



Ernst & Young Inc.
Ernst & Young Tower
1000, 440 2nd Avenue SW
Calgary, AB T2P 5E9

Tel: +1 403 290 4100
Fax: +1 403 290 4265
ey.com

To the Creditors of
MCL Development Corp

31 December 2014

**Re: In the Matter of the Proposal of
MCL Development Corp ("MCLDC")**

1.0 Introduction

On October 2, 2014 MCLDC made an assignment into bankruptcy pursuant to section 49 of the *Bankruptcy and Insolvency Act* ("BIA"). Ernst & Young Inc. ("EY") was appointed as the trustee in the bankruptcy with such appointment being affirmed at the October 21, 2014 creditors' meeting.

On December 24, 2014, MCLDC lodged a proposal under Part III of the BIA with EY, the Trustee in this matter, which was filed with the Office of the Superintendent of Bankruptcy on the same date (the "Proposal"). A copy of the Proposal is attached to this letter. It is important that creditors read the Proposal.

A meeting of creditors to consider the Proposal is scheduled for:

**January 14, 2015 - 2:30 p.m.
Ernst & Young Inc.
1000, 440 2nd Avenue SW
Calgary, AB**

If you are unable to attend the meeting you may vote by using the attached voting letter.

The purpose of the meeting will be to consider the Proposal, which has been made by the Company to its creditors with claims outstanding as at October 2, 2014, and to accept or reject the Proposal.

Also attached are the following:

- A formal Notice of a creditors' meeting;
- Trustee's Report to Creditors;
- Statement of Affairs as at December 24, 2014;
- A list of creditors and an estimated dividend payout to creditors under the Proposal;
- A Proof of Claim and proxy form; and
- A Voting Letter.

2.0 Voting on the Proposal

The primary purpose of the January 14, 2015 meeting is to permit creditors to consider the Proposal and to accept or reject it. In order for the Proposal to be accepted, two thirds in dollar value and over 50% in number of the creditors in each class voting must vote in favour of the Proposal. The vote is based on the number of creditors present and voting at the meeting either in person, by proxy or by mail. To be eligible to vote, creditors must have filed a proof of claim, properly completed, signed and witnessed as required. The proof of claim must be accompanied by a Statement of Account and must be filed with the Trustee before the time scheduled for the meeting. Please ensure that your proof of claim form is dated, signed and witnessed. If you have previously filed a proof of claim with EY in respect of MCLDC's bankruptcy, you do not need to file another claim. However, you are required to exercise your vote as noted below.

If you are unable or do not wish to attend the meeting in person, you may exercise your vote provided that you complete, sign and deliver the Voting Letter to the Trustee prior to the meeting of creditors. It is suitable if the Voting Letter is lodged with the Trustee via facsimile at (403) 206.5075 by 1:00 pm on January 14, 2015.

If you do not file a proof of claim with the Trustee prior to the meeting you will not be able to vote on the Proposal. You will, however, be bound by the Proposal should it be approved by the requisite number of creditors voting on the Proposal and if it is subsequently approved by the Court. Creditors will be entitled to share in the funds being distributed under the Proposal providing a valid proof of claim is filed with the Trustee prior to the distribution.

If the Proposal is not accepted by the statutory majority of creditors, MCLDC will remain in bankruptcy. Alternatively, if the Proposal is accepted by the statutory majority of creditors, the Trustee will subsequently make application to the Court of Queen's Bench of Alberta for approval of the Proposal.

3.0 Inspectors

The creditors may elect up to five (5) inspectors whose duties may include granting extensions of time for payments or distributions to the creditors required pursuant to the Proposal, or such other relief to the Company as may be in the best interest of the creditors.

4.0 Trustee's Recommendation

The Trustee recommends the acceptance of the Proposal as it is the Trustee's view that creditors will receive a distribution under this Proposal which they will not experience in the bankruptcy.



Building a better
working world

5.0 The Trustee's Report

Attached to this letter is the Trustee's Report which contains more detailed background and information with respect to MCLDC, the proposal being made and the Trustee's reasons for recommending that MCLDC's creditors accept the proposal.

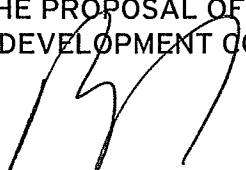
◆ ◆ ◆

If you have questions regarding the terms of the proposal, the Trustee's recommendation or you require assistance in completing the enclosed documents please contact:

Lynda Huber	403.233.7091
Robert J. Taylor	403.233.7112

Yours very truly,

ERNST & YOUNG INC.
TRUSTEE IN THE MATTER
OF THE PROPOSAL OF
MCL DEVELOPMENT CORP



Robert J. Taylor, FCA, CIRP

Encl.

In the Matter of the Proposal of
MCL Development Corp

PROPOSAL

MCL Development Corp, formerly known as Medallion Cochrane Lakes Land Development Corp, ("MCLDC"), hereby submits the following proposal (the "BIA Proposal") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA"), Part III, Division 1, Section 50.

1. Definitions

In this BIA Proposal:

"**Bankruptcy Trustee**" means Ernst & Young Inc., in its capacity as trustee of the bankruptcy estate of MCLDC, or its duly appointed successor appointed by the Court.

"**BIA Approval Order**" means that Order of the Alberta Court of Queen's Bench made pursuant to the BIA approving this Proposal.

"**Claim**" means any right or claim of any Person against MCLDC in connection with any indebtedness, liability or obligation of any kind whatsoever of MCLDC owed to such Person and any interest accrued thereon or costs, fees or other amounts in respect thereof, whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, un-matured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Claim arising from or caused by the repudiation by MCLDC of any contract, lease or other agreement, whether written or oral, the commission of a tort (intentional or unintentional), any breach of duty (legal, statutory, equitable, fiduciary or otherwise), any right of ownership or title to property, employment, contract, a trust or deemed trust, howsoever created, any Claim made or asserted against MCLDC through any affiliate, or any right or ability of any Person to advance a Claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, in each case based in whole or in part on facts which existed on the Date of Bankruptcy Filing or which would have been, or together with any other Claims of any kind that, if unsecured, would constitute, a debt provable in bankruptcy within the meaning of the BIA;

"**Court**" means the Alberta Court of Queen's Bench;

"**Crerar**" means Crerar HAL Investments Inc. in its own capacity and in its capacity as assignee of part of the rights and benefits granted in favour of Spratt by MCLDC;

"**Crerar General Creditor Claim**" means the value of the unsecured portion of the Crerar Indebtedness which equals the amount of the Crerar Indebtedness less the Value of the Crerar Mortgage and Security being the sum of \$55,497,439.48 as at November 30, 2014;

“Crerar Indebtedness” means that amount which will be owed by MCLDC to Crerar following assignment by Sprott to Crerar of part of the debt owed by MCLDC to Sprott, being the sum of \$56,047,439.48 as at November 30, 2014;

“Crerar Mortgage and Security” means that mortgage and personal property security granted by MCLDC in favour of Sprott and to be assigned, in part, to Crerar;

“Crerar Secured Creditor Claim” means the value of the secured portion of the Crerar Indebtedness which will equal the Value of the Crerar Mortgage and Security being the sum of \$550,000.00;

