

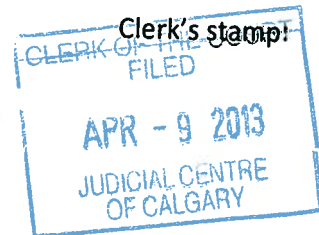
COURT FILE NUMBER

1201-05843

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

CALGARY



**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC
1985, c C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF UBG
BUILDERS INC., ALBERTA BUILDERS CAPITAL INC., ALPINE HOMES (2006) INC.,
AMERICAN BUILDERS CAPITAL (US) INC., EDGEWATER AT GRIESBACH INC.,
ELITE HOMES (2006) LTD., EVOLUTION BY GREENBORO INC., GREENBORO
COMMUNITIES (2006) INC., GREENBORO ESTATE HOMES (2006) LTD.,
GREENBORO HOMES (2006) LTD., GREENBORO LUXURY HOMES INC., HIGH
POINTE INC., MOUNTAINEERS VILLAGE (2006) INC., MOUNTAINEERS VILLAGE II
INC., ORIGINS AT CRANSTON INC., SOUTH TERWILLEGAR VILLAGE INC., THE
BRIDGES MANAGEMENT INC., THE LEDGES INC., TIMBERLINE LODGES (2006)
INC., TODAY'S COMMUNITIES (2006) INC., TODAY'S HOMES (2006) INC.,
TUSCANY DEVELOPMENTS (2006) INC., UBG ALBERTA BUILDERS (2006) INC.,
UBG ALPINE HOMES (2006) LTD., UBG BRIDGES INC., UBG BUILDERS (USA) INC.,
UBG COMMERCIAL INC., UBG LAND INC., UBG LOT DEPOSIT CORP., UBG 4500
CALGARY INC., UBG 75 CANMORE INC., UBG 808 CALGARY INC., UNITY
INVESTMENTS (2012) INC., VALMONT AT ASPEN STONE INC., VALOUR PARK AT
CURRIE INC., VILLAGE AT THE HAMPTONS INC., VILLAGE ON THE PARK INC.,
WILDERNESS HOMES BY RIVERDALE INC., WILDERNESS RIDGE AT STEWART
CREEK INC.**

(COLLECTIVELY, THE "APPLICANTS")

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

FRASER MILNER CASGRAIN LLP

Bankers Court

15th Floor, 850 - 2nd Street S.W.

Calgary, Alberta T2P 0R8

Attention: David W. Mann / Doug Schweitzer

Ph. (403) 268-7097/7018 Fx. (403) 268-3100

File No.: 549362-1

AFFIDAVIT OF TOM CHISHOLM

Sworn on April 4, 2013

I, Tom Chisholm, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the President and Chief Executive Officer of the Unity Builders Group ("**UBG**") and, as such, I am familiar with these proceedings and the ongoing restructuring efforts of UBG under the *Companies' Creditors Arrangement Act* ("**CCAA**"). I have personal knowledge of the matters herein deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. Unless otherwise indicated in this Affidavit, all capitalized terms shall have the meaning ascribed thereto in the Initial Order granted in these proceedings on May 9, 2012 (the "Initial Order"). A copy of the Initial Order is attached as Exhibit "1".

Relief Requested

3. I make this Affidavit in support of the Application of UBG seeking an Order:

Approval of Master Term Sheet

- (a) approving the Mystic Ridge Development Financing - Master Term Sheet of Secured Credit Facilities between 1199032 Alberta Ltd. ("1199"), as borrower under certain facilities, Greenboro Estate Homes Limited Partnership ("GBLP"), by its general partner, Greenboro Estate Homes (2006) Ltd. (collectively, "Greenboro"), as borrowers and guarantors under certain facilities, UBG Land Limited Partnership, by its general partner, UBG Land Inc. (collectively, "UBG Land"), as guarantor, and The Toronto-Dominion Bank ("TD" or the "Lender"), as lender (the "Term Sheet");
- (b) authorizing reasonably necessary amendments, if any, to the Term Sheet that are agreed to in writing by 1199, Greenboro, UBG Land and TD, and approved by the Monitor;
- (c) authorizing and directing UBG Land, Greenboro and the Monitor to do all things reasonably necessary to implement, and perform all of their respective obligations under the Term Sheet;

Approval of TD Charges

- (d) granting as security for monies advanced by the Lender to 1199 pursuant to the Term Sheet a floating charge over UBG Land's interest in the Montreux Joint Venture (the "Montreux JV"), subject to the terms of the Joint Venture Agreement among UBG Land (successor of UBG Alberta Builders Inc.), Caleron Properties Ltd. ("Caleron") and Ronald Slater dated February 27, 2006 (the "JV Agreement"), in favour of the Lender (the "Montreux Charge"), which charge shall rank in priority to all claims against UBG Land, including the Administration Charge and the Directors' Charge, but shall be subject to the distribution scheme set forth in the Term Sheet;
- (e) granting as security for monies advanced by the Lender to 1199 and GBLP a charge against the undertaking, property, and assets of GBLP in favour of the Lender (the "Estate Charge"), which charge shall rank in priority to all claims against GBLP, including the Administration Charge and the Directors' Charge, but shall be subject to the distribution scheme set forth in the Term Sheet and subordinate to the Lender's existing charge pursuant to the TD Bank / Greenboro Estate Protocol Order granted on September 14, 2012, as amended;

Approval of Bulk Lot Purchase and Sale Agreement

- (f) approving the form of purchase and sale agreements for Lots 1-12 of Block 1 and Lots 3-18 of Block 2, to be subdivided from the Wanklyn Lands, Lot 2 of Block 3, to be subdivided from the Richards Lands, and, subject to the election made by Caleron as set out in paragraph 3(g), either Lot 3 of Block 3, to be subdivided from the Richards Lands,

or Lot 1 of Block 2, to be subdivided from the Wanklyn Lands, (collectively, the "Phase 2 Lots") and Lot 1 of Block 4 and units 1-7 of Block 4, to be subdivided from the Richards Lands (collectively, the "Phase 3 Lots" and together with the Phase 2 Lots, the "Mystic Lots") between 1199 and Greenboro (collectively, the "Bulk Lot Agreements") as contemplated by the order granted by Master J.T. Prowse, Q.C. on March 16, 2012, in Action Number 1001-18715, in the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Prowse Order");

- (g) declaring that Caleron shall notify UBG Land in writing on or before April 26, 2013 whether Caleron is electing to purchase, pursuant to paragraph 29 of the Prowse Order, Lot 3 of Block 3, to be subdivided from the Richards Lands, or Lot 1 of Block 2, to be subdivided from the Wanklyn Lands, from 1199 for subsequent resale by Caleron to Antonio and Karen Mammone (the "Mammone Lot Selection");
- (h) authorizing and directing UBG Land, Greenboro and the Monitor to take such steps as are necessary to execute, deliver and perform the terms and conditions of the Bulk Lot Agreements; and
- (i) such further and other relief as provided in UBG's Application and may be sought by UBG and granted by this Honourable Court.

Financing the Mystic Ridge Development

4. The Montreux JV was created by the JV Agreement to acquire, subdivide, develop and sell residential lots from two parcels of land known respectively as the "Wanklyn Lands" and the "Richards Lands". The development of the Wanklyn Lands and the Richards Lands by the Montreux JV is often referred to as "Mystic Ridge". A copy of the JV Agreement is attached as Exhibit "2".
5. Phase 1 at Mystic Ridge is largely complete and was the subject of litigation that resulted in the granting of the Wilkins Order (as defined below), which is discussed below at paragraph 18. The Montreux JV has not started, and does not have the requisite funds, to develop Phases 2 and 3 at Mystic Ridge. The Montreux JV also requires financing of approximately \$1.1 million to payout mortgages registered against the Richards Lands by Provident Mortgage Corp. ("Provident") and Neufeld Capital Inc. ("Neufeld") (collectively, the "Mortgages"). Provident and Neufeld have notified UBG that they intend to proceed with foreclosure actions enforcing their Mortgages over the Richards Lands if their respective loans are not paid out.
6. As confirmed by the Prowse Order, Greenboro is entitled to purchase the Mystic Lots from 1199 for the set price of \$300,000 per lot. The Mystic Lots comprise the vast majority of the lots in Phases 2 and 3, and their acquisition by Greenboro is integral to the restructuring of its single family home business. For the benefit of UBG and its creditors, lenders, customers and other stakeholders, Greenboro requires financing to: (i) purchase the Mystic Lots pursuant to the terms of the Bulk Lot Agreements; (ii) develop single family estate homes on the Mystic Lots; and (iii) sell completed homes on the Mystic Lots ("Greenboro's Housing Development"). A copy of the Prowse Order and the Bulk Lot Agreements are attached as Exhibits "3" and "4", respectively.
7. To facilitate the development of Mystic Ridge, UBG, in consultation with the Monitor, negotiated the Term Sheet with TD. If approved, the facilities under the Term Sheet will provide

the requisite funding for: (a) 1199 to payout the Mortgages and develop and the Mystic Lots; and (b) Greenboro's Housing Development. The Term Sheet also contemplates providing Greenboro with emergence financing once it implements a plan of compromise and arrangement in the within CCAA proceedings (the "**Emergence Facility**"). The Emergence Facility cross-collateralizes the advances made to Greenboro under the Term Sheet and the Protocol Agreement dated September 4, 2012, as amended. A copy of the form of the Term Sheet is attached as Exhibit "5".

8. The Term Sheet contemplates that TD will be granted a priority charge over the assets of Greenboro and UBG Land's interest in the Montreux JV (collectively, the "**Charges**"). The Charges are critical to TD's decision to advance funds under the Term Sheet and will not prejudice any other lenders or unrelated stakeholders of UBG.
9. Commencing the development of Phase 2 at Mystic Ridge is extremely urgent. In the Calgary area, the building season for the development of bare land into serviceable residential lots generally commences in the months of April and May. It is integral for the development manager at Mystic Ridge to retain trades and other service providers early in the building season to ensure that the project stays on schedule and budget. I believe that any delays in the approval of the Term Sheet will: (a) make it difficult to retain trades and other service providers; (b) result in delays to the development of Mystic Ridge; and (c) likely result in cost overruns that are not covered by the Term Sheet.
10. The timely approval of the Term Sheet will ensure that 1199 has the requisite funding to develop Phases 2 and 3 at Mystic Ridge and that Greenboro will have the financing for Greenboro's Housing Development. I believe the completion of the Mystic Ridge development and the ultimate sale by Greenboro of single family estate homes on the Mystic Lots will enhance the prospects of a viable compromise or arrangement being made in respect of UBG.
11. The Monitor has been involved at all stages of negotiations of the Term Sheet and supports UBG's application to have the Term Sheet approved.

Management Committee Approval of the Term Sheet

12. The JV Agreement provides that: (a) the assets of the Montreux JV are held by 1199 in trust for UBG Land and Caleron; (b) all business dealings of the Montreux JV are managed by a management committee consisting of one designate appointed by each of UBG Land and Caleron (the "**Management Committee**"); (c) the Management Committee has full power and authority to conduct the business and affairs of the Montreux JV; and (d) it is the intention of the parties to finance all project expenses through a standard development loan obtained from a third party financial institution.
13. The decisions of the Management Committee are generally made by a simple majority vote, including the approval of project financing. The number of votes held by a party is based on its proportionate interest in the Montreux JV. UBG Land holds a majority interest in the Montreux JV and, therefore, has a controlling vote on the Management Committee for most matters.
14. On April 4, 2013, UBG Land issued the requisite notice to Caleron and Mr. Slater to hold a of the Management Committee on April 12, 2013 (the "**Approval Meeting**") for the purpose of approving, among other things, the Term Sheet and the form of the Bulk Lot Agreements (the "**April Notice**"). The Term Sheet and form of Bulk Lot Agreements will be provided to Caleron

and Mr. Slater in advance of the Approval Meeting. A copy of the April Notice is attached as Exhibit "6".

15. UBG Land intends to utilize its majority vote at the Approval Meeting to pass a resolution authorizing and directing 1199 to enter into the Term Sheet and the Bulk Lot Agreements (the "Resolution"). A draft of the Resolution is attached as Exhibit "7".
16. UBG intends to file a Supplemental Affidavit attaching the approved Resolution and executed Term Sheet prior to the hearing of UBG's application for the relief set out in paragraph 2.

Litigation

17. There is, and has been for some time, great acrimony between UBG Land and Caleron with respect to the development of the Montreux JV.
18. On or about February 1, 2010, the Honourable Justice Wilkins granted a Consent Order with respect to the development of Phase 1 at Mystic Ridge and the disbursement of revenue generated from the sale of lots in Phase 1 (the "Wilkins Order"). A copy of the Wilkins Order is attached as Exhibit "8".
19. Notwithstanding the Wilkins Order, the relationship continued to be acrimonious and further litigation ensued. Following Court-Ordered arbitration, a decision was rendered by an arbitrator in December 2011 (the "Arbitration Decision"). Among other things, the Arbitration Decision confirmed that: (a) Caleron breached its obligations under the Montreux JV; and (b) Greenboro was entitled to purchase the Mystic Lots from 1199 for the fixed price of \$300,000 per lot. A copy of the Arbitration Decision is attached as Exhibit "9".
20. One of obligations Caleron breached under the JV Agreement was to permit the registration of the Mortgages against the Richards Lands. The additional cost to the Montreux JV of approximately \$1.1 million to payout the Mortgages is directly attributable to the unauthorized actions of Caleron.
21. The Arbitration Decision was confirmed by the Prowse Order. The Prowse Order directed and confirmed, among other things: (a) a reduction of Caleron's interest, and a corresponding increase in UBG Land's interest, in the Montreux JV; (b) the process for the Management Committee to hold meetings and make decisions; (c) that Greenboro is entitled to purchase the Mystic Lots from 1199, as trustee, for the fixed price of \$300,000 per lot; and (d) the Mammone Lot Selection.

