of the Twin River development, that it has current and actual knowledge of the Twin River development and that it is aware of the history of the Twin River development, including all the actual and potential liabilities (if any) associated with the Twin River development. CDG is aware of the actions required to complete the Twin River development, accepts responsibility to complete those actions, and agrees to use reasonable efforts to complete the Twin River development.

KSCU acknowledges and agrees that it will disclose any known issues with the Osprey development to CDG prior to completing the Purchase Agreement.

KSCU acknowledges receipt of CDG's plan for operational activities for both CDG and KSPM over the next three years. KSCU further acknowledges its acceptance of the strategic direction outlined therein.

The Parties acknowledge and agree that the KSCU mortgage and assignment of rents currently registered on title to the Twin River Development under registration number CA7264705 and CA7264706 respectively and to the Osprey Development under registration number CA7263582 and CA7263583 respectively will remain on title to those Developments after completion of the Purchase Agreement (but subject to paragraph 2(b) herein) as security for the Promissory Note.

4

- 10. Assignment.** The Parties hereto acknowledge that this Ancillary Agreement is personal to the Parties and may not be assigned by either Party without the prior written consent of the other Party and that consent may be unreasonably withheld.
- 11. Termination.** The Parties acknowledge and agree that this Ancillary Agreement is predicated upon the Purchase Agreement and that if the Purchase Agreement should terminate for any reason then this Ancillary Agreement will terminate forthwith.
- 12. Choice of Law.** This Ancillary Agreement will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the parties submit to the exclusive jurisdiction of the Courts of the Province of British Columbia.
- 13. Entire Agreement.** This Ancillary Agreement constitutes the sole and entire agreement of the Parties with respect to the subject matters herein described, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to subject matters.
- 14. Corporation Acknowledgments.** The Parties hereto acknowledge and represent that they have corporate power necessary to enter into this Ancillary Agreement and to perform all of the terms and conditions outlined herein.
- 15. Enurement**

This Ancillary Agreement will enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

16. Counterparts

This Ancillary Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

17. Notices

All notices which may or are required to be given herein or pursuant to this Ancillary Agreement will be delivered to the respective addresses set out above or to such other address as any of the parties may designate in writing.

18. Severability

{04602658;1}

If any covenant, obligation or provision contained in this Ancillary Agreement will be invalid or unenforceable, the remainder of this Ancillary Agreement will not be affected thereby and each covenant, obligation or provision of this Ancillary Agreement will separately be valid and enforceable to the fullest extent permitted by law.

DISCLOSURES

- ☐ We are making the assumption that the \$15.5M prom note is the total amount owing to KSCU as of the purchase date and all other receivables as of the purchase date will be property of KSPM.
- ☐ We acknowledge our (the management team) involvement with the Twin Rivers Development for the last 3 years. Our fiduciary duty is to act in the best interest of the current and future shareholders of CDG Enterprises. We acknowledge the future shareholders are represented on different sides of this purchase agreement.
- ☐ We acknowledge that the share structure of CDG Enterprises is subject to change, without notice, before or after the date of sale.
- ☐ The management team will be assuming a position of control in CDG Enterprises, allowing current shareholders to be bought out in the means of cash or land at fair market value in either if the Developments to support a healthy cash flow required to maintain operations. The buyout value of each shareholder will be determined by CDG's accounting team and will be agreed upon by CDG's current shareholders.
- ☐ The Management Company will charge an Admin Fee at a rate of 5% of the selling price for facilitating the sale of each lot.
- ☐ The first \$2,000,000 received by KSPM under paragraph 2(c) will pay CDG Enterprises first to cover any remaining costs to complete the development of Twin Rivers. Our current estimate to complete the development is \$1,597,233.62.

IN WITNESS WHEREOF the parties have executed this Agreement as at the 30th day of December, 2023.

