



ESTATE NO. 11-253839
COURT NO. H-140638
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF

MOUNT BALDY SKI CORPORATION AND MOUNT BALDY REAL ESTATE, ULC

BETWEEN:

STARK BC VENTURE, LLC

PETITIONER

AND:

MOUNT BALDY REAL ESTATE, ULC
WINTER RECREATION, ULC
MOUNT BALDY SKI CORPORATION
ROBERT BOYLE
BRETT SWEEZY
BRENT ALAN BAKER ALSO KNOWN AS BRENT BAKER
LAURA LESLIE BREUNINGER BAKER
VANTAGEONE CREDIT UNION
B.C. OPPORTUNITY FUND LLC
ATTORNEY GENERAL OF CANADA, AS REPRESENTATIVE OF
THE CROWN IN RIGHT OF CANADA
THE OWNERS, STRATA CORPORATION KAS1840

RESPONDENTS

FIRST REPORT OF THE RECEIVER

November 25, 2015



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Background and Purpose of the Report

1. By Order of the Supreme Court of British Columbia (the “**Court**”) dated the 19th day of December, 2014 (the “**Receivership Order**”), G. Powroznik Group Inc. of G-Force Group, was appointed the Receiver and Manager (the “**Receiver**”) in respect of the assets, undertakings and properties (the “**Assets**”) of Mount Baldy Ski Corporation and Mount Baldy Real Estate, ULC (collectively, “**Mount Baldy**”). The Assets of Mount Baldy primarily exist at the Mount Baldy Ski Resort (the “**Resort**”) which is located in the southern Okanagan region of British Columbia.
2. The Receivership Order was later amended on January 8, 2015, to reference the specific Food Primary and Liquor Primary Licenses of Mount Baldy in paragraph 2(p) of the order.
3. A copy of Court Orders and other documents pertinent to the receivership are posted on the Receiver’s website which can be located at the following URL:
<http://www.g-forcegroup.ca/mount-baldy-ski-resort/>
4. The Receiver’s mandate replaced the prior mandate of a company related to G. Powroznik Group Inc., G-Force Real Estate Inc. In July 2014, G-Force Real Estate Inc. commenced its role as the Court-appointed Marketing Agent (“**Marketing Agent**”) for the Assets of Mount Baldy when the Court granted an Order Nisi and Order for Conduct of Sale to the Petitioner, Stark BC Venture, LLC (“**Stark**”). For the reference of this Honourable Court, the G-Force Real Estate Inc.’s Report to Court dated July 10, 2014 (the “**July 2014 Report**”) in support of its appointment as the Petitioner’s marketing agent is attached as **Appendix “A”**.
5. For the reference of this Honourable Court, the Marketing Agent’s Report to Court dated November 3, 2014, and its Supplemental Report to Court dated December 18, 2014 (collectively, the “**Marketing Agent’s Reports**”), are together attached hereto as **Appendix “B”**. This First Report should be read in conjunction with the July 2014 Report and the Marketing Agent’s Reports as those reports contain a significant amount of background information with respect to the ultimate realization plan for the Assets.
6. The purpose of this First Report is to:
 - a. update the Court on the Receiver’s activities generally since its appointment;
 - b. inform the Court of the Receiver’s ongoing efforts to find a suitable purchaser with the financial capability to finance and undertake the operation of the current ski season and purchase the Assets within a reasonable time;
 - c. describe the outcome of the initial agreement by the Receiver with Baldy Operating Corporation (“**BOC**”) to operate the Resort for the 2014-15 ski season and the failed attempts by its related company, Baldy Capital Corporation (“**Baldy Capital**”), to acquire the Assets;
 - d. describe the recent offer to purchase the Assets by a new prospective purchaser (the “**New Prospective Purchaser**”);
 - e. seek this Honourable Court’s directions on how to proceed with the New Prospective Purchaser’s offer; and

- f. request an increase in the Receiver's Borrowing Charge in the amount of \$300,000.
7. In preparing this report, the Receiver has, in part, relied upon information received from:
- a. the records of Mount Baldy;
 - b. the Petitioner Stark BC Venture LLC ("**Stark**") which is the primary secured creditor, and its legal counsel, Lawson Lundell LLP ("**Lawson**");
 - c. third parties potentially interested in acquiring the Assets;
 - d. Matt Koenig, the Resort's former general manager and other former employees and management;
 - e. third party suppliers of goods or services to the Resort; and
 - f. other local stakeholders and interested persons.

The Receiver notes that it has not performed an audit on financial information received to ensure its accuracy or completeness except as indicated herein so readers are cautioned accordingly.

Summary of Pre-Receivership Activities

8. The July 2014 Report explained that the Resort had already been closed for a full ski season (2013-14 season). It recognized that the failure to open for a second consecutive season during 2014-2015 would likely negatively affect the realizable value of the Assets significantly. As set out in paragraphs 16-18 of the July 2014 Report, the preferred realization plan for the Mount Baldy Assets was for a receiver to be appointed to concurrently attempt to find a suitable purchaser of the Assets and to arrange for payment of the pre-season expenditures to get the Resort ready for the upcoming 2014-15 ski season. However, Stark did not have the financing to fund both a receiver's custodial and pre-season expenditures and a marketing program to find a suitable buyer. As a result, Stark chose a lower cost approach of the appointment of the Marketing Agent who would confine its duties to finding a suitable purchaser for the Assets who in turn could also fund the pre-season costs (a "**Suitable Purchaser**"). However, once a Suitable Purchaser was found, it was recognized that a Receiver would be needed to allow the Assets to be readied for the upcoming ski season and to complete a sale. Because of Stark's funding constraints, a Suitable Purchaser needed the financial capacity to fund all of the Resort's existing and contemplated operating and receivership costs before it completed a purchase. Stark required satisfactory proof that the buyer had this capacity before he would apply to Court for the appointment of a receiver and incur the costs relating to a receivership. The Marketing Agent communicated these financial requirements as well as the need for ski resort management/operating experience to all prospective buyers.
9. The Marketing Agent's Reports summarize its extensive activities to find a suitable party to fund and operate the 2014-15 ski season and to acquire Mount Baldy's Assets. BC Baldy Capital Corporation, later changed to Baldy Capital Corporation ("**Baldy Capital**"), submitted a complex proposal in October 2014 to fund the upcoming season and ultimately acquire Mount Baldy's Assets. It entered into a Memorandum of Understanding ("**MOU**") with Stark on October 27, 2014 that included the following key terms, without limitation:

- a. a commitment by Baldy Capital, upon execution of the MOU, to provide funds to:
 - i. Stark, for paying \$85,000 in the accumulated unpaid marketing costs; and
 - ii. \$515,000 to be used to cover the cost of the receiver and receivership and anticipated costs of operation of the Resort during the 2014-15 ski season;
 - b. a commitment to enter into an interim operating agreement (“**Operating Agreement**”) with the Receiver to operate the Resort during the 2014-15 ski season unless terminated earlier by a sale of the Resort by the Receiver. The Operating Agreement is discussed in more detail later in this report;
 - c. some key terms of a potential offer that Baldy Capital would make to the Receiver to purchase all of the Mount Baldy Assets, for an amount to cover the costs of the Receiver and the receivership and a promissory note with collateral security that would ultimately be assigned to Stark for partial satisfaction of its indebtedness; and
 - d. Baldy Capital and the Receiver would negotiate in good faith the terms and conditions of a definitive asset purchase agreement (“**APA**”) by November 14, 2014.
10. The first Marketing Agent’s report dated November 3, 2014 was filed in Court on November 4, 2014 as part of an application by Stark to appoint a receiver in accordance with the MOU. The application did not proceed at that time because Baldy Capital could not raise sufficient financing until mid-December 2014 when it raised approximately two-thirds of the cash component of the required financing under the MOU. Baldy Capital and Stark entered into an amended MOU, attached hereto as **Appendix “C”** (the “**Amended MOU**”) on December 18, 2014 which key terms included as follows:

- a. Baldy Capital would provide the Receiver with the balance of the cash component of the financing by January 31, 2015;
- b. An Asset Purchase Agreement was required to be negotiated in good faith by Baldy Capital and the Receiver by January 30, 2015; and
- c. Baldy Capital would complete its purchase of the Assets by May 15, 2015.

On December 19, 2014, Stark proceeded with the application to appoint the Receiver.

Summary of Receiver’s Activities Since its Appointment

11. Since its appointment, the Receiver has performed the following activities:

- a. held discussions with Mount Baldy's former principal to obtain information on the companies, the Assets, the operations and from Mount Baldy’s books and records;
- b. had extensive correspondence, discussions and negotiations with Fred Johnston, principal of Baldy Capital and BOC on a variety of matters relating to the Operating Agreement and the responsibilities of Baldy Capital under the Amended MOU as they related to the Receiver, including the requirements for additional funding, and various matters relating to an APA with the Receiver, some of which is detailed later in this report;

- c. contacted some specific suppliers to assist BOC in preserving certain services to the Resort, including liaising with the B.C. liquor branch to facilitate the continued use of the Mount Baldy's primary liquor license;
 - d. held discussions with the Resort general manager to obtain information on the Resort operations, Assets and other related information;
 - e. froze Mount Baldy's existing bank accounts and recovered approximately \$1,000 in cash in the accounts at the date of receivership;
 - f. entered into an operating agreement for the 2014-15 ski season as more fully described below in this report and monitored the operator's performance under it until it was terminated;
 - g. monitored the operating results of Mount Baldy Waterworks Inc., the wholly owned subsidiary;
 - h. maintained custody of the assets after the operating agreement for the 2014-15 season was terminated;
 - i. liaised with the Mount Baldy strata corporation;
 - j. held various discussions with representatives of the Osoyoos Indian Band ("OIB") to discuss the receivership and the Asset realization process, and its impact on the OIB who has mortgage security on one parcel of land owned by Mount Baldy;
 - k. held meetings with and provided periodic reports to Stark on the Receiver's activities with respect to the realization of the Assets;
 - l. retained Dennis Fitzpatrick of Burns Fitzpatrick Rogers Schwartz & Turner LLP as its independent legal counsel ("**Receiver's Counsel**");
 - m. maintained contact and discussions with Baldy Capital and other prospective purchasers about making an acceptable offer to purchase the Assets of Mount Baldy;
 - n. borrowed \$400,000 under Receiver's Certificates which have outstanding accrued interest totaling approximately \$50,000 to October 31, 2015; and
 - o. carried out various marketing activities to identify additional prospective purchasers and held discussions and negotiations with several of them, some of which is described in more detail later in this report.
12. Immediately upon its appointment on December 19, 2014, the Receiver executed the Operating Agreement with BOC. Under the terms of the Operating Agreement, attached hereto as **Appendix "D"**, BOC would have exclusive right to use and possess the Assets and operate the Resort for the 2014-2015 ski season.
13. BOC defaulted on its commitments under the Operating Agreement in January 2015; inter alia, it did not meet its funding commitments. Further, Baldy Capital also defaulted on its funding commitments under the Amended MOU with Stark and its commitment to negotiate an APA in good faith with the Receiver by January 30, 2015.
14. As the ski season progressed under BOC's operation, significant effort was made by the Receiver and Stark, and the respective legal counsel of those parties, in correspondence, discussions and negotiations with Baldy Capital and BOC in the expectation that Baldy Capital could remedy the defaults and proceed to acquire the Mount Baldy Assets during the period March to June 2015.