The Bulk Lot Agreements

22. If this Honourable Court grants the requested relief, the development of the Phase 2 at Mystic Ridge is scheduled to commence by the end of April. Upon the commencement of the development of Phase 2, the Prowse Order at paragraphs 3 and 4 directs that Greenboro and 1199 shall enter into a lot sale agreement for the Phase 2 Lots and that Greenboro shall pay a 20% deposit for each of the Phase 2 Lots upon entering into such agreements (the "Deposit"). The Prowse Order provides an equivalent direction with respect to the Phase 3 Lots. The proposed Bulk Lots Agreements are the lot sale agreements contemplated in the Prowse Order.
23. To finalize the Bulk Lot Agreement for the Phase 2 Lots, Greenboro and 1199 require clarity regarding which lot Caleron is going to select pursuant to the Mammone Lot Selection. This lot

selection impacts the composition of the Phase 2 Lots being purchased by Greenboro from 1199.

24. Given Caleron's history with the Montreux JV, I believe that Greenboro requires the assistance of this Honourable Court to compel Caleron to make the Mammone Lot Selection. This selection is required prior to the commencement of the development of Phase 2 at Mystic Ridge.

Caleron's Request for Financial Documents

25. The Affidavit of Ronald Slater sworn on January 21, 2012 attaches as Exhibits "5" and "6" two letters sent by Caleron and Mr. Slater's legal counsel dated December 6, 2012 (the "**December 6 Letter**") and December 13, 2012 (the "**December 13 Letter**"), respectively. Neither the December 6 Letter nor the December 13 Letter were addressed or copied to UBG.
26. The December 6 Letter and the December 13 Letter requested that the Monitor provide certain financial information relating to the development of the Mystic Lots, including financing term sheets, development scenarios, performer reports and all information relating to the prospective financing by TD. The information requested in these letters has largely been provided to Caleron or will be provided in advance of the Approval Meeting.
27. At the Management Meeting in July of last year and February and March of this year, UBG Land provided Caleron and Mr. Slater with copies of a forecasted budget to develop the Mystic Lots (the "**Budget**"). The Budget has not materially changed during that period of time. Pursuant to the Prowse Order, the revenue projections are fixed at \$300,000 per lot so the only variables are development costs.
28. In advance of the Approval Meeting, the Term Sheet was provided to Caleron and Mr. Slater as an attachment to the April Notice.

Financial Viability

29. The December 13 Letter sent by Caleron's lawyer to TD and the Monitor objected to the development of the Mystic Lots, on the basis that such development is purportedly not economic, and asked for a re-pricing strategy for the lots sales.
30. UBG views this objection as simply another attempt to unwind 1199's obligation to sell lots to Greenboro for the fixed price of \$300,000 per lot. This issue was addressed by the Arbitration Decision and the Prowse Order.
31. UBG reviewed the budget for the development of the Mystic Lots and the Term Sheet with the Monitor. The Monitor supports the development of Phases 2 and 3 at Mystic Ridge.

Caleron's Purported Option to Purchase

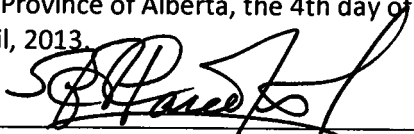
32. On or about July 10, 2012, Caleron delivered a notice to UBG purporting to exercise an option under the JV Agreement to purchase UBG's interest in the Montreux JV (the "**Notice**"). A copy of the Notice is attached as Exhibit "10".
33. I am informed by my legal counsel that it sent a responding letter to Caleron's legal counsel dated July 31, 2012 (the "**July 31 Letter**") notifying Caleron that, among other things, it was

stayed by the Initial Order from delivering the Notice. A copy of the July 31 Letter is attached as Exhibit "11".

- 34. To date, Caleron has not taken any further steps to enforce its purported right to acquire UBG Land's interest in the Montreux JV.
- 35. One of the conditions in the Term Sheet is for UBG to obtain an Order from this Honourable Court declaring that Caleron is stayed from exercising its option under the JV Agreement to acquire UBG Land's interest in 1199 and the Montreux JV.

Management Committee Meetings

- 36. It has always been and remains UBG Land's intention to hold monthly Management Committee meetings (the "Management Meetings"). The Management Meetings were held on the first or second Tuesday of each month throughout the CCAA Proceedings until August and November of last year. The parties did not object to cancelling the Management Meetings in August and November to accommodate travel schedules and vacations.
- 37. With the holidays and little to report on the development of the project, UBG Land decided to hold off calling a Management Meeting in December and January. There were no material decisions or steps that could be made to advance the development of Mystic Ridge until UBG finalized the Term Sheet or an alternative financing. The Montreux JV's only other development is Phase 1 at Mystic Ridge, which is largely complete.
- 38. On January 22, 2013, Caleron and Mr Slater filed an application seeking, among other things, an Order compelling the Montreux JV to hold monthly Management Meetings (the "Caleron Application"). Since Caleron always had the authority under the JV Agreement to call Management Meetings, this relief is redundant.
- 39. I am informed by UBG's legal counsel that it sent a letter to Mr. Slater and Caleron's lawyer dated January 25, 2013 (the "January Letter") regarding UBG's view that the Caleron Application is not appropriate or necessary. A copy of the January Letter is attached as Exhibit "12".
- 40. The Management Committee held Management Meetings on February 5, 2013 and March 5, 2013. The next Management Meeting is scheduled for April 12, 2013. UBG Land intends to call Management Meetings each month thereafter and as required.
- 41. I make this Affidavit in support of the relief described in paragraph 3, above.

Sworn before me in the City of Calgary in)
 the Province of Alberta, the 4th day of)
 April, 2013.)
)
 Commissioner of Oaths in and for the)
 Province of Alberta)
)



 Tom Chisholm

Felipe Alberto Paredes-Canevari
Student-at-Law

Exhibit "1"

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Tom Chisholm

Sworn before me this 4th
day of April A.D. 2013

F. Paredes-Canevari
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

CLERK OF THE COURT
FILED
MAY 10 2012
Clerk's Stamp
JUDICIAL CENTRE
OF CALGARY

1201-05843

COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE
APPLICANT(S)

CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF UBG BUILDERS INC.,
ALBERTA BUILDERS CAPITAL INC., ALPINE HOMES
(2006) INC., AMERICAN BUILDERS CAPITAL (US) INC.,
EDGEWATER AT GRIESBACH INC., ELITE HOMES
(2006) LTD., EVOLUTION BY GREENBORO INC.,
GREENBORO COMMUNITIES (2006) INC., GREENBORO
ESTATE HOMES (2006) LTD., GREENBORO HOMES
(2006) LTD., GREENBORO LUXURY HOMES INC., HIGH
POINTE INC., MOUNTAINEERS VILLAGE (2006) INC.,
MOUNTAINEERS VILLAGE II INC., ORIGINS AT
CRANSTON INC., SOUTH TERWILLEGAR VILLAGE INC.,
THE BRIDGES MANAGEMENT INC., THE LEDGES INC.,
TIMBERLINE LODGES (2006) INC., TODAY'S
COMMUNITIES (2006) INC., TODAY'S HOMES (2006)
INC., TUSCANY DEVELOPMENTS (2006) INC., UBG
ALBERTA BUILDERS (2006) INC., UBG ALPINE HOMES
(2006) LTD., UBG BRIDGES INC., UBG BUILDERS (USA)
INC., UBG COMMERCIAL INC., UBG LAND INC., UBG
LOT DEPOSIT CORP., UBG 4500 CALGARY INC., UBG 75
CANMORE INC., UBG 808 CALGARY INC., UNITY
INVESTMENTS (2012) INC., VALMONT AT ASPEN
STONE INC., VALOUR PARK AT CURRIE INC., VILLAGE
AT THE HAMPTONS INC., VILLAGE ON THE PARK INC.,
WILDERNESS HOMES BY RIVERDALE INC.,
WILDERNESS RIDGE AT STEWART CREEK INC.

(COLLECTIVELY, THE "APPLICANTS")

I hereby certify this to be a true copy of
the original Order

Dated this 10 day of May 2012
J. H.
for Clerk of the Court

CCAA INITIAL ORDER

FRASER MILNER CASGRAIN LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David W. Mann / Derek M. Pontin
Ph. (403) 268-7097/6301 Fx. (403) 268-3100

DOCUMENT

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

File No.: 549362-1

DATE ON WHICH ORDER WAS
PRONOUNCED

May 9, 2012

NAME OF JUSTICE WHO MADE THIS
ORDER

The Honourable Madam Justice Horner

UPON the application of the Applicants; **AND UPON** having read the Originating Application, the Affidavit of Robert Friesen dated May 8, 2012 (the "Friesen Affidavit"), and the Affidavit of Service of Ronica Cameron; **AND UPON** reading the consent of Ernst & Young Inc. (the "Monitor") to act as Monitor and upon noting that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application; **AND UPON** hearing counsel for the Applicants and the Monitor; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. Each of the Applicants are affiliated debtor companies within the meaning of the CCAA and the CCAA applies to each of the Applicants. In addition, the limited partnerships set forth on Schedule "A" to this Order, all having general partners who are Applicants in these proceedings, are necessary parties, shall receive the benefit of the relief granted in this order, and are included in the term "Applicants" when used in this Order and these proceedings.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan"). Subject to the further Order of the Court, the Plan may also include such further or other corporations and bodies corporate as may be appropriate and may seek relief concurrently under the CCAA and the *Canada Business Corporations Act*.

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:

- (a) remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property; and
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.
6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
 - (i) employment insurance,
 - (ii) Canada Pension Plan, and
 - (iii) income taxes,but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;
 - (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
 - (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.
8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order;
 - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Applicants shall subject to such requirements as are imposed by the CCAA have the right to:
- (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$10,000 in any one transaction or \$200,000 in the aggregate, provided that any sale that is either:
 - (i) in excess of either of the above thresholds, or;
 - (ii) in favour of a person related to the Applicants (within the meaning of s. 36(5) of the CCAA),shall be authorized by this Court in accordance with s. 36 of the CCAA;
 - (b) complete the Upcoming Sales (as that term is defined in the Friesen Affidavit) and make such dispositions of the proceeds of such sales as the Monitor, UBG, and the secured lenders of such units may agree;
 - (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and
 - (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaims or resiliates the lease governing such leased premises in accordance with section 32 of the CAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. Until and including June 8, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of any one or more of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of any one or more of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
- (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest; or
 - (d) prevent the registration of a claim for lien.
15. Nothing in this Order shall prevent any party from taking an action against any one or more of the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. The Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.
22. Notwithstanding any language in any applicable insurance policy to the contrary:
- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
 - (c) advise the Applicants in the preparation of the Applicants' cash flow statements;
 - (d) advise the Applicants in their development of any Plan or Plans and any amendments thereto;
 - (e) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
 - (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
 - (h) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
 - (i) perform such other duties as are required by this Order or by this Court from time to time.
25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.
26. The Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
27. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful

misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants.
29. The Monitor and its legal counsel shall pass their accounts from time to time.
30. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

DIP FINANCING

31. The Applicants have leave to reapply for priority DIP financing if deemed necessary in the future.

VALIDITY AND PRIORITY OF CHARGES

32. The priorities of the Directors' Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,000,000); and

Second – Directors' Charge (to the maximum amount of \$500,000).

33. The filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered,

recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. Each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.
35. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.
36. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;
- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by the Applicants pursuant to this order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

37. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Charges amongst the various assets comprising the Property.

SERVICE AND NOTICE

38. The Monitor shall (i) without delay, publish in The Calgary Herald and The Edmonton Journal a notice containing the information prescribed under the CCAA; (ii) within five days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

39. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at <http://documentcentre.eycan.com/> and post there within the time periods stipulated in the CCAA or any application regulation(s), or otherwise as soon as practicable, all materials filed in these proceedings as well as any others that are required by the CCAA or regulation(s) thereunder.

GENERAL

40. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
41. Notwithstanding rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
42. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
43. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

44. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
45. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
46. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

“ K. Horner ”

J.C.Q.B.A.