0997677 BC Ltd. d.b.a CDG Enterprises per its authorized signatory(ies):

DocuSigned by:




68CE3A60A0AE483

Lyle Salekin

Kootenay Savings Credit Union per its authorized signatory(ies):


DocuSigned by:



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Ron Johnston

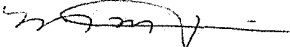
DocuSigned by:



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Brian Moroney

DocuSigned by:



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Mark McLoughlin

SCHEDULE A
LIST OF DEVELOPMENT PROPERTY

Osprey –

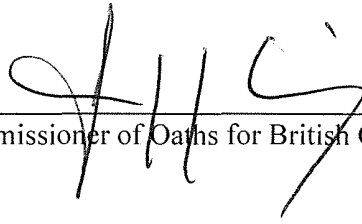
Osprey Landing	
Strata Lot	PID
1	028-270-428
2	028-270-436
3	028-270-444
4	028-270-452
5	028-270-461

12	028-270-533
44	028-270-860
45	028-270-878
46	028-270-886
47	028-270-894
48	028-270-908
50	028-270-924
55	028-270-975
56	028-270-983
57	028-270-991
58	028-271-009
59	028-271-017
60	028-271-025
61	028-271-033
62	028-271-041
65	028-271-076
72	028-271-149
75	028-271-173
76	028-271-181
80	028-271-220

Twin Rivers

- PID 014-793-512 Lot 1, District Lot 4598, Kootenay District, Plan 4520, except Plans 7849 and NEP87626

This is **Exhibit "M"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia

SHAREHOLDER LOAN AGREEMENT

THIS SHAREHOLDER LOAN AGREEMENT (the "Agreement") is dated for reference the 29th day of February, 2024.

BETWEEN:

KOOTENAY SAVINGS CREDIT UNION

a credit union duly incorporated under the laws of British Columbia and having a head office at 220-1101 Dewdney Avenue, Trail, BC, V1R 4T1

("KSCU")

AND:

0997677 BC LTD. d.b.a. CDG ENTERPRISES

a company duly incorporated under the laws of British Columbia and having a head office at 16-2550 Acland Road, Kelowna, BC, V1X 7L4

("CDG")

WHEREAS:

- A. On or about December 31st, 2023 KSCU and CDG entered into an Ancillary Agreement whereby KSCU agreed to invest certain monies into CDG.
- B. As at the date of this Agreement some of the particulars of the Investment (as defined in the Ancillary Agreement) have yet to be ascertained.
- C. KSCU still desires to make, and CDG desires to receive, the Investment.
- D. KSCU and CDG (collectively the "Parties" individually a "Party") wish to enter into this agreement to get the Investment to CDG in as timely a fashion as possible and on the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of KSCU providing the Investment to CDG and the covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all Parties, the Parties agree as follows:

1. **Loan Amount & Interest.** KSCU promises to loan One Million Five Hundred Thousand Dollars (\$1,500,000.00) CAD to CDG (the "Loan") and CDG promise to repay this principal amount to KSCU at such place and time as may be providing in writing by KSCU, with interest payable on the unpaid principal at the rate of 4% per annum, calculated yearly not in advance.
2. **Payment.** The Loan is repayable in full on or before March 1st, 2025 (the "Term"). At any time while not in default under this Agreement, CDG has the right to pay all or any money

owing under this Agreement to KSCU without bonus or penalty or convert the Loan amount to shares as outlined in section 3.

3. **Conversion of Loan to Shares.** At any time the Parties hereto agree that the amount or any amount outstanding on the Loan during or at the end of the Term may be converted to investment shares or acceptable alternative that is non-voting and participates in a dividend or yield of CDG where that investment will be valued equal to the amount then outstanding on the Loan. At no time however will the conversion of the Loan to shares be contemplated or allowed where said conversion would put KSCU's ownership stake in CDG above 9.00%.
4. **Choice of Law.** This Agreement will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the parties submit to the exclusive jurisdiction of the Courts of the Province of British Columbia.
5. **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the Parties with respect to the subject matters herein described, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to subject matters.
6. **Corporation Acknowledgments.** The Parties hereto acknowledge and represent that they have corporate power necessary to enter into this Agreement and to perform all of the terms and conditions outlined herein.
7. **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

8. Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

9. Notices

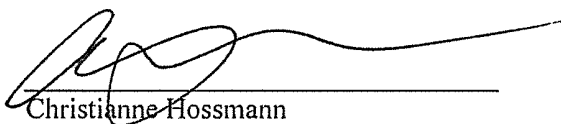
All notices which may or are required to be given herein or pursuant to this Agreement will be delivered to the respective addresses set out above or to such other address as any of the parties may designate in writing.