However, no acceptable offer was received from Baldy Capital by the Receiver. BOC operated the Resort until the last week of March 2015 when it closed the Resort for the season. The Receiver formally terminated the Operating Agreement with BOC on April 29, 2015. Stark formally terminated the Amended MOU with Baldy Capital on May 7, 2015.

15. BOC failure to pay all of the costs of operations during the 2014-15 ski season in the amount of \$65,032.34 made up of utilities expenses and unpaid suppliers. These unpaid amounts were contracted by BOC directly and under the Operating Agreement and it is the Receiver's position that it has no responsibility for them. Some of these suppliers continue to refuse to do any work for the Receiver, or any other prospective purchaser, until they are paid the amounts due by BOC from the 2014-15 ski season. This has created a significant problem for the Receiver in attracting interest from other potential investors for the 2015-16 ski season. BOC delivered an invoice to the Receiver on May 27, 2015 for \$65,032.34. The Receiver disputes any obligation or liability with respect to this invoice or the unpaid suppliers represented by it.
16. When it appeared to the Receiver that Baldy Capital and BOC were unable to honour respective commitments under the Amended MOU and the Operating Agreement, the Receiver began activities to identify additional prospects to acquire the Mount Baldy Assets. The Receiver updated the following materials that had been used earlier by the Marketing Agent as reported in the Marketing Agent's Reports including:
 - a. the brochure attached as **Appendix "E"**;
 - b. the confidentiality agreement; and
 - c. the Data Room.
17. The Receiver reconsidered the prospects who had previously been interested in acquiring the Assets under the marketing process managed by the Marketing Agent. However, as set out in the Marketing Agent's Reports, the level of serious interest was disappointing for the reasons set out in those Reports. The Receiver focused on a selected number of prospects who had expressed interest to the Marketing Agent and also on the significant investment being made by foreign investors in resort businesses and their related real estate, including through the BC Provincial Nominee Program for entrepreneurial immigrants. The Receiver contacted, or was referred directly to, fourteen prospects, including real estate agents, immigration consultants, private equity investors and purchasers of other resort properties, and the networks of these parties, some of which are significant. Unfortunately, many of these investors were unfamiliar with the ski resort business but liked the real estate aspects of the investment. In order to deal with this problem of unfamiliarity with the ski resort business in the search process, the Receiver introduced many of these prospects to an experienced ski resort owner/operator (the "**Experienced Operator**") who had expressed serious interest with the Marketing Agent in August 2014, but could not raise his own financing to acquire the Assets.
18. Although the Receiver expanded its attempts to find a suitable and motivated prospect to acquire the Assets, it did not abandon the possibility that Baldy Capital would finally locate sufficient financing to acquire the Assets. On again and off again negotiations between the Receiver, Baldy

Capital and Stark took place during May to August 2015. However, no mutually acceptable agreement was reached between the parties. In September 2015, Baldy Capital again indicated that it wished to acquire the Assets.

19. A key meeting was held in Seattle on October 1, 2015 (the “**October 1st Meeting**”) between representatives of Baldy Capital, Stark and the Receiver where a framework for an agreement was reached by the parties. As a condition of continuing to negotiate with Baldy Capital, the Receiver and Stark required that a \$100,000 deposit would to be provided by Baldy Capital on execution of an APA. It was also a precondition to a APA being executed by the Receiver that Baldy Capital would provide satisfactory proof that it either had the \$750,000 required for closing in trust or a letter of commitment from a third party lender for the funding of the said amount would be provided on closing. . Stark agreed to reduce the price of the assets and to extend the payment of the full price until May of 2016. A significant effort was made by legal counsel for the Receiver, and counsel for Stark, during October and early November 2015 to negotiate with Baldy Capital the terms of an acceptable APA with the Receiver and financing terms for Stark.

20. On October 30, 2015, Baldy Capital sought to change the terms of the agreement that was discussed and agreed to in the October 1st meeting. The changes were not acceptable to either the Receiver or to Stark. On November 2nd, Baldy Capital formulated a new proposal to acquire the Assets. This proposal was also unacceptable to the Receiver and Stark. Baldy Capital’s “final” offer (which was called “drop dead offer”) was made on November 4. It was open for acceptance until 4:00 pm on that day and required documentation to be settled by November 6, 2015. This offer was unacceptable to the Receiver for several reasons, including the following:
 - a. it did not provide for sufficient cash from the sale of the Assets to ensure that all the receivership costs would be paid;
 - b. that the unpaid suppliers and employees from BOC’s operation of the prior ski season would be paid;
 - c. that it failed to confirm that there was sufficient financing available to ensure that the suppliers and employees during the operation of the Resort for the upcoming 2015-16 ski season would be paid; and
 - d. Baldy Capital would not provide confirmation of its availability of funds to close a purchase until the actual closing date.

The Receiver and Stark did not accept the “drop dead offer” and negotiations ended.

21. The Receiver’s efforts to find a purchaser other than Baldy Capital initially produced an all cash offer from an international prospect in May 2015 for \$2,500,000 (Canadian dollars). The Receiver countered the offer but the purchaser lost interest in pursuing it for reasons not related to the offer itself. However, the real estate agent/investor (the “**Prime Prospect**”) and the immigration consultant involved with this offer became interested in considering the investment themselves and in helping to locate other prospects who would be interested in making an acceptable offer to the Receiver. They were both introduced to the Experienced Operator. The Receiver also introduced the Prime Prospect to other local stakeholders and interested prospects

that had previously been identified by the Marketing Agent. Similar introductions had been provided by the Marketing Agent to the principal of Baldy Capital, Fred Johnston, prior to the receivership in 2014.

22. Once the November 4th proposal from Baldy Capital collapsed, the Prime Prospect and the Experienced Operator increased the level of their due diligence and an initial letter of intent (the “LOI”) to purchase the Assets was submitted to the Receiver by the Prime Prospect on November 17, 2015. The key terms of the LOI provide for:
- a. payment of sufficient cash on closing of an asset purchase agreement (“APA”) to retire all of the Receiver’s costs, borrowings and other receivership costs as well as acceptable terms for Stark’s financing of the prospective purchaser (“**Prospective Purchaser**”);
 - b. a formal APA between the parties to be finalized on or before December 16, 2015;
 - c. the Prospective Purchaser to remove its conditions within thirty (30) days of executing the APA, which include obtaining approvals from third parties for the transfer of existing contractual rights with Mount Baldy under the APA;
 - d. the Receiver to obtain Court approval within fifty (50) days of the Prospective Purchaser’s removal of the conditions in the APA;
 - e. a condition that the parties enter into an operating agreement under which it will operate the Resort for the 2015-16 ski season; and
 - f. a break fee (“Break Fee”) of \$200,000 will be paid out of the sale proceeds to the Prospective Purchaser if the Court approves a sale to a third party.
23. The LOI provides for a \$200,000 Break Fee. The Prospective Purchaser is expecting to invest a minimum of \$200,000 to \$300,000 for working capital and expenditures for operating the 2015-16 ski season as part of its arrangements to acquire the Mount Baldy Assets. The Break Fee is intended to compensate the Prospective Purchaser for this risk if the Court approves a sale to a third party. Subject to Court approval, the Receiver and Stark do not object to the Break Fee.
24. Without prior approval, Baldy Capital released significant information to the media and public through its website (see **Appendix “F”** for an example) during its negotiations with the Receiver, despite the Receiver’s position that any release of public information had to be approved by the Receiver. The release of this information has left the impression that the Receiver’s only option to open the Resort for the 2015-16 ski season was to enter into an arrangement with Baldy Capital. As a result, the Receiver issued a press release dated November 5, 2015, attached as **Appendix “G”**, to confirm that at that date it had not received an acceptable offer from anyone and that it was pursuing a number of prospects in the hope of finding one to re-open the Resort for the current season. The Receiver’s counsel issued a cease and desist notice to Mr. Johnson on November 5, 2015.
25. There is extreme urgency for the Receiver to deal with the LOI as the Prospective Purchaser wishes to immediately commence pre-season maintenance and preparation activities in order to try and open the Resort on December 26, 2015. Normally many of these activities are started in the summer and early fall so that the Resort can open before mid-December. Accordingly, very

little time is left to ready the Resort to open for skiing this season, and each day that the Prospective Purchaser is delayed in starting its activities has significant potential negative economic impacts due to the following reasons:

- a. the Assets will deteriorate in increasingly difficult winter conditions if they are not attended to;
 - b. there has been increasing amount of snowfall in the region which is likely to make pre-season maintenance activities more challenging and time consuming;
 - c. the local ski population will be buying passes from competing ski resorts in the Okanagan that will limit the revenue and appeal for the Prospective Purchaser and may negatively impact the potential sale of the Resort itself as the Prospective Purchaser's offer is contingent on it being able to operate a full, or mostly full, 2015-16 ski season;
 - d. the Prospective Purchaser needs to put insurance coverage in place before December 1, 2015 which is the date the existing policy from last ski season expires; and
 - e. Stark and the Receiver want to preserve the going-concern value of the Mount Baldy's Assets and bring an end to the receivership.
26. If the LOI and resulting APA do not proceed, the Receiver will have to take steps to immediately mothball the Resort for the winter.
27. In addition to the \$400,000 in Receivers Certificates now outstanding, the Receiver has approximately \$250,000 in accumulated unpaid costs including unpaid fees for the Receiver and its legal counsel that have been accumulated over approximately the past ten months. The Receiver expects to incur more costs to support the intended sale and the 2015-16 ski Resort operations. It has remaining borrowing capacity under the Receivership Order of only \$100,000. Accordingly, the Receiver respectfully requests an increase in the Receiver's Borrowing Charge in the amount of \$300,000. **Appendix "H"** includes a copy of the Receiver's statement of receipts and disbursements to October 31, 2015. Overall the priorities, Receiver's certificates and taxes ranking ahead of secured creditors are projected to be in the range of \$1,000,000.