SCHEDULE "A" TO THE CCAA INITIAL ORDER

PARTNERSHIPS OF UBG THAT COMPRISE THE APPLICANTS

1. Alpine Homes Limited Partnership, by its General Partner, Alpine Homes (2006) Inc.;
2. Edgewater at Griesbach Limited Partnership, by its General Partner, Edgewater at Griesbach Inc.;
3. Elite Homes Limited Partnership, by its General Partner, Elite Homes (2006) Ltd.;
4. Evolution by Greenboro Limited Partnership, by its General Partner, Evolution by Greenboro Inc.;
5. Greenboro Communities Limited Partnership, by its General Partner, Greenboro Communities (2006) Inc.;
6. Greenboro Estate Homes Limited Partnership, by its General Partner, Greenboro Estate Homes (2006) Ltd.;
7. Greenboro Homes Limited Partnership, by its General Partner, Greenboro Homes (2006) Ltd.;
8. Greenboro Luxury Homes (Currie Barracks 1A) Limited Partnership, by its General Partner, Greenboro Luxury Homes Inc.;
9. High Pointe Limited Partnership, by its General Partner, High Pointe Inc.;
10. Mountaineers Village Limited Partnership, by its General Partner, Mountaineers Village (2006) Inc.;
11. Mountaineers Village II Limited Partnership, by its General Partner, Mountaineers Village II Inc.;
12. Origins at Cranston Limited Partnership, by its General Partner, Origins at Cranston Inc.;
13. South Terwillegar Village Limited Partnership, by its General Partner, South Terwillegar Village Inc.;
14. The Bridges Limited Partnership, by its General Partner, The Bridges Management Inc.;
15. The Ledges Limited Partnership, by its General Partner, The Ledges Inc.;
16. Timberline Lodges Limited Partnership, by its General Partner, Timberline Lodges (2006) Inc.;
17. Today's Communities Limited Partnership, by its General Partner, Today's Communities (2006) Inc.;
18. Today's Homes Limited Partnership, by its General Partner, Today's Homes (2006) Inc.;

19. Tuscany Developments Limited Partnership, by its General Partner, Tuscany Developments (2006) Inc.;
20. UBG Alberta Builders Limited Partnership, by its General Partner, UBG Alberta Builders (2006) Inc.;
21. UBG Alpine Homes Limited Partnership, by its General Partner, UBG Alpine Homes (2006) Ltd.;
22. UBG Bridges Limited Partnership, by its General Partner, UBG Bridges Inc.;
23. UBG Commercial Limited Partnership, by its General Partner, UBG Commercial Inc.;
24. UBG Land Limited Partnership, by its General Partner, UBG Land Inc.;
25. UBG 4500 Calgary Limited Partnership, by its General Partner, UBG 4500 Calgary Inc.;
26. UBG 75 Canmore Limited Partnership, by its General Partner, UBG 75 Canmore Inc.;
27. UBG 808 Calgary Limited Partnership, by its General Partner, UBG 808 Calgary Inc.;
28. Valmont at Aspen Stone Limited Partnership, by its General Partner, Valmont at Aspen Stone Inc.;
29. Valour Park at Currie Limited Partnership, by its General Partner, Valour Park at Currie Inc.;
30. Village at the Hamptons Limited Partnership, by its General Partner, Village at the Hamptons Inc.;
31. Village on the Park Limited Partnership, by its General Partner, Village on the Park Inc.;
32. Wilderness Homes by Riverdale Limited Partnership, by its General Partner, Wilderness Homes by Riverdale Inc.; and
33. Wilderness Ridge at Stewart Creek Limited Partnership, by its General Partner, Wilderness Ridge at Stewart Creek Inc.

Exhibit "2"

THIS IS EXHIBIT "2"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
F. Paredes
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

THIS JOINT VENTURE AGREEMENT made as of the 27th day of February, 2006.

Between:

UBG ALBERTA BUILDERS INC., a body corporate
carrying on business in the Province of Alberta
("UBG")

OF THE FIRST PART

- and -

CALERON PROPERTIES LTD., a body corporate
carrying on business in the Province of Alberta
("Caleron")

OF THE SECOND PART

- and -

RONALD SLATER, of the City of Calgary, in the
Province of Alberta, ("Slater")

OF THE THIRD PART

MONTREUX JOINT VENTURE AGREEMENT

WHEREAS Caleron and UBG wish to formalize their joint venture with respect to the Lands as contemplated by the Letter of Intent.

AND WHEREAS Caleron has purchased the Richards Lands and intends to purchase the Wanklyn Lands through its exercise of the Purchase Agreement (collectively "the Lands").

AND WHEREAS the Joint Venturers intend to hold the title to the Lands, each with a separate 50% undivided interest in the Lands, and in conjunction with that, the parties hereto have agreed to enter into this Joint Venture Agreement to govern the subdivision, servicing, development and sale of the Lands.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual covenants hereinafter set forth, the parties hereto covenant and agree with each other as follows:

ARTICLE 1- DEFINITIONS, INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall, have the following meanings:

"Trustee" means 1199032 Alberta Ltd.

"Business Days" means days other than Saturdays, Sundays and statutory holidays in the Province of Alberta.

"Caleron" means Caleron Properties Ltd.

"Capital Contributions" means the capital contributions to the Joint Venture as described in Section 2.5.

"Default" has the meaning ascribed to it in Section 5.1.

"Direct Development Costs" means the costs incurred to develop and service the Lands to achieve the purpose of the Joint Venture in Section 2.1 excluding the Development Management Fee and the Marketing Fee, any costs related to the Lands acquisition, any financing costs and any cost overruns being those costs in excess of the budgeted amounts approved by the Management Committee.

"Dispose" includes sell, assign, transfer, lease, mortgage, charge, encumber, create any security over, grant any interest in any profits, and grant any right or options in

respect of any of the foregoing and includes a "change of effective control" as provided for in Section 1.3,2.

"UBG" means UBG Alberta Builders Inc.

"Joint Venture" means the Joint Venture formed by this Agreement for the purpose set forth in Section 2.1 hereof

"Joint Venture Interest" means all of a Joint Venturer's interest in the Joint Venture Property,

"Joint Venture Property" means the Lands, together with all development applications, approvals, consents, agreements approved by the Joint Venturers, financial statements and all other studies, materials, surveys, plans, documents, commitments and authorizations of any nature whatsoever, all improvements made thereto and all bank accounts, accounts receivable, securities for money, and all assets of any nature whatsoever and in any manner whatsoever heretofore or hereafter possessed, obtained, acquired or produced by any of the Joint Venturers in respect of, or in any manner related to the Joint Venture and all of its undertakings with respect to the Lands, and any developments made thereon.

"Joint Venturer" means UBG or Caleron.

"Lands" means the lands (including all improvements, buildings and amenities thereon) legally described on Schedule "A".

"Letter of Intent" means the letter dated February 13, 2006 between Caleron and UBG that outlines the key terms and conditions of this and other joint venture agreements to be entered into by Caleron and UBG for the development of certain

lands in the Calgary region, including but not limited to the Lands.

"Lot Sale Agreement" means the standard form of lot sale agreement as approved from time to time by the Management Committee,,

"Lots" mean those single family residential lots that are subdivided from the Lands.

"Majority Decision" means a decision of the Management Committee made in accordance with Section 3.5.9(b).

"Management Committee" means the Committee established pursuant to the provisions of Section 3.1 hereof.

"Market Price and Terms" means, in respect of any particular Lot within the Lands, the then current fair market price and other terms of sale, as determined in accordance with Section 4.2.

"Option Expiry Date" means February 15th, 2006 or such extended date pursuant to the Purchase Agreement.

"Party" means either of Caleron or UBG and "Parties" means both of them.

"Permitted Encumbrances" those encumbrances on Title to the Land as listed in Schedule B, the security for the Loan, those permitted pursuant to Section 6,2 and any additional encumbrances as the Joint Venturers may together grant against the titles to the Lands,

"Project Expenses" means the expenses incurred in carrying out the purpose of this Joint Venture, including without limitation, the costs of management of the Lands

and marketing the Lots, costs incurred to parties dealing at arm's length with the Joint Venturer incurring same for financing, development and servicing of the Lands, planning, engineering, soils and environmental studies, legal and other costs subject to the approval by the Management Committee, and in the case of such expenses incurred by Caleron to the date of this Agreement, must be approved by UBG.

"Project Financing" means financing as may be obtained by the Joint Venturers from a third party institutional lender to finance Project Expenses.

"Proportionate Share" means the undivided fifty percent (50%) interest as a tenant-in-common in the Joint Venture Property held by Caleron, or the undivided 50% interest as a tenant-in-common in the Joint Venture Property held by UBG, as the context requires, and also means where the context will require or permit, the above mentioned proportional shares of responsibilities, liabilities and benefits in the Joint Venture Property, subject to change pursuant to Section 2.9.

"Purchase Agreement" means the Purchase Agreement between the Vendor and Caleron made effective February _____, 2006.

"Purchase Price" means the purchase price for the Lands pursuant to 3.02 of the Purchase Agreement.

"Richards Lands" means those lands legally described as _____, of which Ron Slater is the legal and beneficial owner of an undivided 11/17 interest.

"Sale and Assignment Agreement" means the Sale and Assignment Agreement made between Caleron and UBG dated as of the date hereof.

"Termination Date" means the first to occur of the events described in Section

10.1.

"Vendor" means collectively, Beverley Jill Wanklyn and Rob Zeer,

"VTB Mortgage" means the Vendor Take-Back Mortgage and financing pursuant to the Purchase Option,

1.2 Interpretation

Words importing the singular include the plural and vice versa. Words importing gender include all genders.

ARTICLE 2 - FORMATION AND CAPITALIZATION OF JOINT VENTURE

2.1 Purpose

Effective the date hereof, UBG and Caleron hereby create the Joint Venture to be known as the "Montreux Joint Venture" or such other name as the Management Committee shall determine, for the purposes of the acquisition, subdivision, servicing, development, and sale of the Lands, and in conjunction therewith to do and perform such acts and things as may be necessary or desirable for the complete fulfillment of such purposes. Each Joint Venturer covenants to at all times act bona fide and in good faith conduct its actions in respect of the Joint Venture.

2.2 Term

The term of this Joint Venture Agreement shall commence on the date hereof and shall terminate on the Termination Date.

2.3 Sale and Assignment Agreement

The parties agree to concurrently enter into the Sale and Assignment Agreement whereby Caleron assigns to UBG, UBG's Proportionate Share of the Joint Venture Property on the terms and conditions therein provided that if the Conditions (as that term is defined in the Sale and Assignment Agreement) are not satisfied or waived by Greenhorn within the times set out in the Sale and Assignment Agreement and same is terminated, then this Agreement shall be automatically terminated, it being understood and agreed that Caleron and UBG shall make the necessary payments, transfers and take all necessary steps to return to their respective pre-Agreement positions.

2.4 General Structure of the Joint Venture

Subject to the provisions of this Agreement, Caleron and UBG both agree to the following profit, costs and control principles for this Joint Venture:

- (a) each Joint Venturer will be entitled to its Proportionate Share of the receipts and revenues from the Joint Venture;
- (b) each Joint Venturer shall be responsible for its Proportionate Share of the Project Expenses and Capital Contributions for the Joint Venture; and
- (c) each Joint Venturer will be entitled to its Proportionate Share of the votes on the Management Committee.

2.5 Capital Contributions

The Capital Contributions of each Joint Venturer will be used to finance the purchase of the Lands and carry out of the purposes of the Joint Venture pursuant to Section 2.1. Each of Caleron and UBG shall advance Capital Contributions to the Joint Venture in amounts equal to its

Proportionate Share as required from time to time by the Management Committee, subject to the following provisions:

- (a) As referenced in the Sale and Assignment Agreement, UBG shall advance an amount on account of its Capital Contribution equal to the cash down-payment requirement pursuant to the Purchase Agreement to complete the purchase of the Wanklyn Lands from the Vendor, such amount not to exceed Two Million Two Hundred Thousand (\$2,200,000.00) Dollars.
- (b) Caleron shall advance an amount on account of its Capital Contribution equal to the cash required to complete the purchase of the Richards Lands for the Joint Venture prior to these Lands being developed. For greater certainty, Caleron shall be solely responsible for discharging all mortgages and other financial encumbrances currently registered on the Richards Land and shall not further encumber these Lands. Caleron shall hold the Richards Lands in Trust for the Joint Venture.
- (c) UBG and Caleron shall provide Capital Contributions to the Joint Venture to cover principal and interest payments on the Wanklyn VTB Mortgage or other financing required in the purchase of the Wanklyn Lands, in such proportions which, result in each Party contributing an amount equal to its respective Proportionate Share. For greater certainty, assuming the current equal Proportionate Shares, based on an assumed down payment for the Lands of 50% of the purchase price for the Lands, UBG will contribute 50% of the VTB Mortgage principal together with interest thereon and Caleron will contribute 50% of the VTB Mortgage principal together with interest thereon. The principal portion of the VTB payments shall form part of the Capital Contributions of the paying Joint Venturer and the interest portion of such payments shall be the paying Joint Venturer's financing cost thereof which shall not form part of its Capital Contributions.

2.6 Project Expenses

Each of Caleron and UBG agrees to pay, by way of Capital Contributions its Proportionate Share of the Project Expenses at the times required from time to time by the Management Committee, until such time as suitable Project Financing is available to pay all or a portion of the Project Expenses.

2.7 Development and Marketing Manager

- (a) There shall be appointed a manager to manage the development of the Lands and the marketing of the Lots on behalf of the Joint Venture ("Manager"), subject to the terms and conditions of this Agreement and subject to the direction of the Management Committee by Majority Decision. The Manager shall exercise the same skill and diligence as a manager of similar property in the Calgary region would in the management of the Lands and the sale of the Lots. The Manager shall arrange for timely payment of all third party accounts on regular business terms, except as otherwise directed by the Management Committee by Majority Decision.
- (b) Caleron is hereby appointed as Manager, subject to being replaced for cause or pursuant to the provisions of Sections 2.8(d) or 7.7.
- (c) The Joint Venture agrees to pay the Manager, the following Development Management Fees for its management, development and marketing services provided to further the purposes of this Joint Venture:
 - (i) a fee of five percent (5.0%) of all revenues realized from the sale of Lots other than a sale of all or substantially all of the Lands then constituting a part of the Joint Venture Property (collectively the "Development Management Fee").

- (d) The Development Management Fee shall be paid to the Manager on a partial basis of \$10,000.00 per month commencing when development financing is in place. The balance of the Development Management Fee shall be paid once revenue is realized from the sale of the Lots and in accordance with the provisions of Section 2.9(b).