10. Severability

If any covenant, obligation or provision contained in this Agreement will be invalid or unenforceable, the remainder of this Agreement will not be affected thereby and each covenant, obligation or provision of this Agreement will separately be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF the parties have executed this Agreement as at the 29th day of February, 2024.

0997677 BC Ltd. d.b.a CDG Enterprises per its authorized signatory(ies):


Christianne Hossmann

Kootenay Savings Credit Union per its authorized signatory(ies):

DocuSigned by:


A00ED704F8B9410

Ron Johnston

DocuSigned by:


8CEA9B7004FB49B

Brian Moroney

Certificate Of Completion

Envelope Id: EC7D036F23E5485FA17528770A3557A8

Status: Completed

Subject: KSPM

Senders Branch Or Department: Corporate

Auto Index to OnBase As: Not Applicable

Source Envelope:

Document Pages: 3

Signatures: 2

Envelope Originator:

Certificate Pages: 5

Initials: 0

Tanya Isaacs

AutoNav: Enabled

223 1101 Dewdney Ave

Envelopeld Stamping: Enabled

Trail, BC V1R 4T1

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

tanya.isaacs@kscu.com

IP Address: 207.34.183.165

Record Tracking

Status: Original

Holder: Tanya Isaacs

Location: DocuSign

3/1/2024 9:26:03 AM

tanya.isaacs@kscu.com

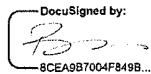
Signer Events

Brian Moroney

brian.moroney@kscu.com

VP: Credit & Support Services

KSCU

Security Level: Email, Account Authentication
(None)**Signature**DocuSigned by:

8CEA9B7004F849B...Signature Adoption: Uploaded Signature Image
Using IP Address: 207.34.183.165**Timestamp**

Sent: 3/1/2024 9:27:22 AM

Viewed: 3/1/2024 9:46:03 AM

Signed: 3/1/2024 9:46:11 AM

Electronic Record and Signature Disclosure:

Accepted: 3/1/2024 9:46:03 AM

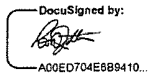
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Ron Johnston

ron.johnston@kscu.com

Chief Financial Officer

Kootenay Savings Credit Union

Security Level: Email, Account Authentication
(None)DocuSigned by:

A00ED704E589410...Signature Adoption: Pre-selected Style
Using IP Address: 207.34.183.165

Sent: 3/1/2024 9:27:22 AM

Viewed: 3/1/2024 9:50:53 AM

Signed: 3/1/2024 9:51:01 AM

Electronic Record and Signature Disclosure:

Accepted: 3/1/2024 9:50:53 AM

ID: 7c54aa86-26eb-4f35-8531-056f3214ab20

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/1/2024 9:27:23 AM
Certified Delivered	Security Checked	3/1/2024 9:50:53 AM
Signing Complete	Security Checked	3/1/2024 9:51:01 AM
Completed	Security Checked	3/1/2024 9:51:01 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Kootenay Savings Credit Union (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time after such documents are first sent to you. After such time, if you wish to view your documents you may do so by logging into your personal account at www.KSCU.com.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Kootenay Savings Credit Union:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email, send messages to: support@kscu.com or call us at **1-888-368-KSCU (5728)**

To advise Kootenay Savings Credit Union of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at support@kscu.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address.

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from Kootenay Savings Credit Union

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to support@kscu.com and in the body of such request you must state your e-mail address, full name, full address including postal code, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Kootenay Savings Credit Union

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to support@kscu.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000 or WindowsXP or newer
Browsers (for SENDERS):	Internet Explorer 6.0 or above
Browsers (for SIGNERS):	Internet Explorer 6.0, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	<ul style="list-style-type: none"> • Allow per session cookies • Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection
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** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Kootenay Savings Credit Union as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Kootenay Savings Credit Union during the course of my relationship with you.