“Crown Claims” means Claims of Her Majesty the Queen in right of Canada or a province, for all amounts that were outstanding at the Date of Bankruptcy Filing 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 provision 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 the 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 person 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;

“Date of Bankruptcy Filing” means October 2, 2014;

“Disputed Claim” means a Claim of a Person who files a proof of claim which is varied or disallowed by the Proposal Trustee or is otherwise contested by MCLDC and which variation or disallowance is not accepted by the Person who files the proof of claim;

“Distribution Date” means the date which is four days after the BIA Approval Order or such later date as may be determined by the Proposal Trustee in its sole discretion or as ordered by the Court;

“Effective Date” means the next day immediately following the date of the BIA Approval Order;

“Employee Non-Severance Claim” means Claims of employees of MCLDC required to be paid under subsection 60(13) of the BIA;

"Employee Priority Claims" mean the following Claims of employees and former employees of MCLDC:

- (a) Claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(1)(d) of the BIA; and
- (b) Claims for wages, salaries, commissions or compensation for services rendered by them after the Date of Bankruptcy Filing and on or before the Effective Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about MCLDC's business during the same period;

"Excluded Claim" means a Claim which is held by a Person that is not affected by this Proposal including Sprott and Crerar to the extent of the value of the security that they hold or a Person who holds a Claim that cannot be compromised by statute or the BIA, or a Person whose secured claim ranks in priority to that of Sprott and Crerar to the extent of the value of that secured Claim;

"First Meeting of Creditors" means the meeting of creditors at which this BIA Proposal, including any amendments thereto, will be tabled and voted upon;

"General Creditor" means a creditor having a Claim as at the Date of Bankruptcy Filing and includes any person whose security is of no value or whose security ranks in priority below that of the Sprott Mortgage and Security and the Crerar Mortgage and Security in the Lands or otherwise and any reference herein to Creditor shall mean a General Creditor, but it does not include a Person who has a Claim in respect of which security is held by that Person to the extent of the value of such security;

"General Creditor Claims" means all Claims of General Creditors;

"General Creditors Fund" means the sum of up to \$100,000.00 provided by Crerar so as permit MCLDC to firstly pay the fees and expenses of the Proposal Trustee and the Trustee in bankruptcy of MCLDC and second to make dividend distributions to General Creditors as contemplated by this BIA Proposal to be borrowed from Crerar and paid by MCLDC to the Proposal Trustee on or before the Effective Date and to be distributed by the Proposal Trustee to the General Creditors in accordance with this BIA Proposal on or after the Distribution Date;

"Lands" means the Retained Lands and the Settlement Lands;

"Lien" means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever, under Canadian, or other applicable Law, affecting such interest in property;

"Phase 2B Lands" mean those lands described as:

FIRST

MERIDIAN 5 RANGE 4 TOWNSHIP 26
SECTION 27

THAT PORTION OF THE NORTH WEST QUARTER
NOT COVERED BY COCHRANE LAKE AS SHOWN ON PLAN 051 3194,
CONTAINING 36.1 HECTARES (89.2 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	ACRES	MORE OR LESS
CONDOMINIUM	0513169	4.76	11.76	
CONDOMINIUM	0810165	9.316	23.02	

EXCEPTING THEREOUT ALL MINES AND MINERALS

SECOND

MERIDIAN 5 RANGE 4 TOWNSHIP 26
SECTION 27
THAT PORTION OF THE NORTH EAST QUARTER
WHICH LIES TO THE NORTH WEST OF THE CENTRE LINE OF THE
ROADWAY ON PLAN 4223I
AS SHOWN ON THE TOWNSHIP PLAN APPROVED AT OTTAWA 22 AUGUST
1892
CONTAINING 8.98 HECTARES (22.2 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	ACRES	MORE OR LESS
CONDOMINIUM	0513169	1.902	4.7	
CONDOMINIUM	0810165	6.039	14.92	

EXCEPTING THEREOUT ALL MINES AND MINERALS

THIRD

THAT PORTION OF THE ROADWAY IN
(5;4;26;27;SW)
AS SHOWN ON PLAN ATTACHED TO TRANSFER 4223I
WHICH LIES TO THE NORTH WEST OF THE CENTRE
LINE OF THE SAID ROADWAY
CONTAINING 1.06 HECTARES (2.63 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: ROCKY VIEW COUNTY

“Property” has the meaning ascribed to the term “property” in the BIA;

“Proposal Trustee” means Ernst & Young Inc., or its duly appointed successor appointed by the Court in connection with the carrying out of this BIA Proposal;

“Proven Claim” means, in respect of a General Creditor, the amount or any portion of the amount of the General Creditor Claim of such General Creditor as determined herein by the Proposal Trustee or as agreed by MCLDC or as finally determined for dividend or distribution purposes by the Court;

“Retained Lands” means those lands registered in the name of MCLDC which are to be retained by MCLDC under this BIA Proposal, such lands being located in the Province of Alberta and legally described as:

MERIDIAN 5 RANGE 4 TOWNSHIP 26

SECTION 28

THAT PORTION OF THE NORTH EAST QUARTER

DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTH BOUNDARY THEREOF
670 FEET EAST FROM THE SOUTH WEST CORNER THEREOF, THENCE
WESTERLY ALONG THE SAID SOUTH BOUNDARY TO SAID SOUTH WEST
CORNER, THENCE NORTH ALONG THE WEST BOUNDARY THEREOF 910
FEET, THENCE NORTH EASTERLY 925 FEET TO A POINT DISTANT
NORTHERLY 960 FEET FROM THE POINT OF COMMENCEMENT, THENCE
SOUTH WESTERLY TO SAID POINT OF COMMENCEMENT
CONTAINING 6.80 HECTARES (16.82 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: ROCKY VIEW COUNTY

“Secured Creditors” includes Sprott and Crerar and any assignee or transferee of any part of the Sprott Indebtedness, the Crerar Indebtedness, the Sprott Mortgage and Security, the Crerar Mortgage and Security and any other secured creditor of MCLDC whose security has a priority over Sprott and Crerar and which security has a value in excess of \$1.00 or any person who holds an interest in the Lands that ranks in priority below that of the Sprott Mortgage and Security and the Crerar Mortgage and Security;

“Settlement Lands” means those lands registered in the name of MCLDC which are to be transferred by MCLDC to Sprott or its nominee in full satisfaction of the Sprott Indebtedness, such lands being located in the Province of Alberta and legally described as:

FIRST:

THAT PORTION OF THE NORTH EAST QUARTER

OF SECTION TWENTY EIGHT (28)

IN TOWNSHIP TWENTY SIX (26)

RANGE FOUR (4)

WEST OF THE FIFTH MERIDIAN

WHICH IS NOT COVERED BY ANY OF THE WATERS OF COCHRANE LAKE AS
SHOWN ON PLAN 051 3194, CONTAINING 47.97 HECTARES (118.5 ACRES)
MORE OR LESS

EXCEPTING THEREOUT: 6.80 HECTARES (16.82 ACRES) MORE OR LESS AS
DESCRIBED IN TRANSFER 2836CG

EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: MUNICIPAL DISTRICT OF ROCKY VIEW NO. 44