Direction of the Court

28. The Receiver respectfully requests the direction of this Honourable Court with respect to the current offer as follows:

- i. An order that the Receiver be authorized to proceed with a Conditional Letter of Intent received from the Prospective Purchaser on November 17, 2015, under which it is intended that the asset be sold to the Prospective Purchaser in due course.
- ii. An order specifically approving a break fee in the Letter of Intent as referred to in paragraph 23 of this report and in the APA, as supplemental or amended in terms which counsel to the Receiver may approve.
- iii. An order that the Receiver be authorized to permit the potential purchaser to enter into possession of the assets subject to the Petitioner's mortgage on the terms of an Operating Agreement in form and content acceptable to the Receiver and its counsel.
- iv. An order that the borrowings of the Receiver approved by the court by the order entered December 19, 2014 be increased by \$300,000.00 to \$800,000 in total.

All of which is respectfully submitted this 25th day of November, 2015.

G. Powroznik Group Inc.
in its capacity as Receiver and Manager for Mount
Baldy and not in its personal capacity



Per: Mr. Gary D. Powroznik
Managing Director

Appendix A

G-Force Real Estate Inc. Report to Court dated July 10, 2014
(not including Appendices)



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

STARK BC VENTURE, LLC

PETITIONER

AND:

MOUNT BALDY REAL ESTATE, ULC
WINTER RECREATION, ULC
MOUNT BALDY SKI CORPORATION
ROBERT BOYLE
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ATTORNEY GENERAL OF CANADA, AS REPRESENTATIVE OF
THE CROWN IN RIGHT OF CANADA
THE OWNERS, STRATA CORPORATION KAS1840

RESPONDENTS

**G-FORCE REAL ESTATE INC.
REPORT IN SUPPORT OF ITS APPOINTMENT
AS THE PETITIONER'S MARKETING AGENT
TO CONDUCT A MARKETING AND SALES PROGRAM FOR
THE SALE OF THE COLLATERAL SECURED BY THE
PETITIONER'S SECURITY AGAINST THE ASSETS OF
MOUNT BALDY REAL ESTATE, ULC, WINTER RECREATION, ULC
AND MOUNT BALDY SKI CORPORATION AND THAT ARE
SUBJECT OF A FORECLOSURE ACTION BY THE PETITIONER**

July 10, 2014



Purpose of the Report

1. The purpose of this Report is to:
 - a) provide the Court with the reasons G-Force Real Estate Inc. of G-Force Group is being submitted as the Marketing Agent for the Petitioner, Stark BC Venture, LLC (“Stark”) to conduct a marketing and sales program for the lands, personal property and material contracts (collectively the “Collateral” or “Assets”) of Mount Baldy Real Estate, Inc., Winter Recreation, ULC, and Mount Baldy Ski Corporation (collectively “Mount Baldy”) which are the subject matter of a foreclosure action in this proceeding;
 - b) provide the qualifications and experience of G-Force Real Estate to undertake this assignment;
 - c) identify the principal persons and their qualifications who will be responsible for conducting the work;
 - d) provide summary of the marketing and sales plan for the Assets in order to maximize their value and how this approach would compare to the approach by a traditional real estate brokerage firm; and
 - e) provide an estimate of the time and costs to conduct the work to market and sell the Assets.

Background of Mount Baldy

2. Historically, the operation at Mount Baldy was a small ski operation/resort located near Osoyoos, BC at the southern tip of the Okanagan Valley near the US border. Originally, it evolved out of local ski clubs over 50 years ago and eventually was acquired by current owners in 2004.
3. The current owners, led by Brent Baker from Idaho, embarked upon a comprehensive planning and capital improvement program to position Mount Baldy as a quality four-season resort. The buoyant real estate market in Western Canada and the US in the run-up to 2008 provided significant encouragement to the development strategy.
4. Since 2008, the real estate market has been significantly impaired and the competition from other local ski hills has intensified. Mount Baldy’s expansion and development plan was hit hard by the recession starting in 2008 and has continued to the present day. The current owners have been enterprising in raising equity and loans to replace original lenders over the past several years and running the ski operation on a very modest budget. Significant attempts have been made to raise additional equity in the last 3 years without success. Finally, the lack of cash reserves did not allow management to reopen the ski operation for the 2013-2014 season so it has been closed since April 2013, the end of the 2012-2013 season.
5. In June 2013, Mr. Baker was referred to G-Force Group by Mount Baldy’s corporate counsel, Jim Mutter, who was aware of its experience in successfully restructuring going-concern operations that have become insolvent. After unsuccessfully attempting to complete a sale, Mr. Baker finally contacted G-Force Group in late November 2013 to

review the circumstances of Mount Baldy and consider options to deal with the insolvency of Mount Baldy and to restart its operations.

6. Since Mount Baldy had no cash, was not operating and was insolvent, it could not retain G-Force Group. However, Mr. Baker was confident that if a sensible restructuring plan (the “**Restructuring Plan**”) could be developed that he was supportive of, then the shareholders and the three secured creditors who were relying on him to find a buyer or refinancing for Mount Baldy, would likely be supportive. With the support of Mr. Baker and Mr. Mutter, G-Force Group invested time during December and January in developing a Restructuring Plan for the secured creditors to consider.
7. G-Force Group prepared its initial draft Restructuring Plan in mid January 2014 and reviewed it with Brent Baker and Jim Mutter. Thereafter, they introduced G-Force Group to US legal counsel for Stark, the largest secured creditor and who had a priority charge on most of Mount Baldy’s assets. Due to Stark’s priority and significant position, it was the secured creditor who was the logical one to fund the implementation of the Restructuring Plan. G-Force Group subsequently reviewed the draft Restructuring Plan with the principal of Stark, Mr. Stark, and his counsel. The conclusion at the time was for Stark to appoint a G-Force Group receiver of Mount Baldy through a foreclosure action in order that all of its the assets could be sold intact to allow for a going-concern operation to start immediately after the sale and be ready for the 2014-15 ski season. The Restructuring Plan provided for co-operation between Mr. Baker and G-Force Group to take advantage of Mr. Baker’s extensive knowledge of the recent history of Mount Baldy, its significant entitlements to land and his contact with a number of prospects who were already familiar with Mount Baldy and who could become motivated to acquire its assets and restate its operations quickly.
8. On March 5, 2014, Stark retained G. Powroznik Group Inc. of G-Force Group, a licensed Trustee in Bankruptcy under the *Bankruptcy and Insolvency Act* (“**G-Force**”) to further develop the Restructuring Plan while it concurrently began the process to retain Canadian counsel, Bonita Lewis-Hand of Lawson Lundell (“**Lawsons**”) and commence a foreclosure action, in which G-Force would be appointed receiver. Mr. Baker was supportive of this action as he was familiar with the Restructuring Plan and the potential benefits to all the current creditors and shareholders. These included providing funding to run a proper marketing and sales program to create competition for the Assets, perform some advance due diligence on the assets and operations so that they would be ready for the upcoming ski season and generally to attempt to maximize the value of the Assets.
9. Initially the hope was that a receiver could be appointed relatively quickly in April or May. Our view was that the highest potential price would be obtained for Mount Baldy’s assets if they could be sold as a going-concern operation so that the resort could be re-opened as soon as possible and no later than for the up-coming ski season in December (“**Going-Concern Sale**”). Further, our assessment was that a comprehensive sales process needed to be launched as soon as possible to find a buyer who would see the long-term value of both the ski operation and the real estate and entitlements as a fully integrated opportunity (the “**Ideal Buyer**”). However, due to the lingering effects of the recession, the lack of financial resources of the current ownership, the closure of the

operation in 2013 and the various stakeholders who would need to be involved in reaching an acceptable deal, a lot of preparatory work and vendor due diligence (“**Vendor Due Diligence**”) needed to be done in order to attract potential buyers and get them to seriously consider the investment opportunity without incurring undue time and costs. Our view was supported by Mr. Baker who we saw as important to help us both attract potential interested buyers from his previous substantial efforts to find a buyer and to assist in helping us develop the Vendor Due Diligence. We also reviewed this approach with Bev Kee of BC Opportunity Fund, another secured creditor, in early May and she supported the approach, as did Stark LLC.

10. For several logistical and technical reasons, formally initiating the foreclosure process was much slower than had been expected. In mid-May G-Force reviewed the eroding time to obtain the appointment of a receiver and launch the sale process to find the Ideal Purchaser and prepare the Vendor Due Diligence. Stark LLC confirmed its support of the urgency of the Realization Plan and asked G-Force to prepare the detailed marketing and sale plan and Vendor Due Diligence to the extent that it could so that when the concurrent efforts to initiate the foreclosure process resulted in the actual appointment of G-Force as a receiver, it could immediately implement the comprehensive marketing and sales program.
11. Mr. Baker has co-operated with G-Force since he contacted us in November 2013 to assist us in developing the options available to Mount Baldy and its creditors which culminated in the Restructuring Plan. He has provided substantial information, access to former employees of Mount Baldy and the names of some potential buyers. He initially informed the other secured creditors of our initiative and his support for it and also advised the Osoyoos Indian Band (“**OIB**”), another shareholder and secured creditor who has a substantial interest, in the Restructuring Plan. Mr. Baker has also continued to deal with issues facing Mount Baldy as best as he can, considering Mount Baldy has no cash or ability to hire employees. He has continued to attempt to find buyers or investors and invest his own time and money into these activities. Although he is attempting to salvage something from the investments of his family and friends as shareholders and secured and unsecured creditors have made in Mount Baldy, he appears to be resigned to find the best solution to get Mount Baldy operational again on a sound footing with a new purchaser even if it turns out that the best price from a comprehensive marketing program does not provide a direct return to him. We believe Mr. Baker’s previous involvement with potential buyers could help provide prospects to quickly assess the current opportunity under the tight timeline required to find the Ideal Buyer through the Restructuring Plan.
12. Mr. Baker has also introduced us to the key contact at the Mountain Resorts Branch, Ministry of Forests, Lands and Natural Resource Operations, Government of British Columbia (“**Resorts Branch**”) which is responsible for working with many partners to provide timely decisions for new resort proposals, major expansions and other projects at existing resorts. It sets and administers policy for all seasons resort development, implements the BC Resort Strategy, and monitors the existing Master Development Agreement (“**MDA**”) between the Province of BC (the “**Province**”) and Mount Baldy dated May 19, 2006.