SHAREHOLDER LOAN AGREEMENT

THIS SHAREHOLDER LOAN AGREEMENT (the “Agreement”) is dated for reference the 9th day of April, 2024.

BETWEEN:

KOOTENAY SAVINGS CREDIT UNION

a credit union duly incorporated under the laws of British Columbia and having a head office at 220-1101 Dewdney Avenue, Trail, BC, V1R 4T1

(“KSCU”)

AND:

0997677 BC LTD. d.b.a. CDG ENTERPRISES

a company duly incorporated under the laws of British Columbia and having a head office at 16-2550 Acland Road, Kelowna, BC, V1X 7L4

(“CDG”)

WHEREAS:

- A. On or about December 31st, 2023 KSCU and CDG entered into an Ancillary Agreement whereby KSCU agreed to invest certain monies into CDG.
- B. As at the date of this Agreement some of the particulars of the Investment (as defined in the Ancillary Agreement) have yet to be ascertained.
- C. KSCU still desires to make, and CDG desires to receive, the Investment.
- D. KSCU and CDG (collectively the “Parties” individually a “Party”) wish to enter into this agreement to get the Investment to CDG in as timely a fashion as possible and on the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of KSCU providing the Investment to CDG and the covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all Parties, the Parties agree as follows:

- 1. **Loan Amount & Interest.** KSCU promises to loan Five Hundred Thousand Dollars (\$500,000.00) CAD to CDG (the “Loan”) and CDG promise to repay this principal amount to KSCU at such place and time as may be providing in writing by KSCU, with interest payable on the unpaid principal at the rate of 4% per annum, calculated yearly not in advance.
- 2. **Payment.** The Loan is repayable in full on or before April 1st, 2025 (the “Term”). At any time while not in default under this Agreement, CDG has the right to pay all or any money

owing under this Agreement to KSCU without bonus or penalty or convert the Loan amount to shares as outlined in section 3.

3. **Conversion of Loan to Shares.** At any time the Parties hereto agree that the amount or any amount outstanding on the Loan during or at the end of the Term may be converted to investment shares or acceptable alternative that is non-voting and participates in a dividend or yield of CDG where that investment will be valued equal to the amount then outstanding on the Loan. At no time however will the conversion of the Loan to shares be contemplated or allowed where said conversion would put KSCU's ownership stake in CDG above 9.00%.
4. **Choice of Law.** This Agreement will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the parties submit to the exclusive jurisdiction of the Courts of the Province of British Columbia.
5. **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the Parties with respect to the subject matters herein described, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to subject matters.
6. **Corporation Acknowledgments.** The Parties hereto acknowledge and represent that they have corporate power necessary to enter into this Agreement and to perform all of the terms and conditions outlined herein.

7. **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

8. **Counterparts**

This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

9. **Notices**

All notices which may or are required to be given herein or pursuant to this Agreement will be delivered to the respective addresses set out above or to such other address as any of the parties may designate in writing.

10. **Severability**

If any covenant, obligation or provision contained in this Agreement will be invalid or unenforceable, the remainder of this Agreement will not be affected thereby and each covenant, obligation or provision of this Agreement will separately be valid and enforceable to the fullest extent permitted by law.

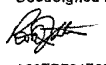
IN WITNESS WHEREOF the parties have executed this Agreement as at the 9th day of April, 2024.

0997677 BC Ltd. d.b.a CDG Enterprises per its authorized signatory(ies):




Arianna Erridge

Kootenay Savings Credit Union per its authorized signatory(ies):

DocuSigned by:


A00ED704E8B9410...
Ron Johnston

DocuSigned by:


8CEA9B7004F849B...
Brian Moroney

Certificate Of Completion

Envelope Id: 77964E63C6F5438DA357C9C8769FA5B5
 Subject: Complete with DocuSign: KSCU CDG Shareholder Loan Agreement April 2024.pdf
 Senders Branch Or Department: Corporate
 IS OnBase AUTO-INDEXING required: NO - Envelope to be MANUALLY downloaded
 Source Envelope:
 Document Pages: 3
 Certificate Pages: 5
 AutoNav: Enabled
 EnvelopeId Stamping: Enabled
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Completed