SECOND:

MERIDIAN 5 RANGE 4 TOWNSHIP 26
SECTION 28
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
FIRST: THE SOUTH 660 FEET OF THE WEST 1320 FEET OF
THE SAID NORTH WEST QUARTER
CONTAINING 8.09 HECTARES (20 ACRES) MORE OR LESS
SECONDLY: THE NORTH HALF OF LEGAL SUBDIVISION 13 IN
THE SAID NORTH WEST QUARTER
CONTAINING 8.09 HECTARES (20 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: ROCKY VIEW COUNTY

THIRD:

THAT PORTION OF THE SOUTH EAST QUARTER
OF SECTION TWENTY EIGHT (28)
IN TOWNSHIP TWENTY SIX (26)
RANGE FOUR (4)
WEST OF THE FIFTH MERIDIAN
WHICH IS NOT COVERED BY ANY OF THE WATERS OF COCHRANE LAKE
SHOWN ON PLAN 051 3194, CONTAINING 54.8 HECTARES (135.4 ACRES)
MORE OR LESS
EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	ACRES MORE OR LESS
SUBDIVISION	9610101	4.05	10.00
CONDOMINIUM	0513169	6.19	15.3

EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: MUNICIPAL DISTRICT OF ROCKY VIEW NO. 44

“**Sprott**” means Sprott Resource Lending Corp. (formerly Quest Capital Corp.) in its own capacity;

“**Sprott Indebtedness**” means that remaining amount which will be owed by MCLDC to Sprott, being the sum of \$6,450,000.00, following the assignment by Sprott to Crerar of the Crerar Indebtedness;

“**Sprott Mortgage and Security**” means that mortgage and personal property security granted in favour of Sprott by MCLDC and assigned, in part, to Crerar;

"Trustees' Proper Fees and Expenses" means the time charges incurred, at normal hourly rates, by the Bankruptcy Trustee and Proposal Trustee, and all expenses of such persons on and incidental to the proceedings arising out of this BIA Proposal or in the bankruptcy of MCLDC.

"Unaffected Creditor" means any creditor that holds an Excluded Claim, in respect of and to the extent of such Excluded Claim and includes Sprott and Crerar;

"Value of the Crerar Mortgage and Security" is the sum of \$550,000.00;

"Value of the Sprott Mortgage and Security" is the sum of \$6,450,000.00;

"143" means 1438725 Alberta Ltd.

2. Appointment of Proposal Trustee

Ernst & Young Inc. of Calgary, Alberta, shall be the Proposal Trustee under this BIA Proposal and shall have those powers granted to it by this BIA Proposal, the BIA, and the Court.

3. Conditional Proposal

This BIA Proposal is expressly subject to, and conditional upon, the BIA Approval Order being made.

4. Assignment following Creditor Approval

Sprott has agreed to assign the Crerar Indebtedness to Crerar. The assignment will be completed following the approval of this BIA Proposal at the BIA Proposal Meeting of the General Creditors.

5. Annulment of Bankruptcy

Two days following the Distribution Date, the bankruptcy of MCLDC shall be annulled and all the right, title and interest of the Bankruptcy Trustee in the Property of MCLDC shall re-vest in MCLDC free and clear of all liens, charges and encumbrances except as expressly preserved herein and in particular all liens, charges and encumbrances ranking below that of Crerar and Sprott in the Retained Lands and the Settlement Lands shall be vested off title to those lands. MCLDC will seek a term of the BIA Approval Order to this effect.

6. Post Date of Bankruptcy Filing Goods and Services

All proper claims against MCLDC or the Bankruptcy Trustee for obligations incurred after the Date of Bankruptcy Filing and which are authorized or approved by the Bankruptcy Trustee and not otherwise dealt with pursuant to this BIA Proposal shall be paid in full in the normal course of business or on such terms as may be arranged with the holders of such claims.

7. Treatment of Creditors' Claims

General Creditors having Proven Claims will receive the following under this BIA Proposal and will after the BIA Approval Order be bound by the terms of this BIA Proposal and all of the terms and conditions of the Proposal:

- (a) Each General Creditor with Proven Claims the aggregate amount of which is equal to or less than \$10,000 shall receive a cash distribution in an amount equal to the lesser of (A) the full amount of the aggregate of their Proven Claims, and (B) \$2,500.00;

- (b) Each General Creditor with Proven Claims the aggregate amount of which is greater than \$10,000 and less than \$30,000 shall receive a cash distribution in the amount of \$2,500.00 plus an amount equal to 5 cents per dollar of their Proven Claims in excess of \$10,000.00;
- (c) Each General Creditor with Proven Claims the aggregate amount of which is greater than \$30,000 and less than \$150,000 shall receive a cash distribution in the amount of \$3,500.00 plus an amount equal to 1 cent per dollar of their Proven Claims in excess of \$30,000.00;
- (d) Each General Creditor with Proven Claims the aggregate amount of which is greater than \$150,000 shall receive a cash distribution in the amount of \$4,700.00 plus an amount equal to 1/20th of 1 cent per dollar of their Proven Claims in excess of \$150,000.00;
- (e) If the aggregate amount to be distributed to all General Creditors determined under paragraphs 7(a) to (d) exceeds the maximum amount of the General Creditor Fund of \$100,000.00, the amount to be distributed to each General Creditor shall be reduced to the amount calculated by the following formula:
 - (i) amount which would be distributed to the General Creditor under paragraphs 7(a) to (d) if there was no reduction under this paragraph 7(e);divided by:
 - (ii) aggregate amount that would be distributed to all General Creditors under paragraphs 7(a) to (d) if there were no reductions under this paragraph 7(e)multiplied by:
 - (iii) \$100,000.00 less the amount of the fees and expenses of the Proposal Trustee and the Trustee in Bankruptcy of MCLDC.

Cash distributions of dividends to General Creditors having Proven Claims shall be made from the General Creditors Fund, which is to be paid to the Proposal Trustee in accordance with the terms set forth herein. Distributions under this BIA Proposal shall be made by the Proposal Trustee commencing on the Distribution Date, or upon the resolution of a Disputed Claim or an Order of the Court in relation to such Disputed Claim.

One day following the Distribution Date, all General Creditors' Claims, reduced by the amount of the dividend distributed to each General Creditor, shall be assigned to Crerar and the debts represented thereby shall then be owing by MCLDC to Crerar.

Distributions to General Creditors under this BIA Proposal are subject to a levy in accordance with the BIA and regulations thereto.

Sprott and/or Crerar shall vote the amount of unsecured debt owed to them including the amount of the Crerar General Creditors Claim in favour of approval of this BIA Proposal, however, as an inducement to General Creditors to vote in favour of the Plan, Sprott and Crerar will, provided that the BIA Approval Order is made and so long as this BIA Proposal is put into full effect, postpone any claim to a dividend payable herein so as to increase the available amount of the General Creditors Fund in order that the other General Creditors shall receive a higher dividend.