13. Under the MDA Mount Baldy may, in accordance with the Mount Baldy Resort Expansion Master Plan for the Mount Baldy Resort: exclusively use Crown Land in the Controlled Recreation Area (“CRA”) to develop and operate facilities and improvements for skiing and other recreation activities; and, purchase Crown Land for private real estate development to develop related residential, commercial and other uses:

14. The Mount Baldy Benefits Agreement (“**Benefits Agreement**”) is an agreement, dated December 12, 2005, between the OIB and Mount Baldy. It describes the terms and conditions whereby the parties will share the benefits from the Mount Baldy resort and related private real estate development.

15. Since March, G-Force has spent considerable time developing the marketing and sale program for the assets and operations of Mount Baldy which has included:
 - a) reviewing information including financial, operational, contracts and other information to identify suitable materials to provide prospective buyers;
 - b) reviewing the extensive real estate and real estate entitlements and the existing development plan to anticipate the needs of potential buyers and to consider options for maximizing investment returns;
 - c) reviewing the preparation work required, timeline and budget for getting the Mount Baldy’s ski operation ready to open for the upcoming season in December;
 - d) identifying additional information that needs to be prepared as part of the Vendor Due Diligence for prospective buyers;
 - e) speaking to Mr. Baker and the former general manager of Mount Baldy, Matt Koenig, to pose questions and to obtain their views of the key information that should be provided to prospective buyers;
 - f) speaking with the manager of the Resorts Branch to understand the requirements that an Ideal Buyer would need and the timeline involved to obtain an assignment of the MDA or enter into a new one;
 - g) speaking with the solicitor for the OIB to understand its objectives in recovering its investment in, and loans to, Mount Baldy, its rights under the Benefits Agreement it has with Mount Baldy and its interest in the qualifications of an Ideal Buyer;
 - h) creating an electronic secure data room for access by qualified prospective buyers who have signed a confidentiality agreement;
 - i) beginning the draft marketing and sales documents including the confidentiality agreement, electronic marketing brochure;
 - j) preparing a list of prospective buyers to send the initial marketing materials to.

16. The formal foreclosure process finally was launched in the first week of June and it was expected that a Receiver could have been appointed by the first or second week in July. As a result, G-Force developed a budget for the Receiver to present to Stark LLC to provide financing for the receiver’s activities to take possession and custody of Mount Baldy’s assets, conduct the marketing and sale program leading to a sale, expected to take a minimum of three months, and conduct preparation work on the ski related assets and operations (the “**Ski-Prep**”) so an Ideal Buyer could open the resort in December for the upcoming season.

17. Because of the delays experienced with initiating the foreclosure process, the receiver no longer had the time to complete a sale to the Ideal Buyer so it could have sufficient time to conduct the Ski-Prep to ready the ski operation for December 2014. Consequently, the only way for a receiver to attract an Ideal Buyer who could open the resort in December would be to concurrently conduct the Ski-Prep work which we are told must start by September 1, 2014 at the very latest. This in effect more than doubled the financing the receiver required from Stark LLC as estimated in April. Stark LLC responded by asking for a revised plan that would allow it to fund the immediate launch of the marketing and sales plan to search for an Ideal Buyer within the financing currently available and concurrently search for a potential buyer or other prospect who would provide the additional financing required to have a receiver appointed who would complete the sale negotiations while concurrently conducting the Ski-Prep (the “**Additional Financing**”).
18. Under these circumstances, counsel to Stark LLC and G-Force suggested that a lower cost way to launch the marketing and sale plan would be to have Stark LLC appoint a Marketing Agent for the Assets subject to the Order Nisi in the foreclosure proceeding the day after the Order is granted. Once the Additional Financing is secured, Stark LLC would appoint G-Force as receiver to complete the sale process and concurrently conduct the Ski-Prep in order for an Ideal Buyer to be motivated to pay an acceptable competitive price since it would have the confidence that the ski operation will be ready to open in December shortly after a sale could be completed.
19. Since real estate offered for sale outside of a receivership or bankruptcy must be done through a brokerage that is licensed under the Real Estate Services Act (receivers and trustees in bankruptcy are exempt), G-Force Real Estate Inc. of G-Force Group (“**G-Force Real Estate**”) has been retained by Stark LLC to be appointed the Marketing Agent. G-Force Real Estate is licensed as a brokerage under the *Real Estate Services Act*. Two of the key individuals at G-Force who have been performing the work are Gary Powroznik, Managing Director and Neil Atchison, Associate Director. Mr. Powroznik is also the Managing Director and Managing Broker of G-Force Real Estate and Mr. Atchison is also an Associate Broker of G-Force Real Estate. Both are licensed under the *Real Estate Services Act*. Mr. Gary Powroznik is also the Managing Director of and a Licensed Trustee in Bankruptcy with G. Powroznik Group Inc. The resumes for Mr. Powroznik and Mr. Atchison are attached hereto as **Appendices “1”** and **“2”** respectively.

Real Estate Services

20. Upon its appointment as the Marketing Agent, G-Force Real Estate intends to seamlessly assume the work done to date in G-Force in which will include:
 - a) relying on work done to date by G-Force to immediately launch the marketing and sales plan to its list of prospects;
 - b) quickly try to identify seriously interested prospects (the “**Key Prospects**”) so they have sufficient information to be motivated to make a competitive offer and meet the terms of an Ideal Buyer;

- c) maintaining communications with relevant key third party stakeholders like the Resorts Branch and OIB in order to provide an informed access to them by the Key Prospects;
 - d) retaining the former general manager for Mount Baldy, Mr. Koenig, to help produce the Vendor Due Diligence for prospective buyers and details of the Ski-Prep required. The involvement of Mr. Koenig should also help to minimize overall costs of the Restructuring Plan;
 - e) focusing on any potential Key Prospects or others who will consider providing the Additional Financing and introduce them to Stark LLC. The Additional Financing will be required to properly fund a receivership which will likely be needed to complete a sale for an acceptable competitive price because it will allow for the Ski-Prep to be done which is considered necessary to obtain an acceptable market price for Mount Baldy Assets; and
 - f) issuing a press release regarding the sales process and Restructuring Plan to the Mount Baldy ski market to obtain public support in a potential re-opening of the resort for the upcoming season.
21. G-Force, in conjunction with discussions with Mr. Baker, has identified a number of market segments that may produce Key Prospects and an ultimate Ideal Buyer and include:
- a) ski owners/operators in Canada/US who have interests in smaller regional ski resort operations;
 - b) real estate developers in the Okanagan Valley;
 - c) local individual or group with successful businesses in the Okanagan who may see possible synergy with its other businesses;
 - d) existing secured lenders;
 - e) international prospects received from the Resort Branch; and
 - f) some combination of the above.
22. G-Force Real Estate has the following qualifications that position it well to help to maximize the recovery from the Mount Baldy Assets:
- a) G-Force Real Estate is part of the G-Force Group that has recognized industry specialization practices in several industries, including in both the hospitality/resort and the real estate industries;
 - b) G-Force Group has extensive experience successfully restructuring businesses and enhancing real estate properties that have become insolvent and maximizing recoveries for stakeholders. It was the reason G-Force was referred to Mr. Baker;
 - c) Mr. Powroznik has been involved in an ownership and advisory capacity with a major ski resort and real estate development operation in BC that does not complete with Mount Baldy for over the past 25 years. This has included:
 - (i) advising on performance and value improvement activities for operations and real estate development activities respectively,

- (ii) assisting Neil Atchison in performing a complex valuation of residential leasehold interest and comparing to similar properties at other BC ski resorts,
 - (iii) advising on a strategy to sell the ski resort to provide shareholders an exit strategy, and
 - (iv) assisting in assessing the risk management issues;
- d) G-Force Group through its transaction experience in selling both insolvent and healthy businesses and real estate, has a wide network of financing and private equity sources and investors;
 - e) G-Force Group and in particular, Mr. Powroznik and Mr. Atchison have significant experience working with First Nations in a variety of capacities; and
 - f) G-Force and the engagement team has already received support from the shareholders and the key secured creditors to quickly implement the Restructuring Plan and find a buyer for the Assets at the best possible price prior to the loss of another ski season and further deterioration of Mount Baldy's Assets.
23. G-Force Real Estate will charge its normal hourly rates to act as the Marketing Agent which are the same rates charged by G-Force for the work done to date. These rates range from \$90 to \$450/hour. Specific rates for key project team members: Neil Atchison \$380/hour, Chris Sinclair \$290/hour, Patricia \$120/hour, Nancy Powroznik \$90/hour and Gary Powroznik \$450/hour. The current estimated budget for the Marketing Agent's professional fees, disbursements and GST until August 31, 2014 is \$146,850. This estimate was provided to Stark LLC earlier this week.
24. In our view, it would be inappropriate for the Assets of Mount Baldy in their current condition to be sold under a normal commissioned listing agreement with a traditional real estate broker because that process would attract fire sale offers, if any, in the short term and an opening of the upcoming season would most likely be impossible. We believe it will take considerable effort as described above to position the Assets for sale by providing suitable Vendor Due Diligence and a program to ready the resort to reopen by December 2014 to attract prospects to consider making a competitive attractive offer in a short period of time. We believe the Marketing Agent role to be conducted by G-Force Real Estate is designed to potentially maximize the selling value of the Assets in the short time available before the window for readying the resort to open for the upcoming ski season is lost.

All of which is respectfully submitted this 10th day of July, 2014.

G-Force Real Estate Inc.