Envelope Originator:
 Nadya Smith
 1101 Dewdney Ave
 TRAIL, BC V1R 4T1
 nadya.smith@kscu.com
 IP Address: 207.34.183.165

Record Tracking

Status: Original
 4/8/2024 11:54:45 AM

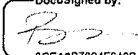
Holder: Nadya Smith
 nadya.smith@kscu.com

Location: DocuSign

Signer Events

Brian Moroney
 brian.moroney@kscu.com
 Chief Credit Officer
 Kootenay Savings Credit Union
 Security Level: Email, Account Authentication
 (None)

Signature

DocuSigned by:

 8CEA9B7004F849B...

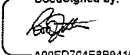
Signature Adoption: Uploaded Signature Image
 Using IP Address: 94.204.250.173

Timestamp

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 Viewed: 4/8/2024 8:27:12 PM
 Signed: 4/8/2024 8:27:22 PM

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Ron Johnston
 ron.johnston@kscu.com
 Chief Financial Officer
 Kootenay Savings Credit Union
 Security Level: Email, Account Authentication
 (None)

DocuSigned by:

 A00ED704E8B9410...

Signature Adoption: Pre-selected Style
 Using IP Address: 199.243.175.98

Sent: 4/8/2024 12:04:17 PM
 Viewed: 4/8/2024 7:03:51 PM
 Signed: 4/8/2024 7:03:59 PM

Electronic Record and Signature Disclosure:
 Accepted: 5/15/2015 1:41:09 PM
 ID: 4b2b5315-9bbf-4069-a741-b083b43d1cfb

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	4/8/2024 12:04:17 PM

Envelope Summary Events	Status	Timestamps
Certified Delivered	Security Checked	4/8/2024 7:03:51 PM
Signing Complete	Security Checked	4/8/2024 7:03:59 PM
Completed	Security Checked	4/8/2024 8:27:22 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Kootenay Savings Credit Union (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time after such documents are first sent to you. After such time, if you wish to view your documents you may do so by logging into your personal account at www.KSCU.com.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Kootenay Savings Credit Union:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email, send messages to: support@kscu.com
or call us at **1-888-368-KSCU (5728)**

To advise Kootenay Savings Credit Union of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at support@kscu.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address.

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

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To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to support@kscu.com and in the body of such request you must state your e-mail address, full name, full address including postal code, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Kootenay Savings Credit Union

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to support@kscu.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000 or WindowsXP or newer
Browsers (for SENDERS):	Internet Explorer 6.0 or above
Browsers (for SIGNERS):	Internet Explorer 6.0, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	<ul style="list-style-type: none"> • Allow per session cookies • Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection
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** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

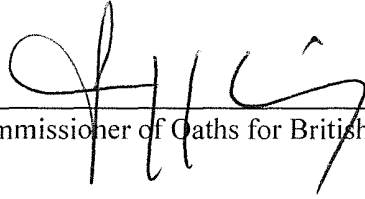
Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Kootenay Savings Credit Union as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Kootenay Savings Credit Union during the course of my relationship with you.

This is **Exhibit "N"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

A handwritten signature in black ink, appearing to be 'HIC' with a stylized flourish at the end, written over a horizontal line.

A Commissioner of Oaths for British Columbia

Date and Time: August 28, 2024 09:38 AM Pacific Time

**BC Registry
Services**Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.caLocation:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Change of Directors

FORM 10
BUSINESS CORPORATIONS ACT
Section 127

Filed Date and Time: June 13, 2024 03:47 PM Pacific Time

Incorporation Number:

BC1281655

Name of Company:

KS PROPERTY MANAGEMENT INC.