2.8 Proportionate Reduction if Default in Capital Contributions

In the event that a Joint Venturer fails to advance its Capital Contributions pursuant to Section 2.5 then the non-defaulting Joint Venturer shall be entitled, but shall not be obliged to make a Capital Contribution to be credited for its account in the same amount as the Capital Contribution required of the Defaulting Joint Venturer. On making such contribution pursuant to the provisions of this Section 2.8 or at the election of the Non-Defaulter pursuant to Section 5.1(g) to convert its debt from the Defaulter (or such portion thereof as the Non-Defaulter shall elect) into a Capital Contribution for the Non-Defaulter's credit, the following provisions shall apply:

- (a) The Defaulting Joint Venturer or Defaulter (as the case may be) will undergo a Proportionate Reduction (as determined in accordance with Section 2.7(b) in its Proportionate Share of the profit sharing, Project Expenses and Capital Contributions pursuant to Section 2.4(a) and (b)), the voting percentages of voting interests at the Management Committee pursuant to Section 2.4(c) and the undivided fractional interest in the Joint Venture Property, including the Lands pursuant to Section 2.7(e).
- (b) The Proportionate Reduction shall be calculated as follows:
 - (i) The Management Committee of the Joint Venture shall record for each, Joint Venturer, its Capital Contributions paid (including any Capital Contribution made on behalf of another Joint Venturer), the proportion that its Capital Contributions is relative to the total of all Capital Contributions made ("Paid Capital Contributions Proportion") and the proportion of Capital

Contributions of each Party that is required to the current date ("Required Contribution Proportion"); and

- (ii) The difference between the Required Contribution Proportion and the Paid Capital Contributions Proportion (the "Difference") will be subtracted from the Proportionate Share of the Defaulting Joint Venturer (or Defaulter as the case may be) and the corresponding reduction made to its profit sharing, Project Expenses and Capital Contributions pursuant to Section 2.4(a) and (b)), the voting percentages of voting interests at the Management Committee pursuant to Section 2.4(c) and the undivided fractional interest in the Joint Venture Property, including the Lands pursuant to Section 2.8(e).
 - (iii) The Difference will be added to the Proportionate Share of the non-defaulting Joint Venturer or the Non-Defaulter (as the case may be) and the corresponding increase made to its profit sharing, Project Expenses and Capital Contributions pursuant to Section 2.4(a) and (b)), the voting percentages of voting interests at the Management Committee pursuant to Section 2.4(c) and the undivided fractional interest in the Joint Venture Property, including the Lands.
- (c) If UBG elects under Section 2.7 (d) to effect the Proportionate Reduction in Caleron's Proportionate Share, then the provisions in Section 2.8(a) and (b) shall apply to effect a Proportionate Reduction in Caleron's Proportionate Share and a corresponding increase in UBG's Proportionate Share.
- (d) If, as a result of effecting a Proportionate Reduction, the non-defaulting Joint Venturer is holding greater than fifty percent (50%) of the Joint Venture Interest, the non-defaulting Joint Venturer may elect to assume the management of the Joint Venturer and earn the Development Management Fee and Marketing Fee (if not

already earning such fees) as set out in Section 2.7.

- (e) Following a Proportionate Reduction, the Trustee shall be deemed to hold on behalf of the Joint Venturers, their respective Proportionate Shares, adjusted so as to reflect the Proportionate Reduction and the debt otherwise due by the Defaulting Joint Venturer shall be deemed satisfied to the extent of the Proportionate Reduction.

2.9 Cash Distributions

The cash receipts generated by the Joint Venture through the sale of Lots and any other revenue generating activity after payment of Project Expenses then due and payable, shall be distributed to the Joint Venturers in their respective Proportionate Shares (except as described in (e) below in respect of the VTB Mortgage), in the following order:

- (a) Firstly, to pay into the Joint Venture working capital account an amount that allows the Joint Venture to retain adequate working capital to fulfill its purposes in Section 2.1, including, without limitation, the payment of third party payables in accordance with Section 2.7(a).
- (b) Secondly, to pay all outstanding principal and interest owing on Project Financing in the Joint Venturer's respective Proportionate Share.
- (c) Thirdly, to pay any outstanding principal or interest on the VTB Mortgage then due in the Joint Venturers' respective proportions pursuant to Section 2.5.
- (d) Fourthly, to repay any amounts incurred and outstanding by either Party on account of Project Expenses.
- (e) Fifthly, to repay the outstanding balance of the Capital Contributions of the Joint

Venturers in their respective Proportionate Shares.

- (f) Sixthly, subject to any restrictions under the provisions of any Project Financing, to pay on a pro-rata basis any accrued Development Management Fee, Marketing Fee owing to the Manager or any Loan Guarantee Fee owing to UBG pursuant to Section 6.3.
- (g) Lastly, to pay the balance of the balance of the receipts and revenues to each of the Joint Venturers in their respective Proportionate Shares.

Notwithstanding the foregoing, the payments of a Defaulting Joint Venturer's entitlement to payments pursuant to Section 2.9(a) and (g) shall be subject to the secured rights of the other Joint Venturer to such amounts pursuant to Section 5.1(d).

2.10 Holding the Joint Venture Interest

Caleron or UBG may hold its investment in the Joint Venture in any wholly-owned subsidiary or other ownership structure controlled by or under common control with Caleron or UBG ("Assignee"), provided such Assignee agrees in favour of the other Joint Venturer to be bound to the provisions of this Agreement without releasing the assigning Joint Venturer.

2.11 Interest of a Joint Venturer

Unless and until the Proportionate Share of any Joint Venturer is disposed of in accordance with the provisions of this Agreement, the interest of each Joint Venturer in the Joint Venture Property, and the responsibility for all debts, obligations, liabilities and losses of the Joint Venture, shall be in each Joint Venturer's Proportionate Share; PROVIDED ALWAYS that all losses, costs and expenses, damages and liabilities incurred as a result of willful neglect or default, gross negligence or dishonesty of a Joint Venturer, shall be a first charge or lien on that Joint

Venturer's Proportionate Share of the Joint Venture Property, including without limitation its interest in the Lands, and may be set off against distributions otherwise payable to such, Joint Venturer pursuant hereto. Each Joint Venturer hereby charges its Proportionate Share of the Joint Venture Property, including without limitation its interest in the Project, with a special lien and encumbrance in that regard as provided in Section 2.16 hereof.

2.12 Not Partners

Notwithstanding anything in this Agreement otherwise expressed or implied, neither of UBG nor Caleron shall be or be deemed to be partners of any of the other or others of them in either their ownership, subdivision, servicing, development or sale of the Project, and it is not their intention to create a partnership, and unless expressly agreed to in writing, the obligations of the Joint Venturers in connection with the Joint Venture shall be several in proportion to their respective Proportionate Shares and not joint or joint and several.

2.13 No Restrictions on Other Business of UBG

UBG shall have the absolute and unfettered right to engage in other business and other venture for its own account in any and all locations.

2.1.4 Good Faith and Indemnity

Each Party shall and shall cause its designates appointed to the Management Committee pursuant to Article 3 hereof to act in good faith and to try to reach agreement with the other Party with the intention and for the purpose of furthering the objects of this Agreement. Each Party agrees to do all acts and give all assurances in its power to bring about the subdivision, servicing, development and sale of the Project such as may be required and not to fail to do any such act or fail to provide any such assurance. Except as provided pursuant to this Agreement, each Party agrees that it will do no act with respect to the Joint Venture Property or incur any obligation or

liability with respect thereto or with respect to the ownership, subdivision, servicing, development or sale thereof, or with respect to the other Party to this Agreement and will indemnify and save harmless the other Party against any liability, obligation, claim or loss which results from any unauthorized act by a Joint Venturer with respect to the Joint Venture or the Joint Venture Property.

2.15 Security

Except as herein provided, each Joint Venturer acknowledges and confirms that, without the consent of each of the other Joint Venturers, it shall not act for or assume any responsibility on behalf of the Joint Venture or the other Joint Venturer. Each Joint Venturer hereby charges and encumbers as and by way of a special lien and encumbrance its Proportionate Share and its right, title and interest in the Joint Venture Property, including the Lands, to and in favour of the other Joint Venturer for all debts, liabilities, or obligations in respect of the Joint Venture Property in excess of that other's Proportionate Share and in connection therewith grants to the other Joint Venturer, all of the powers and remedies given to an encumbrancee by the Land Tides Act (Alberta).

2.16 Agent to Hold the Joint Venture Property in Trust for Joint Venturers

The Joint Venturers hereby agree to cause their respective Joint Venture Interests be held by a single common agent company in trust for them as to their respective Proportionate Shares. Concurrent with the execution and delivery of this Agreement, the parties hereto and such agent shall enter into an unanimous shareholder agreement and other agreements as may be necessary or desirable governing the terms on which, such agent holds such Joint Venture Interests for the benefit of the Joint Venturers.

2.17 Termination if Conditions Not Satisfied

If the Conditions (as defined in the Sale and Assignment Agreement made effective the date hereof between the UBG and Caleran) are not satisfied or waived by UBG within the times

set in the Sale and Assignment Agreement and same is terminated, then this Agreement shall be automatically terminated and the parties shall make the necessary payments, transfers and take all necessary steps to return to their respective pre-Agreement positions.

ARTICLE 3 - MANAGEMENT COMMITTEE

3.1 Constitution

Except as otherwise provided herein, all business dealings by the Joint Venturers with the Joint Venture Property shall be managed and all decisions and determinations of the Joint Venturers in respect of the Joint Venture shall be made by a Management Committee consisting of one (1) designate appointed by UBG one (1) designate appointed by Caleron.

3.2 Designates

At the time of such designation, each of UBG and Caleron shall, name one (1) alternate designate to act in the absence of their respective designates. The alternate designates shall (in the absence of their corresponding original, designates) attend meetings of the Management Committee and shall have all the rights and powers of a designate thereat. At the commencement of every meeting, any alternate designate in place of an absent designate shall so declare and name the designate for whom he is attending. Each of UBG and Caleron may, from time to time, on notice in writing to the others, change its designate(s) or its alternate designate. Each of UBG and Caleron represents and warrants to the others that its respective designate and alternate designate(s) and their respective replacements from time to time shall be and are authorized to bind UBG and Caleron respectively.

3.3 Appointment

UBG hereby appoints as its designate the following persons:

Designate: Larry Thompson
Alternative
Designate: Jim Williams
Address: 808 - 55th Avenue N.E.
Calgary, Alberta, T2E 6Y4

Caleron hereby appoints as its designate the following persons:

Designate: Ronald Slater
Alternative
Designate: Pamela Sheahan
Address: Suite 650, 140 - 4th Avenue S.W.
Calgary, Alberta T2P 3N3

3.4 Chairman

The Management Committee Chairman (the "Chairman") shall be UBG's designate or alternate designate, who shall not be entitled to a casting vote.

3.5 Meetings of the Management Committee

3.5.1 The Management Committee shall have regular monthly meetings, on written notice of such meeting by the Chairman given to the designates with a copy sent to the alternate designates.

3.5.2 The Management Committee meetings shall be held at such place in the City of Edmonton as is designated in the notice calling the meeting.

3.5.3 One or more designates (or alternate designates) of one or more Joint Venturers

having a Proportionate Share greater than fifty percent (50%) must be present at a Management Committee meeting in order to transact any business thereat.

3.5.4 The notice given to call a meeting shall set forth therein the agenda to be considered at the meeting.

3.5.5 Other representatives of either Joint Venturer may attend a meeting of the Management Committee at the request of any of the Joint Venturers' designates or alternate designates.

3.5.6 Notice of a Management Committee meeting shall be given to all designates and alternate designates not less than seven (7) days prior thereto; PROVIDED THAT no notice of a meeting shall be necessary if the designate (or an alternate designate as applicable) for each Joint Venturer is present thereat. Any such notice may be given by delivered letter or fax and if delivered prior to 5:00 o'clock p.m. local time of the receiving Joint Venturer shall be deemed delivered on that date and if after such time shall be deemed delivered on the next Business Day.

3.5.7 Any designate or alternate designate may call a meeting of the Management Committee provided always that any such meeting shall be subject to the provisions of Sections 3,5,2 and 3.5.6.

3.5.8 Each Joint Venturer shall have that number of votes an Management Committee as shall be equal to its respective proportionate Share, and such votes may be cast by a Joint Venturer's designate (or an. alternate designate as applicable).

3.5.9 Only:

- (a) a unanimous decision of those present at any properly constituted Management Committee meeting, where the decision or approval is for:

- (i) sale of all or substantially all of the assets of the Joint Venture other than in accordance with Articles 7, 8 or 9;
 - (ii) a wind-up of the operations of the Joint Venture; or
 - (iii) purchase by the Joint Venture of a material real estate asset;
- (b) a decision by simple majority vote of those present at any properly constituted Management Committee meeting ("Majority Decision") where the decision or approval is for any other matter not specifically enumerated in (a) above;

shall constitute a decision of the Management Committee on any question put before it and each Joint Venturer covenants to be bound by all decisions of the Management Committee. A written resolution of the designate (or alternative designate) of each Joint Venturer or UBG alone in the case of Section 7,7 becoming operative, shall be deemed to be a decision of a unanimous decision or a Majority Decision, within the meaning of Section 3.5.9 (a) and (b) respectively.

3.5.10 The minutes of meetings of the Management Committee shall be recorded by a designate of the Management Committee selected by the Chairman, who may be the Chairman.

3.5.11 Approval of the minutes of the meetings of the Management Committee shall be given by circulation by the Chairman of the minutes of the meeting to all designates and alternate designates and, if within the next five (5) Business Days after the meeting, no amendment to such minutes is requested of the Chairman in writing by any designate or alternate designate, then the minutes shall be deemed to be approved.

**ARTICLE 4 - OBLIGATIONS AND DUTIES OF THE
MANAGEMENT COMMITTEE**

4.1 Authority

The Management Committee shall have full power and authority to conduct the business affairs of the Joint Venture and to deal with the Joint Venture Property, including its disposition, in accordance with the provisions of this Agreement, It shall, without intention to make such list exhaustive, do the following:

- 4.1.1 from time to time appoint the bank to be used by the Joint Venture;
- 4.1.2 from time to time appoint the auditors (if any), consultants and lawyers to be retained by the Joint Venture;
- 4.1.3 from time to time review and approve as it sees fit the business plans, and budgets (including approval of individual phase servicing budgets) prepared by the Joint Venturer earning the Development Fee in respect of the Project, it being agreed that the first meeting of the Management Committee shall occur within ninety (90) days of the date of this Agreement and shall concern, among other matters, the procedures relating to commitments and expenditure of funds on behalf of the Joint Venture and review and approval of the initial business plan and budget;
- 4.1.4 instruct and direct the Joint Venturer earning the Development Fee with respect to any concern it may have with respect to consultants etc., and give approval to the appointment of consultants, etc, and the timing and preparation of plans, surveys, etc. and to give approval to same as they are submitted;
- 4.1.5 cause the Joint Venture to carry sufficient liability insurance;
- 4.1.6 approve and authorize the execution of all contracts, deeds, mortgages, discharges,

transfers, agreements, consents, plans, easements, licenses and all other documents as are required to carry on the purpose of the Joint Venture as set out in Section 2.1;

4.1.6.1 all legal documents and all cheques on behalf of the Joint Venture must be signed by both Joint Venturers provided that if one Joint Venturer holds greater than a 50% Proportionate Share, it may alone sign all legal documents and all cheques on behalf of the Joint Venture.