Per: Mr. Gary D. Powroznik
Managing Director

APPENDIX 1

APPENDIX 2

Appendix B

Marketing Agent's Report to Court dated November 3, 2014 and its Supplemental Report dated
December 18, 2014
(not including Appendices)

NO. H-140638

VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

STARK BC VENTURE, LLC

PETITIONER

AND:

MOUNT BALDY REAL ESTATE, ULC
WINTER RECREATION, ULC
MOUNT BALDY SKI CORPORATION
ROBERT BOYLE
BRETT SWEEZY
BRENT ALAN BAKER ALSO KNOWN AS BRENT BAKER
LAURA LESLIE BREUNINGER BAKER
VANTAGEONE CREDIT UNION
B.C. OPPORTUNITY FUND LLC
ATTORNEY GENERAL OF CANADA, AS REPRESENTATIVE OF
THE CROWN IN RIGHT OF CANADA
THE OWNERS, STRATA CORPORATION KAS1840

RESPONDENTS

**G-FORCE REAL ESTATE INC.
MARKETING AGENT**

November 3, 2014

Purpose of the Report

1. The purpose of this report is to:
 - (a) provide the Court with a summary of the activities and results of G-Force Real Estate Inc. of G-Force Group (“**G-Force Real Estate**”) as the Marketing Agent (“**Marketing Agent**”) for the Petitioner, Stark BC Venture, LLC (“**Stark**”) to conduct a marketing and sales program for the lands, personal property and material contracts (collectively the “**Assets**”) of Mount Baldy Real Estate, Inc., Winter Recreation, ULC, and Mount Baldy Ski Corporation (collectively “**Mount Baldy**”) which are the subject matter of a foreclosure action in this proceeding; and
 - (b) provide the Court with supporting reasons why the Marketing Agent role should be terminated and why an immediate appointment of a Receiver–Manager of Mount Baldy Ski Corporation and Mount Baldy Real Estate Inc. is required to carry out a sale of the Assets, subject to the foreclosure action, and maximize asset recoveries for the secured creditors of Mount Baldy, including Stark (the “**Final Report**”).

Marketing Campaign

2. On July 14, 2014, the Court granted an Order Nisi and Order for Conduct of Sale (the “**July 14 Order**”) to the Petitioner and authorized the appointment of the Marketing Agent.
3. The Marketing Agent’s key marketing activities can be summarized as follows:
 - (a) assumed and further developed as necessary the Pre-Marketing Preparatory Work previously undertaken by G-Force;
 - (b) set up a dedicated web page for the Mount Baldy Asset sale on www.g-forcegroup.ca;
 - (c) accumulated a comprehensive list of prospects from industry research, previous knowledge of owners and investors in ski resorts and comparable operations that included the following market segments:
 - i. ski owners/operators in Canada/US who have interests in smaller regional ski resort operations;
 - ii. real estate developers in the Okanagan Valley;
 - iii. local individual or group with successful businesses in the Okanagan who may see possible synergy with its other businesses;

- iv. existing secured lenders;
 - v. international prospects received from the Resorts Branch; and
 - vi. some combination of the above;
- (d) issued a press release outlining the sales process to media serving the Mount Baldy ski market to:
- i. obtain public support for re-opening of the Mount Baldy ski resort (the “Resort”) for the upcoming season; and
 - ii. attempt to harness the local media to help communicate the sale process widely in the hope it might help surface additional local buyers, investors or operators;
- (e) help focus the local support so that when purchasers arrive, they will see positive local support for the re-opening of the Resort including a strong demand for ski lift passes, programs, etc.;
- (f) completed a short-form electronic brochure containing basic information about the Assets to send to a long-list of prospects and post on the Marketing Agent’s website;
- i. based upon the information in the Brochure, recipients or readers who were interested in learning more were asked to sign a confidentiality agreement and return it to the Marketing Agent;
 - ii. over 125 prospects received the Brochure through email and many more that we cannot specifically determine through links provided in various public postings in internet publications and by the media; and
 - iii. a copy of the Brochure was also attached to the Marketing Agent’s dedicated web page for the Mount Baldy Asset sale;
- (g) prepared a confidentiality agreement which each party was required to execute and return to the Marketing Agent before being granted access to confidential information relating to the Assets and receiving access to tour Mount Baldy;
- (h) prepared a detailed Confidential Information Memorandum that summarizes the important information about the Assets, operations and key stakeholder;
- (i) established a secure, password-protected, electronic data room hosted on a third party website; and
- (j) populated the Data Room with a significant amount of information on the Assets including substantial amounts of vendor due diligence, so that interested parties

could download and review the information and to assist prospective purchasers to perform their due diligence.

4. The Marketing Agent made preliminary contact with over 125 parties from B.C., Alberta, Ontario, the United States, New Zealand, and China.
5. The Marketing Agent entered into 19 confidentiality agreements with key prospects, and had six of them tour the Resort.
6. The Marketing Agent also met with local and regional tourism and economic development officials which spawned a number of good suggestions and efforts to help generate local potential investors and demonstrated the pent up support for a purchaser of the Assets, especially if the Resort operation can be restarted this year.

Response to Marketing Campaign

7. The response from the market was varied and can be summarized as follows:
 - (a) there were several initial calls from the initial mailing to prospects;
 - (b) the local media in the Okanagan Valley was very interested in the efforts of the Marketing Agent to find a buyer to re-open the Resort for the upcoming season since there was wide support from the local businesses and residents for the Resort;
 - (c) the initial press release and stories in the local and BC regional media in the first week of release were picked up by electronic ski industry publications within a week, which provided additional national and international exposure of the sales offering for the Assets;
 - (d) several enquiries were received from experienced operators and investors from eastern Canada, the United States, and New Zealand, the latter with connections in the United States and France;
 - (e) there was a continuing flow of enquiries and interest in acquiring, financing or investing with others to acquire the Assets as a result of formal follow-up press releases issued by the Marketing Agent; and
 - (f) an interested party toured the Resort on August 8 and 9, 2014. In addition he met with a variety of local and regional tourism and economic development officials, owners of adjacent property and members of the Strata Corporation, local business owners, leaders of service clubs, etc.
8. The Marketing Agent notes that the general level of interest shown by the prospects in the Assets was relatively good; however the level of serious interest was disappointing

due to several reasons that became evident from the feedback from the prospects, including:

- (a) many of the ski resorts in B.C. were struggling with the lingering effects of the global recession that started in 2008 which limited the number of prospects who were involved with other BC ski resorts and made several other prospects overly cautious;
 - (b) some prospects wanted a ski resort that was located closer to a larger urban population and felt that the Southern Okanagan was too small a market for them;
 - (c) the current demand for real estate at the Resort was relatively low since the general real estate demand for recreational real estate has not recovered from the pre-recession highs;
 - (d) reduced local demand for recreational real estate at Mount Baldy due to the closure of the Resort for the 2013/14 season;
 - (e) the Resort did not have an impressive operating history with the current owners lacking capital in recent years and having a low commitment to developing the ski facilities, and the previous owners also lacked capital and a commitment to growth of the ski market;
 - (f) the general stigma surrounding Mount Baldy's insolvency including operating losses over the past number of years; and
 - (g) the inability of the Resort to open for the 2013-2014 ski season.
9. The main reason provide by several prospects for not submitting an offer was that they did not have sufficient time to assemble an offer to buy the Assets and provide the financing in order to open the Resort for the upcoming ski season. Several of these parties expressed an interest in pursuing an acquisition in 2015 and focus on opening the Resort for the following year.

Proposals Received

- 10. The Marketing Agent received two serious proposals with respect to the Resort.
- 11. The first proposal, received in the first week of September, was from a very experienced ski hill resort operator in Canada. He had been examining the opportunity for several weeks and had performed a significant amount of due diligence including preparing his own operating plan and budget for the 2014-2015 ski season. Ultimately, however, he had difficulty arranging the necessary financing.

12. The second proposal was received on October 17, 2014. This party, BC Baldy Capital Corporation (“**BC Capital**”) has undertaken some due diligence but requires more time before it will be in a position to present an offer. BC Capital’s proposal includes the following key terms:
- (a) provision of long-term financing by the Petitioner and who possibly will also receive an equity position in the business after a sale;
 - (b) a requirement of the Petitioner to seek the appointment of a Receiver-Manager who will thereafter enter into an operating agreement with BC Baldy Ski Corporation, an affiliated company with BC Capital (“**BCB Ski Corp**”) whereby BCB Ski Corp will be responsible for operating the ski resort for the upcoming season while BC Capital completes its due diligence (any such operating agreement will require the Province’s consent);
 - (c) submission of an offer to acquire the Assets and complete its due diligence concurrently while BCB Ski Corp conducts the Resort operations;
 - (d) seek Court approval of the sale by January 31, 2015; and
 - (e) provision of additional financing to fund the Receiver-Manager and receivership costs as well as the costs of preparation of the Resort for the upcoming season.
13. BC Capital is prepared to lend \$515,000 to the Receiver-Manager by way of Receiver’s certificates provided such certificates rank in priority to existing charges. The purpose of the said borrowing is to:
- (a) allow the sale process to continue through the appointment by a Receiver-Manager;
 - (b) pay the maintenance and preparation required to get the Resort ready to open for the upcoming season;
 - (c) fund the costs associated with the receivership; and
 - (d) fund the operations for the 2014/2015 ski season.
14. The Marketing Agent has recommended that the Petitioner pursue this proposal for the following reasons:
- (a) it is a going-concern sale which includes operating the Resort for the upcoming season;
 - (b) the potential buyer is providing the additional financing for the Petitioner to complete the sale process through the appointment by a Receiver-Manager which is necessary to gain access and operate the Resort for the upcoming season;

- (c) it is the best proposal or offer for the Assets and has the potential for recovering far more for the Assets than liquidation values; and
- (d) it is very late in the season to find an alternative ideal buyer and none of those who have expressed interest currently appear to have the capacity or motivation to make a comparable and/or better proposal or offer.

The Need for the Appointment of a Receiver-Manager

15. The appointment of a Receiver is believed to be in the best interest of the various stakeholders for the following reasons:
 - (a) it will allow the Resort to re-open this season;
 - (b) an operating business is expected to result in more parties being interested in acquiring the Assets;
 - (c) an operating business will be more valuable as it is expected to result in a going-concern sale to the current prospective purchaser; and
 - (d) allow the Receiver to continue marketing the Assets for sale.
16. The Marketing Agent is advised by the Petitioner that it consents to the appointment of the Receiver-Manager and the borrowing of up to \$515,000 by way of Receiver's certificates which will rank in priority to the Petitioner's secured interests.
17. The application for the appointment of a Receiver-Manager is urgent because of the time needed to prepare the ski hill for the upcoming season. Normally, the pre-season maintenance and preparatory work for a ski hill would start at the beginning of September.
18. Given the delay in starting the maintenance and preparatory work the opening of the Resort may be delayed. Any further delay may impair the ability of the Resort to be ready for the prime ski season (i.e. Christmas holiday season) and this may impair the economics of operating the ski season this year.