Date of Change of Directors

June 3, 2024

New Director(s)**Last Name, First Name, Middle Name:**

Hossmann, Isaac Joshua

Mailing Address:16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Delivery Address:**16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Director(s) who have ceased to be Directors****Last Name, First Name, Middle Name:**

Erridge, Arianna Lynn

Mailing Address:16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Delivery Address:**16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Director(s) as at June 3, 2024**

Last Name, First Name, Middle Name:

Hossmann, Christianne

Mailing Address:16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Delivery Address:**16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Last Name, First Name, Middle Name:

Hossmann, Isaac Joshua

Mailing Address:16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Delivery Address:**16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Date and Time: August 28, 2024 10:08 AM Pacific Time



**BC Registry
Services**

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Change of Directors

FORM 10
BUSINESS CORPORATIONS ACT
Section 127

Filed Date and Time: June 13, 2024 03:51 PM Pacific Time

Incorporation Number:

BC0997677

Name of Company:

0997677 B.C. LTD.

Date of Change of Directors

June 3, 2024

New Director(s)

Last Name, First Name, Middle Name:

Hossmann, Isaac Joshua

Mailing Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Delivery Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Director(s) who have ceased to be Directors

Last Name, First Name, Middle Name:

Erridge, Arianna Lynn

Mailing Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Delivery Address:

16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Director(s) as at June 3, 2024

Last Name, First Name, Middle Name:

Hossmann, Isaac Joshua

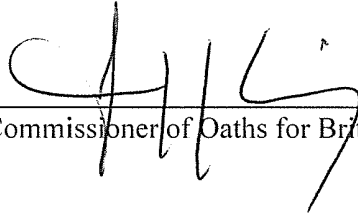
Mailing Address:16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Delivery Address:**16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

Last Name, First Name, Middle Name:

Hossmann, Christianne

Mailing Address:16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA**Delivery Address:**16 - 2550 ACLAND ROAD
KELOWNA BC V1X 7L4
CANADA

This is **Exhibit "O"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.

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

A Commissioner of Oaths for British Columbia

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
KS PROPERTY MANAGEMENT INC., INC. NO. BC1281655
also known as KS PROPERTY MANAGEMENT INC.

CONSENT TO ACT

DELOITTE RESTRUCTURING INC., a Licensed Insolvency Trustee, HEREBY CONSENTS to act as the Receiver of KS Property Management Inc., Inc. No. BC1281655 also known as KS Property Management Inc., in accordance with an order substantially in the form of the receivership order sought by Kootenay Savings Credit Union.

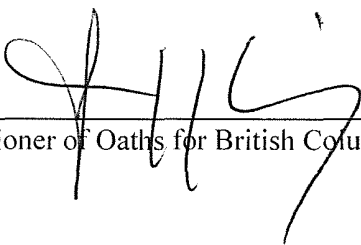
DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of September, 2024.

DELOITTE RESTRUCTURING INC.



Authorized Signatory

This is **Exhibit "P"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.



A Commissioner of Oaths for British Columbia

CONSENT TO VENUE IN FORECLOSURE PROCEEDING

WHEREAS

1. KS Property Management Inc. ("**KSPM**") is indebted to Kootenay Savings Credit Union (the "**Credit Union**") pursuant to a promissory note dated February 27, 2024 (the "**Promissory Note**");
2. The Promissory Note is secured by, among other things,
 - a. a first mortgage and assignment of rents (collectively, the "**Twin River Mortgage**") registered under registration nos. CA7264705 and CA726706 against lands located in Castlegar, British Columbia and legally described as Lot 1 District Lot 4598 Kootenay District Plan 4520 Except Plans 7849, NEP87626 and EPP110967 (the "**Twin Rivers Lands**"); and
 - b. a first mortgage and assignment of rents (collectively, the "**Osprey Mortgage**" and together with the Twin River Mortgage, the "**Mortgages**") registered under registration no. CA7263582 and CA7263583 against lands located in Wardner, British Columbia and legally described as Strata Lots 1, 4, 5, 44, 45, 46, 47, 48, 55, 56, 57, 58, 59, 60, 61, and 62 District Lot 2374 Kootenay District Strata Plan EPS171 (the "**Osprey Lands**" and together with the Twin Rivers Lands, the "**Lands**");
3. KSPM is the registered owner of the Lands;
4. The Credit Union asserts that KSPM is in default of its obligations under the Promissory Note and the Mortgages;
5. The Credit Union has made demand for payment of the indebtedness outstanding under the Promissory Note and Mortgages and has provided KSPM with notice of intention to enforce security; and
6. The Credit Union intends to commence a foreclosure proceeding and apply for the appointment of a Receiver over KSPM.