4.1.7 approve plans for the development of the bands; and

4.1.8 approve the sale of all residential lots less one, to UBG at a purchase price of \$300,000.00 per lot on the following terms and conditions:

- (a) 20% of the purchase price upon execution of the standard purchase agreement;
- (b) the balance of the purchase price payable within six months from the date of execution of the purchase agreement.

Slater shall be entitled to acquire the remaining residential lot being a lot of his choice on the same terms and conditions as UBG and as set forth herein.

4.2 Market Price and Terms

The parties acknowledge and agree that the market price of the Lots shall be the sum of Three Hundred Thousand Dollars (\$300,000) and that the Lots shall be sold to UBG and Slater on the terms and conditions as set forth in paragraph 4.1.8.

ARTICLE 5 - PAYMENT OF COSTS AND EXPENSES

5.1 Defaulting Joint Venturer

If a Joint Venturer (a "Defaulter") shall commit any of the following:

- (a) default in the payment of any monies required to be paid pursuant to this Agreement;
or
- (b) by its act or omission be in default under any term of this Agreement; (a "Default"),
then:
- (c) in the case of any monetary Default, any other Joint Venturer (a "Non-Defaulter")
may give written notice to the Defaulter of such default stipulating that if such
default is not corrected within ten (10) Business Days of receipt of such notice, the
Non-Defaulter may advance or cause to be advanced on behalf of the Defaulter or
pay or cause to be paid the amount or amounts in default or required to remedy such
default. In the event the Defaulter fails to make payment within the stipulated ten
(10) Business Day period, the Non-Defaulter may (but shall not be obliged so to do)
pay such payments and the amount or amounts so advanced or paid shall be a debt
immediately due and owing by the Defaulter to the Non-Defaulter and the amount
of such advance or payment shall bear interest from the date of its advance or
payment until payment is made at the prime lending rate from time to time of The
Royal Bank of Canada plus five per cent (5%) per annum and shall be forthwith due
and payable by the Defaulter. In consideration of any such advance or payment made
by the Non-Defaulter on behalf of the Defaulter, the Defaulter hereby in favour of the
Non-Defaulter charges its Proportionate Share with a special lien and encumbrance
in that regard as provided in Section 2.17 hereof The Defaulter shall, upon written
request, forthwith execute and deliver to the Non-Defaulter confirmation of the said
charge and a promissory note upon the said terms;
- (d) the Defaulter shall not be entitled to receive or draw any Project Revenues or any
other profits whatsoever from the Joint Venture or to be repaid on account of any

loan or advance made by it to the Joint Venture or any fees or other amounts otherwise owing to it until the Defaulter has fully cured its Default and in the case of monetary Default, all such debt or debts to the Non-Defaulter, together with interest as aforesaid, are paid in full, and such debts may be set off against distributions otherwise payable to the Defaulter;

- (e) until such Default is fully cured the Defaulter's designates or alternate designates to the Management Committee shall have no right to vote at any meetings of the Management Committee, but shall be deemed to be present thereat for all purposes of determining whether the meetings are duly constituted;
- (f) until such Default is fully cured the Defaulter shall not be entitled to exercise any rights of a Joint Venturer under this Agreement, including without limitation any rights to acquire Lots pursuant to Section 4.3 or Article 12; and
- (g) the whole or any portion of all such debt or debts to the Non-Defaulter owing by the Defaulter shall be treated as provided in this Section 5.1 and secured pursuant to Section 2.17 or alternately at the election of the Non-Defaulter, as a Capital Contribution subject to the provisions of Section 2.9.

ARTICLE 6 - PROJECT FINANCING

6.1 Financing

It is the intention of the Joint Venturers that all Project Expenses be financed by a standard development loan obtained from a third party financial institution ("Lender").

6.2 Terms of Development Loan

The development loan shall, if possible, be non-recourse. If a non-recourse development loan is not available from the Lender, the Parties shall guarantee the loan on a several basis in accordance with their respective Proportionate Shares.

6.3 UBG Guarantee of Development Loan

In the event the lender of Project Financing requires that UBG guarantee the full amount of the Project Financing obligations, then UBG will receive a Loan Guarantee Fee equal to one percent (1%) per annum of the Project Financing loan commitment amount, calculated monthly. The Loan Guarantee Fee (if any) will be paid quarterly on a pro-rata basis with the Development Management Fee and the Marketing Fee to the Joint Venturer entitled thereto.

6.4 No Encumbrances

Each Joint Venturer warrants to the others that its Proportionate Share of the Joint Venture Property shall at all times remain free and clear of any claims, encumbrance(s), liens or charges whatsoever. (whether by way of mortgage, charge, assignment or otherwise) other than:

- (a) those listed on Schedule "B";
- (b) security referred to in Section 6.1 in respect of any Project Financing from a Lender and the VTB Mortgage;
- (c) any other encumbrances specifically arising pursuant to this Agreement;
- (d) a floating charge on the Joint Venturer's assets, provided same is not registered against any certificate of title to the Lands; and
- (e) encumbrance(s) also registered (or the same in all material respects as any

encumbrances) also registered) against the interests of the other Joint Venturer.

For greater certainty, no Joint Venturer shall register or permit the registration of a joint venture caveat or any other registration against the certificates of title to the Lands, other than Permitted Encumbrances.

6.5 Cure Defaults

Each of the Joint Venturers may, but shall not be obligated to, cure any failure of any other Joint Venturer to keep the obligations to a holder of an encumbrance against the Joint Venture Property (or any portion(s) thereof or any interest therein) in good standing, and all monies advanced for such purposes, including legal costs as between a solicitor and his own client, shall be treated and secured pursuant to Section 2.16 or alternately as a Capital Contribution subject to the provisions of Section 2.8.

ARTICLE 7 - COMPULSORY BUY-SELL

7.1 Buy-Sell Agreement by Offering Notice

A Joint Venturer shall be entitled at any time to give written notice (the "Offering Notice") to the other Joint Venturer (the "Recipient Joint Venturer") whereby the Joint Venturer giving the Offering Notice (the "Offering Venturer") offers both to purchase the entire interest of the Recipient Joint Venturer in the Joint Venture Property, and to sell the Recipient Joint Venturer the entire interest of the Offering Venturer in the Joint Venture Property, Any such Offering Notice, including the offer contained therein, shall be unconditional and irrevocable by the Offering Venturer and shall comply with the provisions of Section 7.2.

7.2 Requirements of Offering Notice

7.2.1 The Offering Notice shall contain a statement to the effect that the Recipient Joint Venturer is required pursuant to the provisions of Section 73 hereof to elect in the prescribed manner within the following period of forty-five (45) Business Days (the "Notice Period") either:

- (i) to sell its entire interest in the Joint Venture Property to the Offering Venturer; or
- (ii) to purchase the entire interest of the Offering Venturer in the Joint Venture Property.

7.2.2 In the Offering Notice, the Offering Venturer shall offer to purchase the entire interest of the Recipient Joint Venturer in the Joint Venture Property, and offer to sell. (at the same price and on the same terms as specified in the offer to purchase) to the Recipient Joint Venturer the entire interest of the Offering Venturer in the Joint Venture Property. Concurrently with delivery of the Offering Notice, the Offering Venturer shall deliver to the respective solicitor for the Recipient Joint Venturer (or if not then known to the Offering Venturer, then to the Offering Venturer's solicitor) its certified cheque in an amount equal to ten percent (10%) of the sale price stated in the Offering

Notice, as a deposit against payment of the sale price, to be held in trust by said solicitor and invested by the solicitor. The amount of said cheque and interest shall be either delivered on the Closing Date (as defined in Section 9,2.4) to the Recipient Joint Venturer should the Recipient Joint Venturer elect to sell its interest in the Joint Venture Property, or shall be returned by the said solicitor to the Offering Venturer forthwith if the Recipient Joint Venturer elects to purchase the Offering Venturer's interest in the Joint Venture Property as prescribed in the Offering Notice. Any interest earned shall be paid to the Joint Venturer entitled to receive the principal sum of said deposit, but such interest shall not be credited towards the sale price. For the purposes of this Article 7, the sale price and purchase price in the Offering Notice shall be specified at a dollar amount for every one percent (1%) Proportionate Share interest in the Joint Venture Property to be sold or purchased pursuant to the Offering Notice. The total price payable by each purchasing Joint Venturer in accordance with this Article 7 shall be calculated based on that specified price per one percent (1%) interest multiplied by the Proportionate Share of the selling Joint Venturer being purchased by that purchasing Joint Venturer, adjusted for fractional percentages if any.

7.2.3 The Offering Notice shall specify that the balance of the purchase price shall be paid on the Closing Date (as defined in Section 7,2.4) of the transaction and also provide for:

- (i) payment of the purchase price in Canadian dollars, whether payable in whole or in part by way of set-off or assumption of liability (excluding any obligations owed to the selling Joint Venturer, which shall be paid in cash on closing).
- (ii) assumption by the purchasing Joint Venturer of all of the unexpired obligations of the selling Joint Venturer respecting the Joint Venture Property being acquired (excluding any obligations owed to the selling Joint Venturer, which shall be paid in cash on closing) and if at the time of closing of the purchase therein contemplated the amount of such unexpired obligations should exceed the sale price of the Joint Venturer Property as stated in the Offering Notice, the purchasing Joint Venturer shall not be bound to complete the purchase of the other Joint Venturer's interest and

may at its option exercise its rights under Article 9 as if the selling Joint Venturer is bankrupt.

7.2.4 The Offering Notice shall set forth the date on which the purchase and sale is to be completed (the "Closing Date") and on which adjustments are to take place, which date may be a specific number of days following the last acceptance or deemed acceptance by the Recipient Joint Venturer of the offer contained in the Offering Notice, provided that such date shall be not less than thirty (30) days and not more than sixty (60) days following the giving of the Offering Notice.

7.2.5 The Offering Notice may also set forth such other terms and provisions which the Offering Venturer is willing to make or accept in regard to the offer contained in the Offering Notice; provided such terms and provisions shall not derogate from the unconditional and irrevocable nature of the offer contained in the Offering Notice.

7.3 Recipient Joint Venturer's Election

7.3.1 Upon the giving of any Offering Notice by the Offering Venturer to the Recipient Joint Venturer, the Recipient Joint Venturer shall be entitled during the Notice Period to give to the Offering Venturer written notice stating in effect that it either:

- (i) accepts the offer contained in the Offering Notice to sell the Recipient Joint Venturer's entire interest in the Joint Venture Property to the Offering Venturer; or
- (ii) accepts the offer contained in the Offering Notice to purchase the entire interest of the Offering Venturer in the Joint Venture Property;

in either case upon the terms set forth in the Offering Notice, and failing such election within the Notice Period, the Recipient Joint Venturer shall be deemed to have elected to sell its entire interest in the Joint Venture Property to the Offering Venturer in accordance with the terms of the Offering

Notice and the provisions of this Article 7.

7.3.1.1 If the Recipient Joint Venturer elects to purchase the Offering Joint Venturer's entire interest in the Joint Venture Property, then the Recipient Joint Venturer shall purchase the entire interest of the Offering Joint Venturer in the Joint Venture Property and the Offering Joint Venturer shall sell its entire interest in the Joint Venture Property to the Recipient Joint Venturer all in accordance with the terms of the Offering Notice and this Article 7.

7.3.1.2 If the Recipient Joint Venturer elects within the time limited to sell their respective entire interests in the Joint Venture Property to the Offering Joint Venturer or is deemed to have so elected as aforesaid, then the Recipient Joint Venturer shall sell its interest as aforesaid to the Offering Joint Venturer, and the Offering Joint Venturer shall purchase both such interests as aforesaid, in each case in accordance with the terms of the Offering Notice and this Article 7,

7.3.2.1 The Recipient Joint Venturer that pursuant to Section 7.3.1.1 is purchasing the interests of the Offering Venturer in the Joint Venture Property, shall deliver to the Offering Joint Venturer's solicitor its certified cheque in an amount equal to ten percent (10%) of the sale price (calculated in accordance with the Offering Notice and Section 7.3.1) as a deposit against payment of the respective sale prices to be held by the said solicitor in trust and invested by them.

7.3.3 The Joint Venturer selling its interest in the Joint Venture Property (the "Seller") shall on completion of the sale, deliver up to the purchasing Joint Venturer (the "Purchaser") all amounts, records and other documents of any nature whatsoever in its possession belonging to the Seller in relation to the Joint Venture and shall also execute and deliver to the Purchaser a transfer of its entire interest in the Lands and all other Joint Venture Property capable of being conveyed in such fashion and such other instruments as may be reasonably required to give effect to such purchase. Each Joint Venturer shall bear its own expenses in connection with the execution and delivery of such documents. All usual adjustments associated with the purchase and sale of real estate shall be made as at the date of closing, subject to the specific terms of the Offering Notice. It shall be a condition

of, the purchase and sale of the Joint Venture Interest that the Purchaser obtain a release of the Seller's obligations and that of any of its affiliates, relating to the VTB Mortgage and any Joint Venture loan or indebtedness relating to the Joint Venture Property ("Release Condition").