MCLDC shall, subject to any contrary Order of the Court, quitclaim and/or transfer or abandon title to the Phase 2B Lands to 143, in exchange for a release of any claim by 143 as a General Creditor and the Permanent Stay of Proceedings provided in paragraph 14 shall apply to 143 and any person claiming through it. 143's rights as against MCLDC shall be limited to its *in rem* rights as against the Phase 2B lands. 143 shall not prove as a General Creditor in this Proposal and no dividend shall be payable under this Proposal to 143. Any existing dispute affecting a right, title or interest in the Phase 2B lands or a priority over the rights of 143 to the Phase 2B Lands shall in no way be affected by this Proposal, subject to the limitations that the Permanent Stay of Proceedings shall apply to prevent any person from claiming against MCLDC in respect of any Claim arising in relation to the Phase 2B Lands after the BIA Approval Order is granted.

Excluded Claims and Unaffected Creditors will not be affected by this Proposal. Except as set out herein, Secured Creditors of MCLDC to the extent of the value of their security shall not be affected by this BIA Proposal and except as provided herein, no Proposal is made to the Secured Creditors of MCLDC who shall be entitled to all rights and benefits in relation to the Sprott Mortgage and Security and the Crerar Mortgage and Security. MCLDC shall repay the Sprott Indebtedness and the Crerar Indebtedness and the General Creditor Claims assigned to Crerar on terms and conditions to be agreed to between Sprott, Crerar and their assignees and MCLDC.

8. Settlement of Sprott Indebtedness

Upon the BIA Approval Order being made, MCLDC shall transfer the Settlement Lands to Sprott or its nominee which Sprott has agreed to accept in full and final satisfaction of the Sprott Indebtedness. MCLDC will retain the Retained Lands.

9. Assignment of Claims

Upon the BIA Approval Order being made, all General Creditor Claims, including the Claims of Medallion Mortgage Development Corp. and Certified Financial Savings & Mortgage Corp., save and except for Persons with Excluded Claims, shall be assigned and deemed to be assigned to Crerar pursuant to this BIA Proposal and the General Creditors, with the exception of Crerar, shall be subject to a permanent stay of proceedings from continuing or initiating any proceedings as against MCLDC.

10. Extinguishment and Deregistration of Liens, Mortgages, Charges and Encumbrances

The BIA Approval Order shall provide that, except as provided herein, any registration against the Property or the Lands of MCLDC (in any Land Title Office, Personal Property Registry, or any other registry or any other place where any lien, charge or encumbrance of any kind may be registered or recorded) by any Person having a General Claim shall be expunged and ordered removed or otherwise discharged, and the Registrar of Titles, Personal Property Registrar and all other persons in control of such places of registration or recording shall be ordered by the BIA Approval Order to forthwith remove and discharge all such registrations including those of Persons ranking in priority below that of Sprott and Crerar. The BIA Approval Order shall also provide that the Proposal Trustee shall be authorized and empowered to take such steps, and to execute such documents, as may be required to effect the discharge and deregistration of liens, charges and encumbrances as provided for in this paragraph.

11. Inspectors

At the First Meeting of Creditors to be held to consider this BIA Proposal and the BIA Proposal Meeting which is to be held at the offices of the Proposal Trustee on January 14, 2015 at 2:30 p.m., the General Creditors may appoint one or more, but not exceeding five, Inspectors under this BIA Proposal, whose powers shall be restricted to advising the Proposal Trustee in respect of such matters as the Proposal Trustee may consider appropriate from time to time, and considering and approving any amendments to the BIA Proposal which have been agreed and consented to by the Proposal Trustee and they shall vote to approve or not to approve the BIA Proposal.

Providing that all acts done by the Inspectors are done in good faith, the Inspectors shall not be liable to the General Creditors for any actions taken by them.

12. Priority of Claims

In addition to the payments to be made by the Proposal Trustee as set out in Section 7, on the Distribution Date, the Proposal Trustee on behalf of MCLDC shall pay or make provision to pay the following:

- (a) All Crown Claims within 6 months of the date of the BIA Approval Order is made;
- (b) Employee Non-Severance Claims to the extent such Employee Non-Severance Claims have not been paid by the Proposal Trustee by any way of a distribution under Section 6; and
- (c) The Proposal Trustees' Proper Fees and Expenses.

13. Certificate of Full Performance

Upon making all distributions to the General Creditors as provided for under this BIA Proposal and the payment of the Crown Claims or any claim that by statute must be paid as a condition of a BIA Proposal, if any, MCLDC's obligations pursuant to this BIA Proposal shall be fulfilled and the Proposal Trustee shall file with the Court a Certificate of Full Performance.

14. Permanent Stay of Proceedings

Upon the pronouncement of the BIA Approval Order, all Claims, actions, proceedings of any nature that a General Creditor had as of the Date of Bankruptcy Filing shall be permanently stayed and no Person having a Claim against MCLDC, save and except Secured Creditors, may commence or continue any form of proceeding against MCLDC and 143 shall be entitled to enforce its security as against the Phase 2B Lands only so as to only take title to such lands. For greater certainty, the Stay of Proceedings shall in no way affect the rights of Crerar in its capacity as a secured creditor or as the assignee of the General Creditor's Claims assigned to it pursuant to the provisions of this Proposal. The BIA Approval Order shall contain a term to such effect.

15. General


The Proposal Trustee or MCLDC may, from time to time, apply to the Court for directions in respect of this BIA Proposal process generally and reserves the right to amend this Proposal at any time up to and including during the First Meeting of Creditors.

Dated at Calgary, Alberta this 24th day of December, 2014

MCL Development Corp

Per:

Name:


Jeff Colvin

Title

Director

District of ALBERTA
Division No. 25-CALGARY
Court No.: 25-1917525
Estate No.: 25-1917525

NOTICE OF PROPOSAL TO CREDITORS

IN THE MATTER OF THE PROPOSAL OF
MCL DEVELOPMENT CORP

Take notice that MCL DEVELOPMENT CORP of the City of Calgary in the Province of Alberta has lodged with us 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 on the 14th day of January, 2015 at the hour of 2:30 p.m.
at:

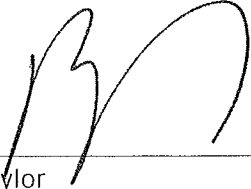
ERNST & YOUNG INC.
1000, 440 2 AVENUE SW
CALGARY AB

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 us prior to the commencement of the meeting.

Dated at the city of CALGARY in the Province of ALBERTA, this 31st day of December, 2014.

ERNST & YOUNG INC. - Trustee
Per:



Robert Taylor
Suite 1000, 440 2 Avenue SW
Calgary, AB T2P 5E9
Phone: (403) 206.5153

Fax: (403) 290.4265

CANADA
PROVINCE OF ALBERTA
COURT NO.: 25-1917525
ESTATE NO.: 25-1917525

IN THE MATTER OF THE PROPOSAL OF
MCL DEVELOPMENT CORP

TRUSTEE'S REPORT TO CREDITORS

December 31, 2014

1.0 Background

MCL Development Corp ("MCLDC") was a developer of certain lands known as the Mon Terra on Cochrane Lakes development ("Mon Terra"). The Mon Terra development is located approximately three kilometers north of the Town of Cochrane, Alberta. The entire development comprised approximately 620 acres made up of 6 phases. Phases I and II are owned by parties other than MCLDC and are the only phases that have been improved from bare land. Phase I was sold out in 2007.