19. As such, the Marketing Agent must be discharged and a Receiver-Manager be appointed forthwith so that the BCB Ski Corp can gain access to the Resort quickly to conduct the preparation for the upcoming season before the worsening weather makes it too difficult to adequately prepare the Resort.

All of which is respectfully submitted this 3rd day of November, 2014.

**G-Force Real Estate Inc.
in its capacity as Marketing Agent
for the Mount Baldy Assets**



Per: Gary D. Powroznik
Managing Director

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

STARK BC VENTURE, LLC

PETITIONER

AND:

MOUNT BALDY REAL ESTATE, ULC
WINTER RECREATION, ULC
MOUNT BALDY SKI CORPORATION
ROBERT BOYLE
BRETT SWEEZY
BRENT ALAN BAKER ALSO KNOWN AS BRENT BAKER
LAURA LESLIE BREUNINGER BAKER
VANTAGEONE CREDIT UNION
B.C. OPPORTUNITY FUND LLC
ATTORNEY GENERAL OF CANADA, AS REPRESENTATIVE OF
THE CROWN IN RIGHT OF CANADA
THE OWNERS, STRATA CORPORATION KAS1840

RESPONDENTS

**G-FORCE REAL ESTATE INC.
MARKETING AGENT**

SUPPLEMENTAL REPORT TO REPORT DATED NOVEMBER 3, 2014

December 18, 2014



Background and Purpose of the Report

1. The Marketing Agent filed its last report with the Court dated November 3, 2014 (the "**November 3 Report**"), in anticipation of a planned mid-November 2014 application ("**Application**") for the appointment of a receiver-manager ("**Receiver**") of Mount Baldy Ski Corporation and Mount Baldy Real Estate, ULC (the "**Companies**").
2. This report represents the Marketing Agent's Supplemental Report to the November 3 Report ("**Supplemental Report**"). This Supplemental Report should be read in conjunction with the November 3 Report.
3. The purpose of this Supplemental Report is to provide the Court with a brief explanation of the reason for the delay of approximately a month of the Application, to confirm that funding is now available to proceed with the appointment of a Receiver of the Company and to provide an update on the parties and proposal received by the Marketing Agent in paragraphs 12 and 13 in the November 3 Report.

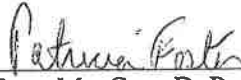
Updated Status

4. The original Application in mid-November did not proceed as planned because there was a delay in arranging the required financing to cover the cost of the receivership, including funding the reopening of the ski resort.
5. The Marketing Agent confirms that the Baldy Capital Corporation ("Baldy Capital"), formerly BC Baldy Capital Corporation, has now arranged for an accumulated sum of \$400,000 to be placed in trust with Lawson Lundell LLP ("**Lawson**"), legal counsel to Stark BC Venture, LLC, pending confirmation of the appointment of a Receiver of the Company. Additionally, a further \$100,000 is expected to be arranged by Baldy Capital as additional loans to the Receiver by January 19, 2015, to reach the revised level of committed financing required for the receivership of \$500,000.
6. The source of \$300,000 of the monies placed in trust to finance the receivership has been provided by Community Futures Okanagan-Similkameen ("**Community Futures**"). Community Futures is located in Penticton, B.C. and offers a program that provides support for local groups to participate in the development of economic and employment opportunities. Community Futures has provided a funding confirmation letter to Lawson which is attached hereto as **Appendix "A"**. Two other individuals have also provided funding that makes up the balance of the \$400,000 currently available to fund the receivership.
7. Accordingly, the Marketing Agent confirms that Baldy Capital has now arranged and committed adequate financing and the Application for the appointment of a Receiver may now proceed.
8. Due to the delay in arranging the financing and the start of the receivership, the expected date for Baldy Capital to make an offer to acquire the Assets and to complete the sale will be delayed beyond the dates earlier anticipated.

9. The name of the operator of the ski resort under an operating agreement to be entered into by the Receiver immediately upon appointment has now been changed to Baldy Operating Corporation.

All of which is respectfully submitted this 18th day of December, 2014

**G-Force Real Estate Inc.
in its capacity as Marketing Agent
for the Mount Baldy Assets**



Per: Mr. Gary D. Powroznik
Managing Director

for

Appendix C

Amended Memorandum of Understanding dated December 18, 2014

AMENDED MEMORANDUM OF UNDERSTANDING

Between:

STARK BC VENTURE, LLC

a body corporate organized under the laws of Washington, USA having an office located at 12785 Gravelly Lake Dr. SW, Lakewood, WA 98499

(“StarkCo”)

And:

BALDY CAPITAL CORPORATION

a body corporate to be organized under the laws of British Columbia, Canada having an office located at #400, 909 17th Avenue SW, Calgary, AB T2T 0A4

(the “Purchaser”)

Whereas the Purchaser is contemplating making an offer to a Receiver of Mount Baldy Ski Corporation and Mount Baldy Real Estate, ULC. (collectively, the “Debtors”) to purchase all or substantially all of the assets of the Debtors (the “Assets”) comprising the Mount Baldy Resort (the “Resort”) as more particularly described in the marketing brochure dated on or about July 18, 2014 prepared by G-Force Real Estate Inc. (“G-Force”), in its capacity as Court Approved Marketing Agent (the “Marketing Agent”) for StarkCo who has conduct of sale from the Supreme Court of British Columbia for the Assets, based on the following understandings:

1. StarkCo, in its capacity as a secured creditor of the Debtors having a security interest in substantially all of the Debtors’ assets comprising the Resort, is contemplating applying to the Supreme Court of British Columbia for the appointment of a receiver-manager of the property and assets of the Debtors (“Receiver”) with authority to offer the assets of the Resort for sale, subject to Court approval.
2. Upon appointment of the Receiver, Baldy Operating Corporation (the “Operator”), a party related to the Purchaser, and the Receiver will enter into an interim operating agreement (the “Operating Agreement”) pursuant to which the Operator will conduct such works as are necessary to prepare the Resort for opening of the 2014/15 ski season, and then continue to manage and operate the Resort for the balance of the season, unless terminated pursuant to the terms of the Operating Agreement. The details of the Operating Agreement are to be agreed between the Receiver and the Operator, and shall provide, among other things, the scope of the Operator’s pre-season preparation work and ongoing operations, which are to be detailed in an approved budget. The Receiver will remit periodic payments for the Operator’s services under the Operating Agreement against delivery of approved invoices consistent with the approved budget.
3. The Purchaser or its nominee (the “Lender”) will advance, or will arrange to advance through third parties, \$600,000 by deposit in trust to the account of Lawson Lundell LLP, as follows:

- (a) **\$25,000** initial deposit towards the purchase price (the “**Initial Deposit**”), to be paid by Purchaser or its nominee and to be applied as follows:
- (i) **\$10,000** paid to Lawson Lundell LLP (“**Lawson**”) with respect to the legal services provided by Lawson in connection with the preparation of the MOU and related matters; and
 - (ii) **\$15,000** paid to the Marketing Agent with respect to pre-receivership services for the Resort including the maintenance and opening preparation costs for Matt Koenig and assigned contractors.
- (b) **\$500,000** loan to the Receiver by no later than January 19, 2015, to cover the costs of the Receiver and receivership including legal fees of the Receiver and anticipated costs of operation of the Resort for the 2014-2015 season, and obligations of the Receiver under the Operating Agreement, which will be secured by Receiver's Certificates to be issued upon release of these funds from trust to the Receiver, and which will have a priority charge over the Assets in priority to StarkCo's security.
- (c) **\$75,000** second deposit towards the purchase price (the “**Second Deposit**”) to be paid to the Receiver by no later than January 31, 2015, the proceeds of which will be paid to the order of the Marketing Agent to cover the outstanding costs incurred by the Marketing Agent including legal fees and the Marketing Agent's own fees for marketing and selling activities (to be itemized by the Marketing Agent) and disbursements for the resort manager fees and costs and costs for preservation and sale of the Assets prior to appointment of the Receiver. This amount, as an expense of the Marketing Agent prior to appointment of the Receiver, is covered by the existing security over the Assets held by StarkCo in accordance with the Court Order pursuant to which the Marketing Agent was appointed. StarkCo agrees that if the sale to the Purchaser does not complete, as contemplated herein, upon any realization of StarkCo's existing security over the Assets, the Purchaser shall be entitled to payment in full of the Second Deposit from the proceeds of such realization prior to any payment of such proceeds to StarkCo provided the Purchaser is not in Default (as hereinafter defined). Any amount in excess of the itemized costs confirmed by the Marketing Agent will be paid by the Marketing Agent to the Receiver.
4. The purchase price for the Resort to be offered by the Purchaser will be \$4,800,000. payable as follows:
- (a) the Initial Deposit;
 - (b) the Second Deposit;
 - (c) \$500,000 in cash payable on closing or set off against amounts owing by the Receiver under the Receiver's Certificate; and
 - (d) the balance of the Purchase Price of \$4,200,000 payable by way of a promissory note (the “**Receiver Note**”) issued by the Purchaser in favour of the Receiver with interest accruing at the rate of 4% per annum payable on or before December 31, 2019 as more particularly set out below. The Receiver Note will be secured by a

new first mortgage to be granted by the Purchaser to the Receiver or its assignee. It is presently anticipated that the Receiver will assign the Receiver Note to StarkCo in partial satisfaction of the existing indebtedness of the Debtors to StarkCo. This mortgage will provide that the mortgagee is obliged to provide a partial release of the mortgage upon sale to an arm's length third party of any portion of the lands charged thereby upon receipt of 70% of the net sale proceeds of the lands sold. The mortgage may also include an option for the mortgagee to convert up to 50% of the indebtedness secured thereby to fully participating equity shares of the Purchaser.

5. For the purposes of this agreement, it will be a default ("**Default**") under this agreement if:
 - (a) the Purchaser fails to negotiate in good faith with respect to the terms and conditions of a definitive APA by January 30, 2015;
 - (b) the Purchaser fails to complete the purchase of the Assets for any reason within its control by May 15th, 2015;
 - (c) the Operating Agreement is terminated; or
 - (d) the Purchaser fails to pay, or fails to arrange to pay, the amounts indicated in paragraph 3 of this agreement.