7.4 Seller's Default

If on the Closing Date, the Seller shall fail or refuse to complete the transaction in accordance with the provision of Article 7 (including failure to satisfy the Release Condition), then the Purchaser shall, in addition and without prejudice to any other remedies available to it at law or equity, have the right on such failure or refusal, upon payment of its share of the purchase price, in compliance with the Offering Notice and this Article 7, to the solicitor for the Purchaser for the benefit of the Seller, and the delivery of all required documentation and security, for or on behalf of and in the name of the Seller, to complete the transaction as aforesaid and the Seller hereby irrevocably constitutes and appoints the Purchaser the true and lawful attorney of the Seller to complete the transaction and execute any and every document necessary in that behalf.

7.5 Purchaser's Default

In the event that the Purchaser fails to pay or otherwise satisfy on the Closing Date the purchase price determined in accordance with this Article 7, then the Seller at its election:

7.5.1 may demand and obtain payment from the solicitor for the Purchaser of the ten percent (10%) down payment plus all interest earned thereon, by way of liquidated damages and not as a penalty, and

7.5.2 on the said Closing Date shall be deemed to have been granted an irrevocable option to purchase the Proportionate Share of the Purchaser in default in accordance with the terms of the Offering Notice, which option may be exercised by tendering to the solicitors for the Purchaser an amount equal to the cash required to close within sixty (60) Business Days of the Closing Date, or

7.53 may by written notice to the Purchaser within sixty (60) Business Days of the Closing Date in addition to obtaining payment of the deposit as aforesaid terminate the interest of the Purchaser as purchaser in the Seller's Proportionate Share, whereupon the Seller and the Defaulting Purchaser shall stand mutually released and discharged in respect of the Purchaser's breach.

7.6 GST

The parties each represent and warrant to the others that it is a registrant with Revenue Canada for the purpose of collecting the Goods and Services Tax as provided for in the Excise Tax Act (Canada) as amended from time to time (the "Goods and Services Tax") whose respective registration numbers appear on the execution page of this Agreement. A Party purchasing the Joint Venture Interest of the other agrees to remit directly to Revenue Canada as required by law any Goods and Services Tax relating to this Agreement or the transactions contemplated herein, at such time as and when such Goods and Services Tax becomes payable at law and agrees to indemnify and save harmless the selling Party from and against any and all Goods and Services Tax which the selling Party is required to pay relating to the sale transactions contemplated herein.

7.7 Over-ride

Notwithstanding the foregoing provisions of this Article 7, if Ronald Slater shall become totally Disabled or shall die during the term of this Agreement, UBG agrees that its rights to give an Offering Notice to Caleron pursuant to Section 7.1 shall be at an end and thereupon, the following provisions shall become operative, such that, notwithstanding anything otherwise expressed or implied in this Agreement:

- (a) UBG shall have 100% of the votes on the Management Committee.
- (b) A quorum at Management Committee shall be the designate or alternate designate of UBG, and a written resolution of UBG alone shall constitute a unanimous

decision or a Majority Decision of the Management Committee for all purposes pursuant to this Agreement, to which all Joint Venturers shall be bound.

- (c) All decisions and actions in respect of this Agreement or the Joint Venture otherwise requiring the unanimous consent or agreement of both Joint Venturers shall only require the consent or agreement of UBG, and such consent or agreement of UBG to such decisions shall bind both Joint Venturers.
- (d) UBG shall replace Caleron as the Manager and shall be paid the Development Management Fee and the Marketing Fee.

For the purposes of this Section 7.7, "Totally Disabled" means if Ronald Slater is by reason of mental or physical disability, incapable of performing reasonable efforts on behalf of the Corporation for a period of 3 or more consecutive months or for 6 months or more, in aggregate, in any 12 month period during the term of this Agreement.

It shall be a condition to the provisions of this Section 7.7 becoming and remaining effective, that the Joint Venture Interest of Caleron be controlled at all, times by Ronald Slater, or in the case of the death of Ronald Slater, by the estate of Ronald Slater or a trustee for the benefit of his heirs.

8.1 General

If any Joint Venturer wishes to Dispose of all its Joint Venture Interest, it will first offer to the other Joint Venturer the right to purchase such Joint Venture Interest in accordance with the provisions of this Section 8.1. No Joint Venturer may Dispose of less than all of its Joint Venture Interest and no Joint Venturer may Dispose of its Joint Venture Interest to a third Party except pursuant to a bona fide Offer from an entity with whom the Joint Venturer deals at arm's length, as that term is used in the Income Tax Act (Canada) (a "Bona Fide Arm's Length Offer") and then only in accordance with this Article 10.

8.2 Offer

If a Joint Venturer either wishes to make an offer to Dispose of all of its Joint Venture Interest, or receives from a third party a Bona Fide Arm's Length Offer for the purchase of all of its Joint Venture Interest (both of which offers are herein called an "Offer") (the Joint Venturer who wishes to Dispose of its Joint Venture Interest or who receives a Bona Fide Arm's Length Offer is herein called the "Offeror"), which Offer it has either determined to make or has accepted subject to compliance with the provisions of this Agreement, as the case may be, it will give a notice (which notice is herein called the "Offering Notice") to the other Joint Venturer (herein called the "Offeree").

8.3 Offering Notice

In the Offering Notice, the Offeror will offer to sell to the Offeree the Joint Venture Interest of the Offeror, at the price and subject to the terms and conditions as set forth in the Offer. Each Offer must include a provision to the effect that, if accepted, the Offeree will obtain the release of the Offeror from its obligations under this Agreement. If the Offeror has received a Bona Fide Arm's Length Offer, the Offeror will submit with the Offering Notice a true copy of the Offer, the names of the principal shareholders (if such are available to the Offeror upon request), the officers and directors of the proposed purchaser (which, proposed purchaser is herein called the "Purchaser") and any other information reasonably requested by the Offeree.

8.4 Affidavit

If the Offeror has received a Bona Fide Arm's Length Offer, the Offering Notice will be accompanied by an affidavit of a senior officer of the Offeror declaring that there is no direct or indirect supplementary consideration (whether or not in the nature of a tangible or intangible asset, money, property, securities or other benefit), that the Offer is not made as part of or in connection with any other transaction.

Any direct or indirect supplementary consideration received by or accruing to the Offeror which is not disclosed to the other Joint Venturer will be held in trust by the Offeror for the benefit of the Offeree.

8.5 Election

The Offeree may respond to the Offering Notice by written notice to the Offeror given within the period specified in the Offering Notice which will not be less than fourteen (14) days from the receipt of the Offering Notice by the Offeree (which period is herein called the "Offer Period"), The Offeree has the right to elect within the Offer Period to purchase the Offeror's Joint Venture Interest which purchase will be completed within sixty (60) days following expiry of the Offer Period or within such longer period of time as may be provided for in the Offer.

8.6 No Election to Purchase

If the Offeree does not give a notice of election to purchase as provided in Section 8.5, the Offeror may, subject to first complying with Section 8.2 hereof, either:

- (a) offer its Joint Venture Interest for sale to Persons other than the other Joint Venturer (provided all agreements entered into by the Offeror comply with the provisions of a Bona Fide Arm's Length Offer); or
- (b) Dispose of all of its Joint Venture Interest to the maker of the Bona Fide Arm's Length Offer,

as the case may be, at a price no less than the purchase price stated in the Offer and upon terms and conditions no less favourable to the Offeror than the terms and conditions set forth in the Offer, provided that such sale is completed within seventy (70) days from the expiration of the sixty (60) day time limit referred to in Section 8.5. The Joint Venture Interest of each of the Joint Venturers

will continue to be subject to the provisions of this Article 8. If the sale to the Purchaser is not completed within the aforesaid seventy (70) day period, then the Offeror will not proceed with the sale without again complying with the provisions of this Agreement. The Offeror is precluded from issuing an Offering Notice under Section 8.2 for a period of fifteen (15) days after the expiration of the aforesaid seventy (70) day period.

8.7 Closing

The closing ("Closing") of any sale of a Joint Venture Interest to the other Joint Venturer pursuant to this Agreement will be held at the address of the selling Joint Venturer for service of notices provided for herein, at 10:00 o'clock in the forenoon (local time) on the date stipulated herein therefor or, if no date is stipulated, thirty (30) days after a Joint Venturer becomes entitled to purchase the Joint Venture Interest of another Joint Venturer herein, or such other place and such earlier or later date and time as may be mutually agreed upon by the parties to the transaction. At the Closing, the selling Joint Venturer will execute and deliver to the purchasing Joint Venturer:

- (a) a transfer of all the Joint Venture Interest of the selling Joint Venturer warranting good and marketable title to such Joint Venture Interest subject only to the Permitted Encumbrances; and
- (b) such other documents and statements as may be necessary to effectively assign, transfer and convey the Joint Venture Interest of the selling Joint Venturer to the purchasing Joint Venturer,

and the purchasing Joint Venturer pay the cash portion of the purchase price (subject to a right of set-off as hereinafter provided) to the selling Joint Venturer net of the Debtor Party's obligations secured by or howsoever encumbering the Debtor Party's interest in the Joint Venture Property, If

there are any sales or transfer taxes payable as incidental to the transfers at the Closing, such taxes will be paid by the Joint Venturer required by law to pay same. At the Closing, the purchasing Joint Venturer will agree to indemnify the selling Joint Venturer thereafter from any and all manner of claims and causes of action thereafter arising out of the Joint Venture Interest of the selling Joint Venturer. At the Closing, all amounts due by the selling Joint Venturer to purchasing Joint Venturer will be settled and paid in full.

ARTICLE 9 - BANKRUPTCY OF A JOINT VENTURER

9.1 Option to Purchase

In the event of the insolvency or bankruptcy of either Joint Venturer or the filing by or on behalf of the Joint Venturer for relief under the Companies Creditors Arrangement Act or the Bankruptcy and Insolvency Act or of the transfer, voluntary or involuntary by any Joint Venturer of its interest in the Joint Venture Property or control thereof to any creditor, (or to any receiver or receiver-manager of any creditor(s)) in total or partial satisfaction of any debt, obligation, judgment or other liability (any trustee or receiver of such Joint Venturer or its assets or any such creditor being herein called an "Involuntary Transferee" and the bankrupt Joint Venturer or the Joint Venturer whose interest passes to the Involuntary Transferee being herein called the "Debtor Party"), the other Joint Venturer shall have the option to purchase the entire interest in the Joint Venture Property of the Debtor Party or the Involuntary Transferee, as the case may be, by giving written notice of its election to purchase the same within ninety (90) Business Days after Debtor Party's interest in the Joint Venture Property or control thereof has been transferred to or vested in the Involuntary Transferee.

9.2 Purchase Price

If the other Joint Venturer(s) shall elect to purchase the interest in the Joint Venture Property of the Debtor Party or Involuntary Transferee, as the case may be, the aggregate purchase

price shall be an amount equal to the fair market value of such interest in the Joint Venture Property as determined by an agreed-upon accredited appraiser on the basis of a sale for cash within ninety (90) days of the transfer to or vesting in the Involuntary Transferee as aforesaid, net of the Debtor Party's Proportionate Share of all Obligations and any other obligations secured by or howsoever encumbering the Debtor Party's interest in the Joint Venture Property, If upon Fifteen (15) Business Days written notice to the Debtor Party, such Debtor Party has not agreed to an accredited appraiser, such appraiser may be appointed upon the application of any of the said parties to a Justice of the Court of Queen's Bench of Alberta. Such appraiser shall be one dealing at arm's length (as defined in the Income Tax Act (Canada)) with each Joint Venturer. If within ten (10) Business Days following final determination of the purchase price as aforesaid other Joint Venturer gives notice to the Involuntary Transferee that it accepts the purchase price, then the transaction of purchase and sale shall be completed within fifteen (15) Business Days of such notice. Failing such notice from, such other Joint Venturer, the condition shall, be deemed not to have been satisfied and the other Joint Venturer shall have no further obligation to purchase the interest of the Involuntary Transferee or the Debtor Party, as the case may be, in the Joint Venture Property.

9.3 Completion of Purchase

The purchase price for the interest of the Debtor Party shall be paid in cash, net of the Debtor Party's Proportionate Share of all obligations secured by or howsoever encumbering the Debtor Party's interest in the Joint Venture Property, within thirty (30) Business Days following final determination of the purchase price as aforesaid. The Involuntary Transferee shall execute and deliver whatever instruments of conveyance, assignment and release as shall be necessary or desirable to carry out such sale.

9.4 Right to Cure

If the other Joint Venturer so elects, it may put the Debtor Party into good standing with respect to any of its outstanding obligations, notwithstanding the provision of this Article 9,

with the intent that such other Joint Venturer will not in such case be left in a position of dealing with a receiver of the Debtor Party, in which event the amount so paid plus interest thereon at the prime rate of The Toronto-Dominion Bank as aforementioned plus five percent (5%) per annum from the date so paid, shall be deemed to be an amount advanced pursuant to Section 5.1(c) hereof and secured in accordance therewith. Such amount at the election of the other Joint Venturer may be set-off against the purchase price to be paid in Section 9.3 hereof, if the other Joint Venturer elects to proceed with purchase provisions of this Article 9.

9.5 Non-Exclusive Remedies

The provisions of this Article 9 are in addition to and not in substitution for the provisions of Sections 2.9 and Articles 7 and 8 hereof

ARTICLE 10 - TERMINATION OF THE JOINT VENTURE

10.1 Termination Date

Subject to all liabilities and obligations of the Joint Venture having been met, this Agreement shall continue in full force and effect from the date of execution hereof until the earliest of:

- (a) UBG giving notice (or in the absence of written notice) that either or both Conditions have not been satisfied or waived pursuant to Section 2.3;
- (b) one of the Joint Venturers becoming the owner of one hundred percent (100%) of the Joint Venture Property;
- (c) disposition of all of the Joint Venture Property after discharge of all the Joint Venture's liabilities and obligations;

- (d) the termination of the Purchase Option in accordance with its terms through no fault of Caleron;
- (e) the disposition of the Joint Venture Property to each Joint Venturer in accordance with their Proportionate Shares after discharge of all the Joint Venture's liabilities and obligations; or
- (f) the unanimous written agreement of the Joint Venturers to terminate the Joint Venture.