The vision for Mon Terra was to develop an estate community with large lots, open spaces with lakeside boardwalks, scenic lookouts and an extensive network of parks and pathways.

The Mon Terra development also required the development of a water utility system. MCLDC completed a raw water pump station, approximately eight kilometers of underground piping to bring water to the Mon Terra site and completed a waste water and sewer line transporting waste water and sewage from Mon Terra to the Town of Cochrane. MCLDC transferred the ownership of the water utility to Regional Water Services Ltd. ("RWS"). RWS was established as a single purpose entity to operate the water utility.

Due to the recession in the fall of 2009 and the subsequent weakening of the housing market in Alberta, sales of homes in the Mon Terra development were stalled. Although phase II was developed in 2007 the Trustee understands that as at the date of this report, more than 100 phase II lots remain unsold.

MCLDC was financed by Sprott Resource Lending Corp. ("Sprott"). MCLDC was unable to meet its obligations to Sprott in 2009. MCLDC and Sprott entered into a forbearance agreement which was extended from time to time but it eventually became clear that MCLDC would be unable to service the Sprott debt.

Consequently on November 8, 2011, the Court of Queen's Bench of Alberta (the "Court") issued an order (the "Receivership Order") appointing Ernst & Young Inc. ("EY") as the Receiver and Manager (the "Receiver") of i) the real property of MCLDC as described in the Receivership Order; and ii) all of MCLDC's current and future personal property pertaining or relating to or used in connection with the MCLDC Real Property (comprising approximately 360 acres of bare land).

Additionally, on August 19, 2014 the Court issued an order appointing EY as the Receiver of RWS and approved the sale of the water utility to 1812234 Alberta Ltd.

The Receiver has actively pursued a sale of the MCLDC lands since January 24, 2012. The Receiver has engaged two different reputable real estate firms with significant local, national and international experience; however, after almost three years of marketing the MCLDC lands for sale, a sale remains elusive.

On October 2, 2014 MCLDC made an assignment into bankruptcy pursuant to section 49 of the *Bankruptcy and Insolvency Act* ("BIA").

As it appears the MCLDC lands are not currently saleable, Sprott has agreed to a transaction in respect of the lands with Crerar HAL Investments Inc. ("Crerar") which is the basis for MCLDC's proposal.

The Receiver will seek its discharge in respect of the 360 acres of bare land provided MCLDC's Proposal is accepted by its creditors and the Court approves MCLDC's Proposal.

2.0 Summary of The Proposal

Crerar will: i) obtain all of the shares of MCLDC; ii) obtain certain MCLDC lands (the "Retained Lands"); and iii) be granted a secured mortgage by MCLDC in the sum of \$550,000; and Sprott will i) receive certain lands transferred by MCLDC to Sprott (the "Settlement Lands"); and ii) retain a secured mortgage amount of \$6,450,000 owed by MCLDC to Sprott following the assignment by Sprott to Crerar of the Crerar Indebtedness (which will be the amount owed by MCLDC to Crerar following the assignment by Sprott to Crerar of part of the debt owed by MCLDC to Sprott).

Crerar will provide funds of up to \$100,000 to fund MCLDC's Proposal. The \$100,000 will be provided to the Trustee for MCLDC to firstly pay the fees and expenses of the Trustee to administer MCLDC's bankruptcy and the Proposal and secondly to make dividend distributions to the General Creditors.

Crerar's obligations to pay the Trustee the aforementioned funds are conditional on the following:

- (i) the General Creditors accepting this Proposal; and
- (ii) the Court approving the Proposal.

There will be one class of creditors for voting purposes.

Out of the funds received by the Trustee and after payment of all proper fees, expenses and costs of the Trustee including legal fees and disbursements (on a solicitor and his own client basis) and disbursements of the Trustee on and incidental to the administration of MCLDC's bankruptcy and Proposal including the preparation, approval and implementation of the within Proposal (whether incurred before or after the filing of the Proposal) and to proceedings arising out of the Proposal and any amendments thereto, payment will be made as follows:

- (i) Each General Creditor with Proven Claims the aggregate amount of which is equal to or less than \$10,000 shall receive a cash distribution in an amount equal to the lesser of (A) the full amount of the aggregate of their Proven Claims, and (B) \$2,500;
- (ii) Each General Creditor with Proven Claims the aggregate amount of which is greater than \$10,000 and less than \$30,000 shall receive a cash distribution in the amount of \$2,500 plus an amount equal to 5 cents per dollar of their Proven Claims in excess of \$10,000;
- (iii) Each General Creditor with Proven Claims the aggregate amount of which is greater than \$30,000 and less than \$150,000 shall receive a cash distribution in the amount of \$3,500 plus an amount equal to 1 cent per dollar of their Proven Claims in excess of \$30,000;
- (iv) Each General Creditor with Proven Claims the aggregate amount of which is greater than \$150,000 shall receive a cash distribution in the amount of \$4,700. plus an amount equal to $1/20^{\text{th}}$ of 1 cent per dollar of their Proven Claims in excess of \$150,000;
- (v) If the aggregate amount to be distributed to all General Creditors determined under paragraphs (i) to (iv) exceeds the maximum amount of the General Creditor Fund of \$100,000, the amount to be distributed to each General Creditor shall be reduced to the amount calculated by the following formula:
 - i. amount which would be distributed to the General Creditor under paragraphs (i) to (iv) if there was no reduction under this paragraph (v);
 - divided by:
 - ii. aggregate amount that would be distributed to all General Creditors under paragraphs (i) to (iv) if there were no reductions under this paragraph (v)
 - multiplied by:
 - iii. \$100,000 less the amount of the fees and expenses of the Proposal Trustee and the Trustee in Bankruptcy of MCLDC.

In addition to the payments to be made by the Proposal Trustee, the Proposal Trustee on behalf of MCLDC shall pay or make provision to pay the following, if any amounts are owed:

- (i) All Crown Claims within 6 months of the date of the Court approves the Proposal; and
- (ii) Employee Non-Severance Claims to the extent such Employee Non-Severance Claims have not been paid by the Proposal Trustee.

All funds distributed to the creditors by the Trustee shall be subject to the Superintendent of Bankruptcy's levy pursuant to Section 147 of the BIA.

Sprott and/or Crerar shall vote the amount of unsecured debt owed to them including the amount of the Crerar General Creditors Claim in favour of approval of this Proposal. Provided that MCLDC's Proposal is put into full affect, Sprott and/or Crerar as an inducement to General Creditors to vote in favour of the Plan, will postpone any claim to a dividend payable herein so as to increase the available amount of available funds in order that the other General Creditors shall receive a higher dividend.