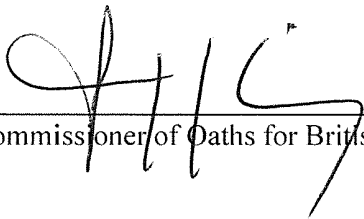
KSPM, as registered owner of the Lands, **HEREBY CONSENTS** to the Credit Union commencing its intended foreclosure proceeding in the Vancouver Registry of the Supreme Court of British Columbia.

KS PROPERTY MANAGEMENT INC.

by its authorized signatory


Christianne Hossmann

This is **Exhibit "Q"** referred to in the Affidavit of
Brian Moroney sworn before me at TRAIL,
British Columbia on September 10, 2024.



A Commissioner of Oaths for British Columbia

THOMPSON, LeROSE & BROWN BARRISTERS, SOLICITORS & NOTARIES PUBLIC

(Castlegar Office)

Suite 202 – 605 20th Street
 Castlegar, B.C. V1N 2P2
 >Telephone: 250-365-7757
 >Fax: 250-365-7730
 >Email: ryan@tlb.bc.ca
 >Web: tlb.bc.ca

Bruce A. LeRose, K.C.*
 D. Isaac Ferbey*
 Ryan R.W. Sookorukoff*
 Jeffrey G. Craig*
 Douglas E. Wilson
 Sarah E. Yorston

June 21, 2024

KS Property Management Inc.
 9259 Main Street, P.O. Box 390
 Chilliwack, BC V2P 4M8

By Mail
 By Email: Christianne@kspm.ca;
Arianna@kspm.ca

Dear Sirs:

Re: Lender:	Kootenay Savings Credit Union
Legal Description:	Lot 1 District Lot 4598 Kootenay District Plan 4520 Except Plans 7849, NEP87626 and EPP110967 Strata Lots 1, 4, 5, 44, 45, 46, 47, 48, 55, 56, 57, 58, 59, 60, 61, 62, and 75, District Lot 2374 Kootenay District Strata Plan EPS171 together with an interest in the common property in proportion to the unit entitlement of the Strata Lot as shown on form V (the “Properties”)
Mortgage Registration Date and Number:	CA7264705, December 20, 2018 and CA7263582, December 20, 2018

We are the solicitors for Kootenay Savings Credit Union (“KSCU”) with respect to the above noted Mortgages registered in the Kamloops Land Title Office (the “Mortgages”) on December 20, 2018 against title to the Properties. We are not protecting your interests in this matter.

We are instructed that the Mortgages are in default under Standard Mortgage Terms No. MT030098 which form a part of the Mortgages, and the terms of the Promissory Note dated February 27, 2024, in that you are in arrears of payment of interest.

Pursuant to the terms of the Mortgages and the Promissory Note, KSCU is entitled to payment of the full outstanding amounts owing, including interest and expenses, upon default.

We are instructed that as of June 21, 2024, the amount owing is as follows:

Promissory Note dated February 27, 2024:

Principal	\$15,162,802.93
Accrued Interest to June 21, 2024	71,867.54
Total Principal and Interest as of June 21, 2024	\$ 15,234,670.47
Per Diem Amount	415.42

Offices in Trail, Castlegar and Kaslo

**Denotes legal services provided through a law corporation.*

We hereby demand payment of the above outstanding amount, including interest to the date of payment and expenses.

Interest accrues at the per diem amount set out above to the date of payment. Legal fees of \$350.00 per hour plus applicable GST and PST, our disbursements for processing payment, along with the Land Title Office charges to discharge the Mortgages, will be added at the time of payment. We therefore request that you contact our office to make the necessary arrangements. Once the amount required is confirmed, payment must be made by certified cheque or bank draft payable to Thompson, LeRose & Brown, in trust, and sent directly to or delivered to the attention of the undersigned.