10.2 Termination Transfer and Assumption

Upon the termination of the Joint Venture under Section 1.0.1. or otherwise, the assets and liabilities of the Joint Venture shall thereupon be transferred to and assumed by the Joint Venturers in their respective Proportionate Shares, after having fully discharged all obligations in accordance with their respective Proportionate Shares.

ARTICLE 1 - RESTRICTION ON PARTITION

11.1 No Partition

Except as provided for in this Agreement, including the creation of separate titles in the normal course of operation of the Project, no Joint Venturer shall make application to any court or commence any action for the partition or sale of the Project or any asset forming part thereof. The foregoing shall apply notwithstanding that any Joint Venturer may become insolvent, be declared bankrupt, make a general assignment for the benefit of its creditors, make a proposal under the Bankruptcy and Insolvency Act, or permit an order to be made for its winding-up or liquidation.

ARTICLE 12 - NO CHANGE IN CONTROL

12.1 No Change in Control

Caleron and Ronald Slater shall not without the prior written approval of UBG, effect or permit any change of effective control of Caleron, The expression "change of effective control" in this Section 13.2 means and refers to any event or transaction or series of events or transactions, either alone or in combination with any other events or transactions as a result or consequence of which any person other than Ronald Slater becomes the chief executive officer of Caleron, or as a result or consequence of which any person other than Ronald Slater acquires, or is upon the passage of time or occurrence of events absolutely or contingently entitled to acquire, such shares or any interest therein of the voting stock of Caleron sufficient to elect the majority of Caleron's board of directors.

12.2 Joint and Several

The obligations of Caleron and Ronald Slater pursuant to this Article 13 are joint and several. Ronald Slater is a party to this Agreement solely for the purposes of being bound to the provision of this Article 13.

ARTICLE 13 - NOTICES

13.1 Notices

All notices or other directions, communications and deliveries contemplated by this Agreement or desired to be given or made by any Party hereto shall, unless otherwise herein expressed, be in writing and be delivered or faxed, addressed to the Party for which it is intended, to its address or fax number designated hereunder or to such other address or fax number as may be substituted therefor from time to time by proper notice hereunder.

To UBG to the attention of its designate at:

Greenhorn Estates Homes Ltd.
808 - 55th Avenue NE
Calgary, Alberta, T2E 6Y4
Fax: (403) 207-3074

To Caleron to the attention of its designate at:

Caleron Properties Ltd.
Suite 650, 140 - 4th Ave. SW
Calgary, Alberta T2P 3N3
Fax: (403) 262-3291

ARTICLE 14 - GENERAL

14.1 Time of the Essence

Time shall in all respects be of the essence hereof.

14.2 Governing Law

This Agreement shall be governed by the laws of the Province of Alberta.

14.3 Severable Provisions

If any provisions of this Agreement or the application thereof to any circumstances shall be held to be invalid or unenforceable, then the remaining provisions of this Agreement or the application thereof to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

14.4 Entire Agreement

This Agreement, and the Letter of Intent and the Sale and Assignment Agreement constitute the entire Agreement among UBG, Caleron and Ronald Slater pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, and negotiations and discussions, whether oral or written of the parties. In the event that there is any discrepancy as between the Letter of Intent and this Agreement, then the provisions of the Letter of Intent shall govern. There are no warranties or representations or other agreements among the parties in connection with the subject matter hereof except as specifically set forth herein.

14.5 Amendments

No supplement, modification or amendment to this agreement shall be binding on the Parties unless executed in writing by each of the Joint Venturers.

14.6 Waivers

No waiver by or on behalf of any Party of any breach of any of the covenants, conditions, restrictions or stipulations herein contained shall take effect or be binding upon that Party unless the same be expressed in writing under the authority of that Party or the designate of that Party and any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other breach.

14.7 Further Assurances

The parties agree to execute such further documents and assurances as may be reasonably necessary to give effect to this Agreement.

ARTICLE 15 - NO ASSIGNMENT


15.1 No Assignment etc.

Except as otherwise expressly provided in this Agreement, neither this Agreement nor any interest of a Joint Venturer in the Joint Venture Property shall be assigned, sold, leased or transferred, in full or in part by a Joint Venturer without the prior written consent of each other Joint Venturer (which approval may be unreasonably or arbitrarily withheld). Without limitation, any other Joint Venturer may impose as one of the conditions to the granting of its written approval to any such assignment, sale, lease or transfer, that the assigning, selling or transferring Joint Venturer cause its assignee, purchaser or transferee to undertake in favour of each other Joint Venturer (in form and content acceptable to such other Joint Venturer) to perform and observe the covenants of the assigning, selling, leasing or transferring Joint Venturer under this Joint Venture Agreement, under the VTB Mortgage and any third party Joint Venture financing and other third party contracts, which are then unperformed or are continuing.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.


GST Registration No. R121062483

CALERON PROPERTIES LTD.

PER: 
Ronald W. Slater

GST Registration No. R

UBG ALBERTA BUILDERS INC.

PER: 
Jim Williams

SCHEDULE "A"

LANDS

1. WANKLYN LANDS

PLAN 3530 AK
BLOCK D
LOTS 1 TO 6 INCLUSIVE
CONTAINING _____ HECTARES (30 ACRES) MORE OR LESS

EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK
THE SAME

2. RICHARDS LANDS

PLAN 9712004
BLOCK D
LOT 18
CONTAINING _____ HECTARES (3,38 ACRES) MORE OR LESS

EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK
THE SAME


SCHEDULE "B"

Permitted Encumbrances

1. **WANKLYN LANDS**

(a) Easement registered as instrument number 7143LL

2. **RICHARDS LANDS**

(a) Land Agreement dated November 10, 2004 between David Glassman and Debra Sagal, and Caleron properties Ltd. and Ronald ~~Slitter~~ *S/a for* 

(b) Utility Right of Way registered as instrument number 3171 KU

SCHEDULE "C"

2.3 Sale and Assignment Agreement

The parties agree to concurrently enter into the Sale and Assignment Agreement whereby Caleron assigns to UBG, UBG's Proportionate Share of the Joint Venture Property on the terms and conditions therein provided that if the Conditions (as that term is defined in the Sale and Assignment Agreement) are not satisfied or waived by Greenhorn within the times set out in the Sale and Assignment Agreement and same is terminated, then this Agreement shall be automatically terminated, it being understood and agreed that Caleron and UBG shall make the necessary payments, transfers and take all necessary steps to return to their respective pre-Agreement positions.

Exhibit "3"

THIS IS EXHIBIT " 3 "
referred to in the Affidavit of
Tom Chisholm

Sworn before me this 4th
day of April A.D. 2013

F. Paredes-Canevari
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

THIS IS EXHIBIT B REFERRED TO IN THE AFFIDAVIT OF

Ronald W. Slater

SWORN THE 21 DAY OF Jan 2013

[Signature]
A Commissioner for Oaths / Notary Public
in the Province of Alberta

GILLIAN HOLOWISKY
Barrister & Solicitor

COURT FILE NUMBER: 196084-413029

COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	UBG LAND INC.
DEFENDANT	CALERON PROPERTIES LTD.

Clerk's Stamp

CLERK OF THE COURT FILED

MAR 16 2012

JUDICIAL CENTRE OF CALGARY

DOCUMENT	ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCarthy Tétrault LLP Suite 3300 421 7 th Avenue SW Calgary, Alberta T2P 4K9 Phone: 403-260-3665/3727 Fax: 403-260-3501

I hereby certify this to be a true copy of the original Order
Dated this 16 day of March 2012
[Signature]
for Clerk of the Court

Attention: Arlei Z. Breltman/Sarah Louw
File No. 196084-413029.

DATE ON WHICH ORDER WAS PRONOUNCED:	March 16, 2012
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary, Alberta
NAME OF MASTER WHO MADE THIS ORDER:	MASTER J. T. PROWSE, Q.C.

ORDER

UPON THE WITHIN ACTION of UBG Land Inc. ("UBG") brought by Statement of Claim, filed December 20, 2010, as amended by the Amended Statement of Claim, filed December 20, 2010; AND UPON the issues in the within action having been remitted to arbitration pursuant to the Order of Mr. Justice L. D. Wilkins pronounced January 20, 2011; AND UPON an Arbitration having been conducted pursuant to an Arbitration Agreement entered into by the parties and dated April 27, 2011; AND UPON several days of hearings, resulting transcripts and a significant volume of documents and written arguments presented on behalf of the parties; AND UPON a Decision of the Arbitrator having been issued on December 16, 2011; AND UPON a revised Decision of the Arbitrator having been issued on December 20, 2011; AND UPON both a provision in the Arbitration Agreement and a direction given in the Arbitration Decision, the parties are required to

enter into this Order to reflect the terms of the Arbitration Decision; **AND UPON** the Application of UBG; **AND UPON** hearing counsel for UBG and for Caleron Properties Ltd. ("**Caleron**");

IT IS HEREBY ORDERED AS FOLLOWS:

1. Except as otherwise provided herein and pursuant to the Joint Venture Agreement made as of February 27, 2006 (the "**Joint Venture Agreement**") between UBG, Caleron and Ronald Slater ("**Slater**"), which created the "**Montreux Joint Venture**", Greenboro Estate Homes (2006) Ltd. ("**Greenboro**") continues to be entitled to purchase from 1199032 Alberta Ltd. ("**119 Alberta**"), the nominee of the Montreux Joint Venture, all of the residential lots (the "**Lots**"), subject to the further directions in paragraphs 27, 28, 29 and 31 of the within Order, to be subdivided from:

(a) Plan 3530 AK

Block D

Lot 1

Excepting thereout all mines and minerals and the right to work the same

(b) Plan 3530 AK

Block D

Lots 2 to 4

Containing 5.85 Hectares (14.5 Acres) more or less

Excepting (out of Lots 3 and 4):

Condominium Plan 0911345 containing 1.909 Hectares (4.72 Acres) more or less

Excepting thereout all mines and minerals

(collectively, the "**Wanklyn Lands**")

and

(c) Plan 9712004

Block D

Lot 18

Containing 1.55 Hectares (3.83 Acres) more or less

Excepting thereout:

Subdivision 0914947 containing 0.146 Hectares (0.36 Acres) more or less

Excepting thereout all mines and minerals

(the "Richards Lands").

2. The Lots to be subdivided from the Wanklyn and Richards Lands are more specifically set out in the Plan showing Lotting of Phases 2 & 3, dated January 4, 2008 (the "Lotting Plan"), which was marked as Exhibit 1, Tab B-5 at the Arbitration Hearing, and the Tentative Subdivision Plan dated December 31, 2007 (the "Tentative Subdivision Plan"), which was marked as Exhibit 6, Tab 5 at the Arbitration Hearing, and are more particularly described as follows:
 - (a) Lots 1 -12 of Block 1 and Lots 1-18 of Block 2, to be subdivided from the Wanklyn Lands, and Lots 1 - 4 of Block 3, to be subdivided from the Richards Lands (the "Phase 2 Lots"); and
 - (b) Lot 1 of Block 4 and units 1- 7, to be subdivided from the Richards Lands (the "Phase 3 Lots").
3. On the commencement of the development of the Phase 2 Lots, Greenboro and 119 Alberta shall enter into a lot sale agreement for the Phase 2 Lots (the "Phase 2 Lot Sale Agreement"), to which a copy of the tentative plan of subdivision for the Phase 2 Lots shall be attached.
4. The Phase 2 Lot Sale Agreement shall provide that:
 - (a) the purchase price of each of the Phase 2 Lots shall be \$300,000.00;
 - (b) a 20% deposit for each of the Phase 2 Lots shall be payable by Greenboro to 119 Alberta upon the parties entry into the Phase 2 Lot Sale Agreement;
 - (c) the balance of the purchase price for each of the Phase 2 Lots shall be due and payable by Greenboro to 119 Alberta immediately upon the registration of a Plan of Subdivision for the Phase 2 Lots; and
 - (d) the Phase 2 Lot Sale Agreement shall be unconditional, other than the satisfactory registration of the Plan of Subdivision for the Phase 2 Lots.