MCLDC shall, subject to any contrary Order of the Court, quitclaim and/or transfer or abandon title to the Phase 2B Lands to 1438725 Alberta Ltd. ("143"), in exchange for a release of any claim by 143 as a General Creditor and the Permanent Stay of Proceedings provided in paragraph 14 of the Proposal shall apply to 143 and any person claiming through it. 143's rights as against MCLDC shall be limited to its *in rem* rights as against the Phase 2B lands. 143 shall not prove as a General Creditor in this Proposal and no dividend shall be payable under this Proposal to 143. Any existing dispute affecting a right, title or interest in the Phase 2B lands or a priority over the rights of 143 to the Phase 2B Lands shall in no way be affected by this Proposal, subject to the limitations that the Permanent Stay of Proceedings shall apply to prevent any person from claiming against MCLDC in respect of any Claim arising in relation to the Phase 2B Lands after the Court Order approving the Proposal is granted.

Upon the Court approving the MCLDC Proposal, MCLDC shall transfer the Settlement Lands to Sprott which Sprott has agreed to accept in full and final satisfaction of the Sprott Indebtedness. MCLDC will retain the Retained Lands.

Upon the Court approving the MCLDC Proposal, all General Creditor Claims, including the Claims of Medallion Mortgage Development Corp. and Certified Financial Savings & Mortgage Corp., save and except for Persons with Excluded Claims, shall be assigned and deemed to be assigned to Crerar pursuant to MCLDC's Proposal and the General Creditors, with the exception of Crerar, shall be subject to a permanent stay of proceedings from continuing or initiating any proceedings as against MCLDC.

The Court Order approving the Proposal shall provide that, except as provided in the Proposal, any registration against the Property or the Lands of MCLDC (in any Land Title Office, Personal Property Registry, or any other registry or any other place where any lien, charge or encumbrance of any kind may be registered or recorded) by any Person having a General Claim shall be expunged and ordered removed or otherwise discharged.

3.0 Financial Position

Accompanying MCLDC's Proposal is a Statement of Affairs reflecting the Company's assets and liabilities as at December 24, 2014. The Statement of Affairs reflects assets of \$9,925,039 and liabilities of \$105,114,305 for a deficit of \$95,189,264. The Notes to the Statement of Affairs provide additional information on the Company's assets and liabilities.

3.1 Assets

MCLDC's assets comprise undeveloped land. The phase 2B lands comprise approximately 57 acres over which 1438725 Alberta Ltd. ("143") holds security. The phase IV, V and VI lands (referred to as the MCLDC Real Property in the November 8, 2011 Receivership Order) comprise approximately 360 acres over which Sprott holds security. Based on the Receiver's administration of the receivership of the phase 4, 5 and 6 lands and certain parties that showed interest in the phase 4, 5 and 6 lands it appears that the lands (including the phase 2B lands) may have a market value of approximately \$9.9 million.

Certified Financial also holds security on the MCLDC lands, however, its security is subordinate to Sprott and 143. As the value of the MCLDC lands are significantly below the amounts owed to Sprott and 143 (such amounts are noted below in section 3.2), Certified Financial is considered an unsecured creditor.

The Trustee is not aware of any other assets owned by MCLDC.

3.2 Liabilities

Sprott holds security over the phase 4, 5 and 6 lands. Sprott is owed approximately \$60,688,879. 143 holds security over the phase 2B lands. 143 is owed approximately \$8,456,364. Based on the approximate market value of the MCLDC lands, Sprott's and 143's loan deficiencies total \$51,688,879 and \$7,531,364 respectively. The Trustee has obtained independent legal opinions in respect of the security with such legal opinions indicating that the security of Sprott and 143 is properly registered, duly perfected and represents valid security.

Unsecured creditor claims are estimates based on information available to the Trustee. The amounts may vary depending on actual amounts owed and the validity of proofs of claims filed. Known unsecured creditors (General Creditors) total approximately \$36 million.

The Trustee estimates that after the fees and costs of the administration of the bankruptcy and the Proposal General Creditors will recover approximately .001 cents on the dollar of amounts owed to them by MCLDC. An estimated distribution to the General Creditors is attached as Schedule 1.

4.0 Conclusion and Recommendation

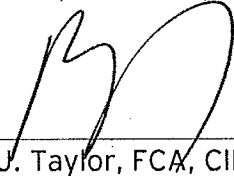
The value of MCLDC's assets is significantly less than amounts owed to Sprott and 143. Moreover, it appears that the 360 acres over which Sprott holds security are currently not saleable. Should creditors vote in favour of the Proposal, then Sprott and Crerar will be in a position to conclude their land transaction such that Crerar obtains the shares of MCLDC and Sprott obtains the Settlement Lands.

Should creditors reject the Proposal, MCLDC will remain in bankruptcy. There will be no funds advanced by Crerar and General Creditors will experience no recovery whatsoever. General Creditors will recover more in the Proposal and accordingly the Trustee recommends the General Creditors acceptance of the Proposal.

♦ ♦ ♦

Yours very truly,

Ernst & Young Inc.
Trustee in the Matter of the Proposal of
MCL Development Corp



Per: R.J. Taylor, FCA, CIRP

District of: Alberta
Division No. 25 - Calgary
Court No. 25-1917525
Estate No. 25-1917525

☒ Original ☐ Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
MCL Development Corp
of the city of Calgary
in the Province of Alberta

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 24th day of December 2014. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" 35,969,061.76	1. Inventory 0.00
Balance of secured claims as per list "B" 59,220,242.85	2. Trade fixtures, etc. 0.00
Total unsecured creditors 95,189,304.61	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 9,925,000.00	Good 0.00
3. Preferred creditors as per list "C" 0.00	Doubtful 3,772,315.79
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for 0.00	Bad 0.00
Total liabilities 105,114,304.61	Estimated to produce 0.00
Surplus NIL	4. Bills of exchange, promissory note, etc., as per list "F" ... 0.00
	5. Deposits in financial institutions 39.44
	6. Cash 0.00
	7. Livestock 0.00
	8. Machinery, equipment and plant 0.00
	9. Real property or immovable as per list "G" 9,925,000.00
	10. Furniture 0.00
	11. RRSPs, RRIIFs, 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 0.00
	Amount paid on capital 0.00
	Balance subscribed and unpaid 0.00
	Estimated to produce 0.00
	Total assets 9,925,039.44
	Deficiency 95,189,265.17

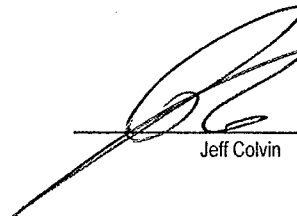
I, Jeff Colvin, of the city of Calgary in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 24th day of December 2014 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)

before me at the city of Calgary in the Province of Alberta, on this 24th day of December 2014.