6. During the continuance of the 2014/15 ski season, the Purchaser will continue its due diligence in respect of its proposed purchase of the Resort. This may include investigations of the matters set out in Schedule A. The Purchaser and the Receiver will continue to negotiate in good faith the terms and conditions of a definitive asset purchase agreement ("**APA**"), to be concluded on or before 5:00 p.m. on January 30, 2015. The Purchaser acknowledges the following:
 - (a) that it will be purchasing the Assets on an 'as is where is' basis,
 - (b) that the Receiver will not agree to an APA that contains warranties or representations,
 - (c) that the Receiver will not agree to an APA that contains extensive conditions precedent that are subject to agreement of or performance by third parties unless there are very strict time lines for removal of such conditions precedent;
 - (d) that its related party, the Operator, will have had care, control and possession of the Assets from and after the date of the Operating Agreement; and
 - (e) that the Receiver will have no obligation to submit any APA to the Court for approval until all conditions precedent (other than Court Approval) have been satisfied or waived.

7. It is acknowledged that any cash portion of the net proceeds of sale of the Resort upon closing and any cash remaining on hand with the Receiver must be applied to pay any outstanding obligations of the Debtors which have priority over StarkCo's security. These include property taxes, monies owing to the Province of British Columbia under the Master

Development Agreement and Licences, priority payables to CRA and any amount owing under outstanding Receiver's Certificates.

- 8. It is anticipated that the completion of the sale to the Receiver will be by way of Vesting Order which will provide the assets free and clear of all encumbrances (including the existing security granted by the Debtors to StarkCo), other than permitted encumbrances, and the new first mortgage in favour of StarkCo referred to above.
- 9. Time is of the essence with respect to the terms of this agreement.

This Amended Letter of Intent/Memorandum of Understanding shall be open for acceptance by StarkCo until 9:00 pm Pacific Standard Time on December 18, 2014 failing which it shall become null and void, unless extended by mutual agreement between the parties.

Agreed by the parties:

BALDY CAPITAL CORPORATION

STARK BC VENTURE, LLC

Per: Fred Johnston, President
printed (include title)

Per: Scott Stark
printed (include title)


signature


signature

Date: December 18, 2014

Date: December 18, 2014

Schedule A

1. Confirmation and provision of fully dimensioned survey plans of all real estate assets of the Property in digital (Autocad or compatible) format, specifically including:
 - (a) Title #LB267159 (LB145051), Lot 1 District Lot 2708 Similkameen Division Yale District Plan KAP85510;
 - (b) Title #LB267161 (LB1899), Lot 13 District Lot 100S Similkameen Division Yale District Plan KAP82817;
 - (c) Title #LB267162 (LB1911), Lot 25 District Lot 100S Similkameen Division Yale District Plan KAP82817;
 - (d) Title #LB267163 (LB1911), Block C of District Lot 100S Similkameen Division Yale District;
 - (e) Title #LB267164 (LB267164, LB239348), Lot 1 District Lot 100S Similkameen Division Yale District Plan KAP49372 except Plans KAP82817 and KAP87489 *(if applicable)*.
2. Identification and confirmation of all non real estate assets including:
 - (a) Buildings & fixed structures;
 - (b) Automotive & mechanical equipment;
 - (c) Kitchen & food services equipment and furnishings;
 - (d) Office furniture & equipment;
 - (e) Rental & retail products & sports equipment.
3. Identification and confirmation of transferability/assignability of all existing municipal, regional, provincial, federal and native entitlements or agreements including but not limited to:
 - (a) Master Development Agreement;
 - (b) Province of B.C. Investment Tax Credit approval;
 - (c) All prior agreements, licenses, permits & approvals;
 - (d) Tri-party agreement with the Province of B.C. and the Osoyoos Indian Band.
4. Confirmation that the community water system and related permits are or will be in good standing.

Appendix D

Operating Agreement with Baldy Operating Corporation dated December 19, 2014

OPERATING AGREEMENT

Dated for reference December 19, 2014

BETWEEN:

G Powroznik Group Inc., Receiver-Manager of the assets and undertaking of Mount Baldy Real Estate, ULC, and Mount Baldy Ski Corporation, of Suite 780 – 333 Seymour Street, Vancouver, BC V6B 5A6

(the “Receiver”)

AND:

Baldy Operating Corporation, a company incorporated under the laws of British Columbia having a head office located at 2680 Mt. Baldy Road, P.O. Box 1499, Oliver, BC V0H 1T0

(“Baldy Operating”)

WHEREAS:

- A. The Receiver was appointed as receiver over the assets and undertaking of Mount Baldy Real Estate, ULC, and Mount Baldy Ski Corporation (collectively, the “**Debtor Companies**”) pursuant to an Order granted December 19, 2014 in BC Supreme Court Action No. H140638 (the “**Receivership Order**”);
- B. Pursuant to the Receivership Order, the Receiver has the authority to offer the assets of the Debtor Companies (collectively, the “**Assets**”) for sale, subject to Court approval;
- C. Baldy Capital Corporation (“**Baldy Capital**”), a related party to Baldy Operating, has expressed interest in purchasing the Assets;
- D. The Assets are composed of certain lands (the “**Lands**”), fixtures, and personal property (the “**Personal Property**”) which are collectively used in the operation of Mt. Baldy Ski Resort (the “**Ski Resort**”). The Ski Resort is in distressed condition and requires construction of certain works necessary to prepare the Ski Resort for the 2014/2015 ski season (the “**Works**”) and managing and operating services throughout the season (the “**Services**”);
- E. The Works and Services will be funded by the Receiver through \$500,000.00 of financing arranged by Baldy Operating or Baldy Capital from third parties for the Receiver (the “**Receiver Financing**”); and
- F. The parties wish to enter into this Agreement by which Baldy Operating will construct the Works and perform the Services on behalf of the Receiver;

NOW THEREFORE, in consideration of the premises and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Receiver and Baldy Operating agree as follows:

Use and Possession of Assets

1. On the Effective Date, the Receiver shall grant Baldy Operating the exclusive right to use and possess the Assets, subject to the terms of this Agreement.

Effective Date

2. In this Agreement, "Effective Date" means the date of the Receivership Order.

Performance of Works and Services

3. From and after the Effective Date, Baldy Operating will:
 - (a) construct the Works set out in Schedule "A" in accordance with the Approved Budget set out in Schedule "B" (the "Approved Budget"); and
 - (b) perform the Services set out in Schedule "C" of this Agreement in accordance with the Approved Budget.
4. Baldy Operating will:
 - (a) submit invoices to the Receiver, initially for the immediate start-up expenses plus an "operating float" of \$50,000. and periodically thereafter for payment of expenses in accordance with the Approved Budget; and concurrently
 - (b) provide details of all receipts resulting from the operation of the Ski Resort ("Resort Receipts").

Payment for Works and Services

5. Upon receipt of an invoice from Baldy Operating for Works or Services consistent with the Approved Budget, the Receiver shall immediately, within 3 business days, remit payment by way of direct deposit or wire transfer to Baldy Operating for the amount of such invoice less any Resort Receipts received by Baldy Operating since the effective date of this agreement or the last prior invoice whichever is more recent.

Employee & Subcontractor Obligations

6. Baldy Operating shall be solely responsible for hiring all employees or subcontractors required to perform the Works and Services and for payment of all obligations and liabilities arising therefrom.

Permits for Operation of Ski Resort

7. To the extent that permits, licences, or approvals required for the operation of the Ski Resort vest in the Receiver pursuant to the Receivership Order, Baldy Operating shall have the use and benefit thereof. If a government authority requires a permit or licence to be transferred to Baldy Operating in order for Baldy Operating to exercise the rights thereunder, the

Receiver shall assign such permit or licence to Baldy Operating for use in accordance with the terms of this Agreement.

8. Baldy Operating shall obtain any further approvals, permits, or licences required for the operation of the Ski Resort.

All Expenses relating to the preparation work for the Ski Resort and Operations and Management of the Ski Resort

9. Baldy Operating shall with respect to the preparation work for the 2014/2015 ski season and the managing and operating of the Ski Resort:

- (a) pay all property taxes with respect to the Lands;
- (b) pay all utility charges;
- (c) collect and pay all statutory claims relating to, without limitation, Workers Compensation Board (WorkSafe BC) liabilities, GST and PST chargeable in relation to the operation of the Ski Resort, and employee source deductions, and related employer remittances, arising from the operation of the Ski Resort;
- (d) pay all other obligations and liabilities with respect to the Works and the Services; and
- (e) pay all other expenses, debts and liabilities.

Insurance

10. Baldy Operating shall take out and keep in force insurance with policies in such form and for such amounts as would a prudent owner of the Ski Resort, satisfactory to the Province and the Receiver, and shall ensure that the Receiver is added as a Named Insured on such policies. Without limitation, the insurance policies obtained by Baldy Operating shall include such amount as requested by the Province, and in any event not less than \$10,000,000, in respect of public liability coverage and shall name the Receiver as an additional insured. .

Covenants of Baldy Operating

11. Baldy Operating shall:

- (a) cause construction of the Works to proceed continuously, diligently and with dispatch until such time as the Works are completed in a good and workmanlike manner;
- (b) perform and do all things and acts necessary to ensure the completion of the Works in their entirety in accordance with the Approved Budget;
- (c) from time to time and at any such time as the Receiver may reasonably request, and at the sole cost of Baldy Operating , provide the Receiver with copies of all plans, specifications, budgets, reports, permits, documents, agreements, contracts,

and other material pertaining to the construction of the Works or performance of the Services as the Receiver may require;

- (d) permit the Receiver to inspect the Assets, from time to time as the Receiver shall reasonably determine;
- (e) immediately notify the Receiver of any material delay or interruption in the constructions of the Works;
- (f) immediately provide the Receiver with copies of all financial information related in whole or in part to the operation of the Ski Resort that may from time to time be requested by the Receiver;
- (g) request approval from the Receiver, prior to incurring or committing to any expenses in excess of the Approved Budget which may become necessary to complete the Works;
- (h) carry on the Works and the Services solely in the name of Baldy Operating and without any reference to the Receiver;
- (i) perform the Services in a diligent and commercially reasonable manner; and
- (j) operate the Ski Resort in accordance with all municipal, federal and provincial laws, by-laws, rules, regulations and requirements.