5. Similarly, at the time of the commencement of the development of the Phase 3 Lots, Greenboro and 119 Alberta shall enter into a lot sale agreement for the Phase 3 Lots (the "Phase 3 Lot Sale Agreement"), to which a copy of the tentative plan of subdivision for the Phase 3 Lots will be attached. The terms of the Phase 3 Lot Sale Agreement shall be the same as the terms of the Phase 2 Lot Sale Agreement, except that those terms shall apply to the Phase 3 Lots.
6. Pursuant to clause 2.5(c) of the Joint Venture Agreement, each of UBG and Caleron were responsible for the payment of one-half of \$1,170,000.00, being the net aggregate of the principal amount, the accrued interest and costs due under the Mortgage between 119 Alberta and Beverly Jill Wanklyn and Robert Louis Zeer dated October 16, 2006 (the "Wanklyn VTB Mortgage").
7. As a result of UBG paying the full amount of the net aggregate amount due under the Wanklyn VTB Mortgage and Caleron's failure to pay its one-half of such amount, being \$585,000.00 (\$1,170,000.00 x 50%), there shall be a proportionate reduction of Caleron's interest in the Montreux Joint Venture of 14.34%, from 50% to 35.66%, calculated as follows:

(a) Caleron's Required Contribution Proportion	=	$\frac{.585}{1.170 + 2.360 + .550}$	=	$\frac{.550}{4.08}$	=	14.34%
(b) Caleron's Paid Capital Contributions Proportion	=	$\frac{0}{1.170 + 2.360}$	=	$\frac{0}{3.53}$	=	0%
(c) Caleron's Proportionate Reduction	=	[14.34% - 0%]			=	14.34%
(d) Caleron's Adjusted Proportionate Share	=	[50% - 14.34%]			=	35.66%

8. By operation of clause 2.8 of the Joint Venture Agreement and the proportionate reduction of Caleron's interest in the Montreux Joint Venture to 35.66% (50% - 14.34%), as set out in paragraph 7 above, there shall be a corresponding proportionate reduction in the following:

- (a) Caleron's proportionate share of the profits from the Montreux Joint Venture;
- (b) Caleron's proportionate share of the Project Expenses and Capital Contributions, as defined in the Joint Venture Agreement, of the Montreux Joint Venture;

- (c) Caleron's voting interests at the Management Committee, as defined in the Joint Venture Agreement; and
 - (d) Caleron's proportionate interest in the Wanklyn and Richards Lands.
9. Similarly, by operation of clause 2.8 of the Joint Venture Agreement and the proportionate reduction of Caleron's interest in the Montreux Joint Venture, as set out in paragraph 7 above, there shall be an increase in UBG's interest in the Montreux Joint Venture to 64.34% (50% + 14.34%) and a corresponding proportionate increase in the following:
- (a) UBG's proportionate share of the profits from the Montreux Joint Venture;
 - (b) UBG's proportionate share of the Project Expenses and Capital Contributions, as defined in the Joint Venture Agreement, of the Montreux Joint Venture;
 - (c) UBG's voting interests at the Management Committee, as defined in the Joint Venture Agreement; and
 - (d) UBG's proportionate interest in the Wanklyn and Richards Lands.
10. The results enunciated in paragraphs 8 and 9 herein, as they relate to the effect of the proportionate reduction in Caleron's interest in the Montreux Joint Venture on:
- (a) Caleron's interests as set out in subparagraphs 8(a)-8(d) herein;
 - (b) UBG's proportionate interest in the Montreux Joint Venture; and
 - (c) UBG's interests as set out in subparagraphs 9(a)-9(d) herein
- are equally applicable to any other adjustments to Caleron's proportionate interest in the Montreux Joint Venture that arise in paragraphs 14, 20 and 21 of the within Consent Order.
11. Caleron shall convey title to the Richards Lands to 119 Alberta by the close of business on February 29, 2012 (the "Transfer Date").
12. On the Transfer Date, title to the Richards Lands shall be free and clear of the following encumbrances:

- (a) a mortgage registered by Provident Mortgage Corp. on November 12, 2009, Instrument No. 091 340 601 (the "Provident Mortgage");
- (b) a caveat securing the assignment of rents and leases for the Provident Mortgage Corp. registered on November 12, 2009, Instrument No. 091 340 602;
- (c) a mortgage registered by Neufeld Capital Inc. on December 22, 2009, Instrument No. 091 388 192 (the "Neufeld Mortgage");
- (d) a caveat securing the assignment of rents and leases for Neufeld Capital Inc. registered on December 29, 2009, Instrument No. 091 388 193
- (collectively, the "Provident/Neufeld Encumbrances").

13. In the event that, on the Transfer Date, title to the Richards Lands is not free and clear of the Provident/Neufeld Encumbrances, then Caleron shall transfer, on the Transfer Date, the Richards Lands to 119 Alberta, subject only to the encumbrances existing as of December 16, 2011, including the Provident/Neufeld Encumbrances. The Montreux Joint Venture shall thereafter be at liberty to discharge the Provident/Neufeld Encumbrances registered on the title to the Richards Lands, by paying out the Provident and Neufeld Mortgages.
14. In the event that UBG advances the funds to the Montreux Joint Venture necessary to pay out the Provident and Neufeld Mortgages, and taking into account UBG's prior payment of Caleron's obligation to have paid 50% of the net aggregate amount due under the Wanklyn VTB Mortgage, then Caleron's interest in the Montreux Joint Venture shall be proportionately reduced to 23.05%, calculated as follows:

(a) Caleron's Required Contribution Proportion	=	$\frac{.585 + .550 + .800}{1.170 + 2.360 + 1.350}$	=	$\frac{1.935}{4.880}$	=	39.65%
(b) Caleron's Paid Capital Contributions Proportion	=	$\frac{.550}{1.170 + 2.360 + .800}$	=	$\frac{.550}{4.33}$	=	12.7%
(c) Caleron's Proportionate Reduction	=	[39.65% - 12.7%]	=		=	26.95%
(d) Caleron's Adjusted Proportionate Share	=	[50% - 26.95%]	=		=	23.05%

15. In the event that the actual payout amounts of the Provident and Neufeld Mortgages are less than or greater than \$800,000.00, the actual payout amounts shall be substituted into the numerator of subparagraph 14(a) above and the denominator in subparagraph 14(b) above, in the stead and in the place of the \$800,000.00 figure currently used in those calculations. In such event, Caleron's proportionate reduction and adjusted proportionate share shall be further adjusted accordingly.
16. 119 Alberta is authorized to register forthwith a caveat against title to the Richards Lands on the Montreux Joint Venture's behalf. UBG shall be authorized to solely execute such caveat on behalf of 119 Alberta.
17. Caleron owes UBG \$635,000.00 as a result of the capital contributions made by UBG to the Montreux Joint Venture on Caleron's behalf towards the payment of the cost overrun project expenses incurred during the Montreux Joint Venture's development of the Phase 1 lands (the "Cost Overrun Project Expenses Capital Contribution Advances").
18. By January 1, 2012, UBG shall provide to Caleron a payout statement for the Cost Overrun Project Expenses Capital Contribution Advances as of January 1, 2012, with a per diem rate up to and including January 31, 2012 ("Caleron's Debt"). Such payout statement and Caleron's Debt are to include interest calculated at 12% per annum from the date of each capital contribution made by UBG comprising the Cost Overrun Project Expenses Capital Contribution Advances.
19. Caleron shall pay Caleron's Debt to UBG, in full, by the close of business on January 31, 2012.
20. In the event that Caleron fails to pay Caleron's Debt to UBG, in full, by the close of business on January 31, 2012, and taking into account UBG's prior payment of Caleron's obligation to have paid 50% of the net aggregate amount due under the Wanklyn VTB Mortgage, then Caleron's interest in the Montreux Joint Venture shall be proportionately reduced to 24.44%, calculated as follows:

(a) Caleron's Required Contribution Proportion	=	$\frac{.585 + .653}{1.170 + 2.360 + 1.306}$	=	$\frac{1.238}{4.836}$	=	25.56%
(b) Caleron's Paid Capital Contributions Proportion	=	$\frac{0}{1.170 + 2.360 + 1.261}$	=	$\frac{0}{4.791}$	=	0%

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(c) Caleron's Proportionate Reduction	=	[25.56% - 0%]	=	25.56%
(d) Caleron's Adjusted Proportionate Share	=	[50% - 25.56%]	=	24.44%

21. In the event that Caleron fails to pay Caleron's Debt to UBG, in full, by the close of business on January 31, 2012 and UBG advances the funds to the Montreux Joint Venture necessary to pay out the Provident and Neufeld Mortgages, and taking into account UBG's prior payment of Caleron's obligation to have paid 50% of the net aggregate amount due under the Wanklyn VTB Mortgage, then Caleron's Interest in the Montreux Joint Venture shall be proportionately reduced to 17.05%, calculated as follows:

(a) Caleron's Required Contribution Proportion	=	$\frac{.585 + .653 + .550 + .800}{1.170 + 2.360 + 1.350 + 1.308}$	=	$\frac{2.588}{6.86}$	=	41.84%
(b) Caleron's Paid Capital Contributions Proportion	=	$\frac{.550}{1.170 + 2.360 + 1.350 + 1.308}$	=	$\frac{.550}{6.86}$	=	8.89%
(c) Caleron's Proportionate Reduction	=	[41.84% - 8.89%]	=		=	32.95%
(d) Caleron's Adjusted Proportionate Share	=	[50% - 32.95%]	=		=	17.05%

22. In the event that the actual payout amounts of the Provident and Neufeld Mortgages are less than or greater than \$800,000.00, the actual payout amounts shall be substituted into the numerator of subparagraph 21(a) above and the denominator in subparagraph 21(b) above, in the stead and in the place of the \$800,000.00 figure currently used in those calculations. In such event, Caleron's proportionate reduction and adjusted proportionate share shall be further adjusted accordingly.

23. The shareholdings in 119 Alberta shall be adjusted to be consistent with the proportionate interests of UBG and Caleron in the Montreux Joint Venture, as ultimately adjusted by this Order and the Arbitration Decision.

24. The meetings of the Management Committee, as defined in the Joint Venture Agreement, of the Montreux Joint Venture shall take place no less than once a month at UBG's offices with reasonable notice of the same to be provided to Slater and Caleron. All aspects of the

ongoing development of the Phase 2 and 3 Lots, if any, shall be fully disclosed during these meetings.

25. With respect to Management Committee meetings, it is directed that:

- (a) all documents approved at a Management Committee meeting, pursuant to UBG's majority vote, shall be deemed to have been approved by both UBG and Caleron;
- (b) on direction and approval by the Management Committee, pursuant to UBG's majority vote, UBG shall be authorized to sign all documents, legal or otherwise, for the Montreux Joint Venture, without the necessity of any signature by Caleron, and such executed documents shall be binding on both UBG and Caleron;
- (c) on direction and approval by the Management Committee, pursuant to UBG's majority vote, UBG shall be authorized to make such decisions, take such actions and sign all resolutions and documents, legal or otherwise, for and on behalf of 119 Alberta, otherwise requiring the unanimous consent or agreement of both UBG and Caleron, without the necessity of the consent, agreement or signature of Caleron, and such decisions, actions, resolutions and executed documents shall be binding upon 119 Alberta, UBG and Caleron;
- (d) on direction and approval by the Management Committee, pursuant to UBG's majority vote, UBG alone shall be authorized to sign all cheques on the bank account(s) of 119 Alberta, which would otherwise require the signatures of both UBG and Caleron; and
- (e) the decisions set out in clause 3.5.9(a) of the Joint Venture Agreement shall continue to require the unanimous vote of both UBG and Caleron, subject to the directions contained in paragraphs 3 and 5 herein.

26. With respect to the management of the development of the Phase 2 and 3 Lots:

- (a) UBG shall be entitled to replace Caleron as the Manager, as defined in the Joint Venture Agreement, and shall be entitled to thereby earn the 5% Development Management Fee, as defined in the Joint Venture Agreement, that is attendant to that position; and

- (b) UBG is authorized, in the alternative, to retain a third party, including Caleron, to assume the position of Manager, with the third party being entitled to receive the same 5% Development Management Fee, as defined in the Joint Venture Agreement, as UBG would be entitled to receive if it were the Manager, as defined in the Joint Venture Agreement.
27. Notwithstanding the Purchase Agreement made effective February 15, 2006 between Caleron and Beverly Jill Wanklyn and Robert Louis Zeer, as amended on July 29, 2007, with respect to the purchase of what was referred to as the Godfrey Residence and the Godfrey Lands, it is specifically confirmed that Lot 3 of Block 3 ("Lot 3"), to be subdivided from the Richards Lands, as referenced in the Tentative Subdivision Plan and described as the "Blue Lot" in the Arbitration Decision, and Lot 1 of Block 2 ("Lot 1"), to be subdivided from the Wanklyn Lands, as referenced in the Tentative Subdivision Plan and described as the "Green Lot" in the Arbitration Decision, are the property of and/or are beneficially owned by the Montreux Joint Venture.
28. It is specifically confirmed that Lot 2 of Block 2 ("Lot 2") to be subdivided from the Wanklyn Lands, as referenced in the Tentative Subdivision Plan and described as the "Pink Lot" in the Arbitration Decision, is beneficially owned by Caleron.
29. Pursuant to the rights granted to Caleron by clauses 4.1.8. and 4.2. of the Joint Venture Agreement, Caleron may elect to purchase either Lot 1 or Lot 3 (the "Caleron Lot") from the Montreux Joint Venture for subsequent resale to Antonio and Karen Mammoni. Such election exhausts Caleron's rights under clauses 4.1.8. and 4.2. of the Joint Venture Agreement.
30. Such purchase by Caleron of the Caleron Lot shall be on the following terms:
- (a) Caleron and 119 Alberta shall enter into a Lot Purchase Agreement (the "Caleron Lot Purchase Agreement") for the Caleron Lot on the commencement of the development of the Phase 2 Lots;
 - (b) the purchase price of the Caleron Lot shall be \$300,000.00;
 - (c) a 20% deposit for the Caleron Lot shall be payable by Caleron to 119 Alberta upon Caleron and 119 Alberta entering into the Caleron Lot Purchase Agreement;

- (d) the balance of the purchase price for the Caleron Lot shall be due and payable by Caleron to 119 Alberta immediately upon the registration of a Plan of Subdivision for the Phase 2 Lots; and
- (e) the Caleron Lot Purchase Agreement shall be unconditional, other than the satisfactory registration of the Plan of Subdivision for the Phase 2 Lots.
31. It is further confirmed that Lot 1 of Block 3, to be subdivided from the Richards Lands, as referenced in the Tentative Subdivision Plan and described as the "Orange Lot" in the Arbitration Decision, is to be transferred from the Montreux Joint Venture to Caleron, upon registration of the Subdivision Plan creating the Lot, for subsequent resale to Basile Alefantis and Vicky Vasso Alefantis.
32. Caleron shall pay to UBG costs in the amount of \$20,000.00.

J.T. Prowse

Master of the Court of Queen's Bench of Alberta