Lynda Huber, Commissioner of Oaths
For the Province of Alberta
Expires Mar. 27, 2017


Jeff Colvin

L. R. HUBER
MY COMMISSION EXPIRES
MARCH 27, 2017

Form 78

List "A"
Unsecured Creditors
MCL Developments Corp

No.	Name of Creditor	Address	Unsecured Claim	Balance of Claim	Total Claim
1	Certified Financial		\$ 33,501,438.88		\$ 33,501,438.88
2	Quest			\$ 51,688,879.00	\$ 51,688,879.00
3	1438725 Alberta Ltd			\$ 7,531,363.85	\$ 7,531,363.85
4	Ferris, Chester		\$ 2,102,128.08		\$ 2,102,128.08
5	BSEI - Brisbin & Sentis Engineering Inc		\$ 130,312.29		\$ 130,312.29
6	Blue-Con Excavating Ltd		\$ 29,304.09		\$ 29,304.09
7	Collins Barrow Chartered Accountants		\$ 54,424.01		\$ 54,424.01
8	WRD Borger		\$ 26,250.00		\$ 26,250.00
9	Demianschuk Milley Burke & Hoffinger LLP		\$ 22,878.32		\$ 22,878.32
10	CALGARY HERALD		\$ 18,746.29		\$ 18,746.29
11	Alberta Hydroseeding Inc		\$ 17,734.71		\$ 17,734.71
12	Rocky View County		\$ 15,722.05		\$ 15,722.05
13	Alberta Revenue Tax		\$ 14,883.81		\$ 14,883.81
14	Sun Media - The Calgary Sun		\$ 8,017.20		\$ 8,017.20
15	Witten LLP		\$ 5,240.27		\$ 5,240.27
16	Waste Management of Canada Corporation		\$ 3,265.18		\$ 3,265.18
17	Fin-Wall Site Services		\$ 2,940.40		\$ 2,940.40
18	Rogers Media Inc		\$ 2,555.73		\$ 2,555.73
19	Clear Flow Services Ltd		\$ 2,437.82		\$ 2,437.82
20	Bittner Construction		\$ 1,942.61		\$ 1,942.61
21	Tulissi Construction Ltd		\$ 1,855.35		\$ 1,855.35
22	LA West (Calgary) Inc		\$ 1,690.43		\$ 1,690.43
23	Raymac Surveys Ltd		\$ 1,321.95		\$ 1,321.95
24	Quality Hotel Calgary Airport		\$ 695.63		\$ 695.63
25	Prairie Landscapes Inc		\$ 630.00		\$ 630.00
26	Minister of Finance, Sustainable Resource Dev		\$ 595.22		\$ 595.22
27	Balloons Canada		\$ 535.50		\$ 535.50
28	McLeod & Company LLP		\$ 459.97		\$ 459.97
29	Ackerman Appraisal Services Inc		\$ 446.25		\$ 446.25
30	Trinity-One		\$ 300.00		\$ 300.00
31	UPS Canada		\$ 110.01		\$ 110.01
32	SHAW CABLE		\$ 78.79		\$ 78.79
33	BP Propane		\$ 70.92		\$ 70.92
34	Zahara		\$ 50.00		\$ 50.00
Total:			\$ 35,969,061.76	\$ 59,220,242.85	\$ 95,189,304.61

District of: Alberta
Division No. 25 - Calgary
Court No. 25-1917525
Estate No. 25-1917525

FORM 78 -- Continued

List "B"
Secured Creditors

MCL Development Corp

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	1438725 Alberta Ltd	Box 57159, 2525 36 Street NE Calgary AB T1Y 6R4	8,456,363.85	Real Property or Immovable - Land - Cochrane		925,000.00		7,531,363.85
2	Sprott Resource Lending Corp.	200 Bay Street, Suite 2350, PO Box 90 Toronto ON M5J 2J2	60,688,879.00	Real Property or Immovable - Land - Cochrane		9,000,000.00		51,688,879.00
Total:			69,145,242.85			9,925,000.00	0.00	59,220,242.85

24-Dec-2014

Date


Jeff Colvin

District of: Alberta
Division No. 25 - Calgary
Court No. 25-1917525
Estate No. 25-1917525

FORM 78 -- Continued

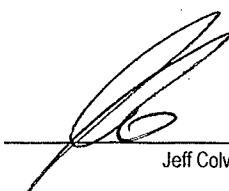
List "G"
Real Property or Immovables Owned by Debtor

MCL Development Corp

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Land - Cochrane - Phase 2B 57 acres, of which 20 acres is flooded	100 %	MCL Development Corporation	925,000.00	1438725 Alberta Ltd Box 57159, 2525 36 Street NE Calgary AB T1Y 6R4 8,456,363.85	0.00
Land - Cochrane - Phase 4, 5, 6 360 acres	100 %	MCL Development Corporation, MCL Development Corporation	9,000,000.00	Sprott Resource Lending Corp. 200 Bay Street, Suite 2350, PO Box 90 Toronto ON M5J 2J2 60,688,879.00	0.00
Total:			9,925,000.00		0.00

24-Dec-2014

Date


Jeff Colvin

MCL Development Corp
Potential Proposal Distribution

<i>Creditor Name</i>	<i>Assumed for Dividend</i>	<i>Estimated Distribution after Professional Fees</i>
----------------------	---------------------------------	---

Secured Creditors

1438725 Alberta Ltd
BSEI - Brisbin & Sentis
Sprott Resource Lending

—

Unsecured Creditors

1438725 Alberta Ltd	-	-
Ackerman Appraisal	446.25	271.13
Alberta Hydroseeding	17,734.71	1,753.88
Alberta Revenue Tax	14,883.81	1,667.28
Astoria Homes	-	-
Balloons Canada	535.50	325.35
Bittner Construction	1,942.61	1,180.26
Blue-Con Excavating Ltd	29,304.09	2,105.34
BP Propane	70.92	43.09
BSEI - Brisbin & Sentis	130,312.29	2,735.95
CALGARY HERALD	18,746.29	1,784.61
CANADA REVENUE	-	-
Certified Financial	33,501,438.88	12,987.16
Clear Flow Services Ltd	2,437.82	1,481.14
Collins Barrow Chartered	54,424.01	2,274.87
Coral West	-	-
Cornerstone Homes	-	-
Crystal Creek	-	-
Dain Development	-	-
Demiantschuk Milley	22,878.32	1,910.14
Ferris, Chester	2,102,128.08	3,448.58
Fin-Wall Site Services	2,940.40	1,518.92
Globalview Homes	-	-
Hamdan, Ali	-	-
Jupiter Homes	-	-
LA West (Calgary) Inc	1,690.43	1,027.05
Laratta/Lemke	-	-
McLeod & Company LLP	459.97	279.46
Miller Thompson	-	-
Minister of Finance,	595.22	361.64
Modena Homes	-	-
Natt	-	-
Paradigm Homes	-	-
Prairie Landscapes Inc	630.00	382.77
Prominent Homes Ltd	-	-
Purdue	-	-
Quality Hotel Calgary	695.63	422.64
Raymac Surveys Ltd	1,321.95	803.17
Rocky View County	15,722.05	1,692.74
Rogers Media Inc	2,555.73	1,518.92

MCL Development Corp
Potential Proposal Distribution

<i>Creditor Name</i>	<i>Assumed for Dividend</i>	<i>Estimated Distribution after Professional Fees</i>
SHAW CABLE	78.79	47.87
Smith, Kari		-
Sprott Resource Lending	-	-
Starensky		-
Sun Media - The Calgary	8,017.20	1,518.92
Trinity-One	300.00	182.27
Tulissi Construction Ltd	1,855.35	1,127.25
UPS Canada	110.01	66.84
Waste Management of Whiterock	3,265.18	1,518.92
Witten LLP	5,240.27	1,518.92
WRD Borger	26,250.00	2,012.56
Zahara	50.00	30.38
	35,969,061.76	50,000.00