We enclose for service upon you a **Notice of Intention to Enforce Security** issued pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.

If the total outstanding amounts set out above are not paid within **ten (10) days** from the date of this letter, we are instructed to take such steps without further notice, including commencing foreclosure proceedings, as may be necessary to protect and enforce KSCU's rights and security.

Yours truly,

THOMPSON, LeROSE & BROWN

Per:



Ryan R.W. Spokorukoff

RRWS/dj

Copies to: Kootenay Savings Credit Union

NOTICE OF INTENTION TO ENFORCE SECURITY

[Subsection 244(1)]

To: KS Property Management Inc., an insolvent entity

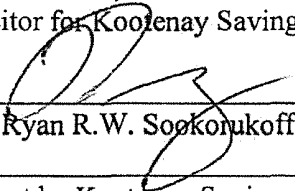
Take notice that:

1. Kootenay Savings Credit Union, a secured creditor, intends to enforce its security on the following properties of the insolvent entity:
 - (a) Real property of the insolvent entity, bearing the following legal descriptions:
 - (i) Lot 1 District Lot 4598 Kootenay District Plan 4520 Except Plans 7849, NEP87626 and EPP110967; and
 - (ii) Strata Lots 1, 4, 5, 44, 45, 46, 47, 48, 55, 56, 57, 58, 59, 60, 61, 62, and 75, District Lot 2374 Kootenay District Strata Plan EPS171 together with an interest in the common property in proportion to the unit entitlement of the Strata Lot as shown on form V
 - (b) Personal property of the insolvent entity described in:
 - (i) the Commercial Security Agreement between Kootenay Savings Credit Union and the insolvent entity (then Osprey Landing Development Corp.) dated for reference December 17, 2018; and
 - (ii) the Commercial Security Agreement between Kootenay Savings Credit Union and the insolvent entity (then Twin River Estates Ltd.), dated December 17, 2018.
2. The security that is to be enforced is in the form of:
 - (a) the following Mortgages, with accompanying Assignment of Rents, in favour of Kootenay Savings Credit Union registered against the title to the real properties listed above as follows:
 - (i) Mortgage and Assignment of Rents dated December 19, 2018 and Registered December 20, 2016 as Mortgage No. CA7263582 and Assignment of Rents No. CA7263583.
 - (ii) Mortgage and Assignment of Rents dated December 19, 2018 and Registered December 20, 2016 as Mortgage No. CA7264705 and Assignment of Rents No. CA7264706.
 - (b) the following Commercial Security Agreements in favour of Kootenay Savings Credit Union:
 - (i) Commercial Security Agreement dated December 17, 2018 (Osprey), registered in the Personal Property Registry on December 20, 2018 under Base Registration Number 222828L.
 - (ii) Commercial Security Agreement dated December 17, 2018 (Twin River), registered in the Personal Property Registry on December 20, 2018 under Base Registration Number 223507L.

3. The total amount of indebtedness secured by the security is \$ **15,234,670.47** as at June 21, 2021.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent entity consents to an earlier enforcement.

Dated at Castlegar, British Columbia this 21st day of June, 2024.

THOMPSON, LeROSE & BROWN
Solicitor for Kootenay Savings Credit Union


Per: Ryan R.W. Sookorukoff

The undersigned hereby consents to the enforcement by Kootenay Savings Credit Union of the security set forth above before the expiration of the 10-day period described in this Notice of Intention.

KS Property Management Inc.

Per:

Signature: _____

Print Name: _____

Position Held: _____

No. VLC-S-H-240795
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KOOTENAY SAVINGS CREDIT
UNION

PETITIONER

AND:

KS PROPERTY MANAGEMENT
INC., INC. NO. BC1281655
MARWEST INDUSTRIES LTD.
COLAS WESTERN CANADA INC.
PENNCO ENGINEERING (BC) LTD.
GEO STABILIZATION INTERNATIONAL INC.
HIS MAJESTY THE KING IN RIGHT OF
CANADA

RESPONDENTS

AFFIDAVIT

FILE NO. 404-101

JC/ca

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