Building a better
working world

Ernst & Young Inc.
1000, 440 - 2nd Avenue SW
Calgary, AB
T2G 5S6

Tel: +1 403 206 5153
Fax: +1 403 206 5075
ey.com

PROOF OF CLAIM

All notices or correspondence regarding this claim must be forwarded to the following address :

IN THE MATTER OF THE PROPOSAL OF: MCL DEVELOPMENT CORP., of Calgary, Alberta, debtor
and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province)

DO HEREBY CERTIFY:

1. That I am a creditor of the above-named debtor, (or that I am _____ (state position or title) of _____ (name of creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of the proposal, namely the 24th day of December 2014 and still is, indebted to the creditor for the amount(s) indicated below, as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A" (Note 1), after deducting any counterclaims to which the debtor is entitled. *(The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)*
4. That the amount(s) and category/categories of the claim of the creditor are as follows:

Category/Categories

Employee claim for unpaid wages and allowable expenses, under section 81.3(8) or 81.4(8) of the Act
Claim of a Pension plan, under section 81.5 or 81.6 of the Act
Claim of a farmer, fisherman or aquaculturist, under section 81.2 of the Act
Secured claim (notes 2 and 3) – Value of the assets held as security: \$ _____
Preferred claim, under section 136 of the Act
Claim of a lessor further to the disclaimer of a lease, pursuant to section 65.2(4) of the Act
Claim arising from the repudiation or resiliation of an agreement, pursuant to section 65.11(8) of the Act
Claim of a customer of a securities firm, as defined in section 253 of the Act
Ordinary unsecured claim

Amount (CDN \$)

Total amount of the claim

(Give full particulars of the claim, including the calculations upon which the claim is based, and the details to support a right to a priority claim, as the case may be).

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
6. That the payments that I have received from, and the credits that I have allowed to, the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event (October 2, 2014) within the meaning of Section 2 of the Act are listed on Schedule "B" hereto: *(Provide details of payments and credits.)*

DATED in the city of _____ this _____ day of _____ 20____.

Signature of witness

Signature of creditor (of representative of the creditor)

Telephone no: () _____

Telecopier no: () _____

E-mail address: _____

Notes and warnings:

1. If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.
2. With regards to a secured claim, provide full particulars if the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.
3. A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
4. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.



Building a better
working world

INSTRUCTIONS FOR COMPLETING PROOF OF CLAIM AND PROXY

Please check each of the following requirements in order to prepare the attached forms in a complete and accurate manner.

PROOF OF CLAIM

- Give the **complete address, including postal code**, where all notices or correspondence are to be forwarded.
- If the creditor is a corporation, the full and complete legal name of the company or firm must be stated.
- Please state your name (or representative of the creditor), city of residence and province.
- The signature of a witness is required.
- The claim must be **signed personally by the individual** completing this declaration.
- The claim and/or proxy must be delivered by regular mail, registered mail, personal delivery, e-mailed (in PDF format), courier or facsimile transmission at the following address before the day of the meeting of creditors:

Ernst & Young Inc.
Attn: Jessica Caden
Ernst & Young Tower
1000, 440 – 2nd Avenue S.W.
Calgary, Alberta
T2P 5E9
E-mail: jessica.caden@ca.ey.com
Telephone: (403) 206-5394
Fax: (403) 206-5075

Paragraph (1)

- If you are completing the declaration for a corporation or another person, your **position or title**.

Paragraph (3)

- A **detailed statement of account** must be attached and must show the date, number and amount of all the invoices, charges, credits or payments.
- A statement of account is not complete if it begins with an amount brought forward.
- The amount of the statement of account **must agree** with the amount claimed on the proof of claim.

Paragraph (4)

- A creditor must indicate the category in which his claim falls by inserting the amount of the claim in the appropriate box, and providing in an appendix a full explanation of the basis of the claim.
- An ordinary creditor must specify if he claims or not a right to a priority under section 136 of the Act.
- A secured creditor must insert the value at which he assesses each of his securities and provide a **certified true copy** of the security documents as registered.
- In order to prepare its claim, the creditor should refer to the *Bankruptcy and Insolvency Act*, copy of which is accessible at <http://laws.justice.gc.ca/eng/StatutesByTitle>.

Paragraph (5)

- Strike out "are" or "are not" as applicable to you. You would be considered a related person if:
 - you are related to blood or marriage to the debtor;
 - if the debtor is a corporation and you were a shareholder or if your company was controlled by the same shareholders as the debtor corporation.

Paragraph (6)

- All creditors must attach a detailed list of all payments or credits received or granted, as follows:
 - within the 3 months immediately before the date of the initial bankruptcy event or proposal, if the creditor and the debtor are not related and dealt at arm's length.
 - within the 12 months immediately before the date of the initial bankruptcy event or the proposal, if the creditor and the debtor are related or did not deal at arm's length.

PROXY

A creditor may appoint a proxy by completing the proxy form. If the creditor is a corporation, the proxy form must be completed in the corporate name and the signature witnessed.



Building a better
working world

Ernst & Young Inc.
1000, 440 – 2nd Avenue SW
Calgary, AB
T2G 5S6

Tel: +1 403 206 5153
Fax: +1 403 206 5075
ey.com

PROXY

IN THE MATTER OF THE PROPOSAL OF: MCL DEVELOPMENT CORP.

I, (or We) _____ (name of creditor), of _____ (name of town or city), a creditor in the above matter, hereby appoint _____, of the _____ of _____ (name of town or city), to be my (or our) proxy in the above matter, except as to the receipt of dividends, with (or without) power to appoint another proxy in his or her place.

Dated at _____, this _____ day of _____ 20____.
(name of town or city)

Signature of Witness

Signature of creditor (individual)

Name of Corporate Creditor

Signature of Witness

Per: _____
Name and Title of Signing Officer

District of ALBERTA
Division No. CALGARY
Court No.: 25-1917525
Estate No.: 25-1917525

VOTING LETTER

IN THE MATTER OF THE PROPOSAL OF
MCL DEVELOPMENT CORP

I, _____, of _____

a creditor in the above matter for the sum of \$_____, hereby request the trustee acting with respect to the proposal of MCL DEVELOPMENT CORP to record my vote:

For _____

Against _____

the acceptance of the proposal as made on the 24th day December, 2014.

Dated at _____

this _____ day of _____, 20____.

Signature of Witness

Signature of Creditor or Representative

Signature of Witness

Name and Title of Signing Officer

NOTE: *A person is not entitled to vote unless the Proof of Claim has been lodged with the Trustee before the time appointed for the meeting.*

AUTHORIZATION

* In the case of a corporation, the following authorization should be completed:

We _____ (name of corporation) hereby appoint _____ (name of individual signing above) to be our authorized representative having full voting capacity in respect of the above Proposal.

Dated at _____ this _____ day of _____, 20____.

Witness if not sealed

Name of Corporation

Per: _____