12. Baldy Operating shall not, without the prior written consent of the Receiver:

- (a) grant or allow any lien or any caveat related thereto, other than Permitted Encumbrances set out in Schedule "D", to be registered against or exist on any part of the Lands;
- (b) use the name of, or refer to, the Receiver in respect of the Works, the Services, and the operation and managing of the Ski Resort during the 2014/2015 Ski Season;
- (c) suffer or permit the filing or registration of any claim of builder's lien against the Lands.

Default by Baldy Operating

13. In the event Baldy Operating is in default in the performance or observance of any of its covenants and obligations hereunder, then, the Receiver in its sole discretion may immediately terminate this Agreement, without prejudice to the right of the Receiver to recover damages for any breach of any covenant or obligation of Baldy Operating herein, and the Receiver may subsequently recover from Baldy Operating all losses, damages, costs (including, but without limitation, reasonable legal costs on a solicitor client basis) and expenses whatsoever suffered by reason of this Agreement having been terminated pursuant to this Section.

Indemnity

14. Baldy Operating shall indemnify and save harmless the Receiver from and against any and all liabilities, claims, damages, costs, losses, suits or actions of any nature whatsoever resulting from or arising out of:

- (a) any breach, violation or non-performance of any covenant, agreement, condition, or proviso in this Agreement set out and contained on the part of Baldy Operating to be fulfilled, kept, observed and performed;
- (b) any damage to the Assets during the term of this Agreement, including, without limitation, any environmental contamination of the Lands;
- (c) any damage to or loss of property of any third party occasioned by the occupation of the Lands and the use of the Personal Property or any part thereof during the term of this Agreement; and
- (d) any injury to any person or persons including death that occurs on the Lands during Baldy Operating's operation of the Ski Resort, only if such injury or death results from any wilful misconduct or negligence on the part of Baldy Operating;

provided that nothing contained herein shall require Baldy Operating to indemnify the Receiver against any actions, causes of action, suits, claims, demands, liabilities, damages, costs or losses resulting from or arising out of any wilful misconduct or negligence on the part of the Receiver or its employees, agents, contractors or those for whom the Receiver is in law responsible.

15. The obligations of the parties under the covenants and indemnities contained in this Agreement shall, with respect to liability for any matter arising from this Agreement, and prior to the expiration or any termination of this Agreement, survive the expiration or termination of this Agreement.

Receivership Financing

16. By no later than January 19, 2015, the entire amount of the Receiver Financing must be provided to the Receiver.

17. If the entire amount of the Receiver Financing is not provided to the Receiver by January 19, 2015 then the Receiver may, in its sole discretion, terminate this agreement by giving three (3) business days' notice of termination of this agreement to Baldy Operating.

Termination

18. This Agreement may be terminated forthwith by the Receiver, in its sole discretion, on the occurrence of any of the following:

- (a) the Receiver and Baldy Capital fail to enter into an Asset Purchase Agreement for the purchase and sale of the Assets on or before 5:00pm on January 30, 2015;
- (b) the Receiver obtains an Order approving the sale of the Assets to Baldy Capital;
- (c) the Receiver obtains an Order approving the sale of the Assets to a third party; or

(d) the Receiver elects to terminate the Agreement in accordance with Sections 13 or 17.

19. Any permits or licences assigned to Baldy Operating pursuant to Section 7 shall be reassigned to the Receiver immediately prior to the termination of this Agreement.

Notices

(a) Any notice given in connection with this Agreement shall be delivered to the respective addresses set out above:

Further Assurances.

20. Each party will, at all times hereafter at the request and cost of any other party, execute such further and other documents as such other party may reasonably require in order to evidence or give effect to the terms of this Agreement.

Governing Law

21. This Agreement shall be governed by the laws of the province of British Columbia.

22. Time is of the essence with respect to the terms of this agreement.

Counterparts.

23. This Agreement may be signed in any number of counterparts and each counterpart shall constitute an original document and all such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties executed this Agreement as of the date first above written.

G POWROZNIK GROUP INC., in its capacity as Receiver-Manager of the assets and undertaking of Mount Baldy Real Estate, ULC, and Mount Baldy Ski Corporation

Per: 
Authorized Signatory

BALDY OPERATING CORPORATION

Per: 
Authorized Signatory

SCHEDULE "A"

Works

(to whatever extent Baldy Operating judges to be possible based on the late start for the season and subject to weather, staff availability, safety dictates and economic viability)

- Hire the necessary staff/labour resources, either as employees or on a contractor basis, to complete pre-ski season maintenance and generally prepare and operate the Ski Resort during the 2014-2015 season;
- Complete various pre-ski season maintenance on ski hill, lifts, equipment, and structures, and particularly, without limitation:
 - perform inspections, maintenance and testing, as required, of all ski lifts including chairs, electrical systems, cables, etc. in accordance with municipal, provincial and federal laws, by-laws, regulations and requirements;
 - perform brush cutting of trees, shrubs and other vegetation to ready ski runs for use;
 - ensure site drainage is sufficient to handle run-off and prevent excess water pooling;
 - inspect and replace as required any ski rental equipment to be used by the public;
 - perform inspections and maintenance on snow cats, vehicles and other operating equipment to ensure it is in good working order prior to opening the Ski Resort;
 - inspect buildings and other physical structures to ensure there is no excessive damage to, or safety risk(s) resulting from, the condition of the buildings and structures after a lengthy period of non-use;
 - repair any damage to buildings and structures to return to working order as required; and
 - inspect and repair as necessary food and bar service equipment in Day Lodge including fire safety systems including sprinklers, alarms, etc.;
 - Arrange for and obtain all necessary licenses and permits to operate the Ski Resort for any services provided including: food service permit(s) including food safety, liquor license(s) and BC Safety Authority operating/mechanical permits for ski lifts;
- In consultation with the Receiver, obtain supplier accounts for services at the Ski Resort, in the name of Baldy Operating including without limitation the following services:
 - telephone including cellular phones;
 - electricity;
 - fuel, propane, etc.; and
 - internet;
- In consultation with the Receiver, enter into any third party leases required for efficient operation of the Ski Resort (e.g. rental of office space in Triplex);
- Subject to approval and funding from Receiver, source all required operating equipment and supplies for operating the Ski Resort during the 2014-2015 season including:

- ski rental equipment (as required);
 - safety/rescue equipment including rope, bamboo, batteries, first aid equipment, etc.;
 - salt, shovels, etc. for snow removal on pedestrian traffic areas;
 - sundry office supplies;
 - replacement computer hardware, printers, copier(s) etc. (as required);
 - food and liquor stock for restaurant/bar operation;
 - retail goods; and
 - other operating supplies as required;
- Liaise with the Receiver to ensure sufficient and appropriate insurance coverage is in place, including considering the insurance requirements of the provincial government under the MDA, to commence operations at the Ski Resort for the 2014-2015 season including coverage relating to:
 - commercial general liability;
 - property and machinery;
 - crime;
 - employee theft; and
 - other required insurance; and
- Ensure the Receiver is a Named Insured with respect to the various insurance policies of the Ski Resort.

SCHEDULE "B"

Services

(to whatever extent Baldy Operating judges to be possible based on the late start for the season and subject to weather, staff availability, safety dictates and economic viability)

- Develop and execute a program for sale of season passes for the 2014-2015 ski season;
- Develop and execute a program for sale of day passes, ski school programs, and other special events;
- Develop a sales and marketing program relating to the revenue-generating activities above and forward to the Receiver any expenses relating to marketing (e.g. print, radio, other advertising) for payment in accordance with the Approved Budget;
- Collect revenues related to Ski Resort operations and hold in a bank account relating to the operations of the Ski Resort, and provide an accounting of revenues collected and Resort Funds to the Receiver as required;
- Hire the necessary employees and contractors for the 2014-2015 Ski Resort operations including executing an employment/contractor agreement with each individual, setting up payroll function and paying employees/contractors on a periodic basis, and tracking necessary employee source deductions as well as employer portion of deductions;
- Maintain all pertinent tax accounts for the Ski Resort (e.g. GST, PST, employee source deductions) and make periodic net remittances as required under various tax legislation;
- Submit to the Receiver periodically expenses relating to the Works and/or Services for the Receiver's review and payment in accordance with the Approved Budget;
- Maintain an office at the Ski Resort and handle administrative functions relating to operation of the Ski Resort including:
 - maintain accounting for Ski Resort operations and provide monthly financial statements to the Receiver;
 - respond to customer/public inquiries on Ski Resort operations, maintain reservations/programs for ski hill activities, liaise with vendors/suppliers, etc.;
 - manage employee scheduling and maintain appropriate staffing levels to appropriately operate Ski Resort;
- Liaise as required with various government/statutory bodies and organizations to maintain required permits and licenses for operating the Ski Resort, and organize/attend any inspections if required, including:
 - B.C. Safety Authority;
 - WorkSafeBC;

- B.C. liquor licensing branch; and
- Food safety;
- Report any potential insurance claims/incidents to the Receiver immediately upon occurrence, and potentially to the insurer upon consultation with the Receiver;
- Secure and monitor as required any physical structures or equipment at the Ski Resort during non-operating hours including the Day Lodge, Ski School & Rental building, and other buildings;
- Engage in routine snow clearing activities to ensure safe access to parking lots and pedestrian access areas during winter months; and
- Perform ongoing routine repairs/maintenance of ski lifts and mechanical and automotive equipment as required during the ski season;

SCHEDULE "C"

Approved Budget

Baldy Operating Corporation
Projected Statement of Cash Flow

Operating Data	2017/2018 Season Revenues		2018/2019 Season Projected Revenues		APR Approved												Year 1 Ending April 2018			Year 2 Ending April 2018			Year 3 Ending April 2018			Year 4 Ending April 2018		
	Revenue	Expenses	Revenue	Expenses	Dec	Jan	Feb	Mar	Apr	5 Month Total	100%	15%	50%	100%	15%	50%	100%	15%	50%	100%	15%	50%	100%	15%	50%	100%		
Revenue	17,500	11,500	17,500	11,500	875	7,000	5,250	4,375	0	17,500	100%	230,000	345,000	517,500	776,250	1,043,750	1,215,000	1,482,500	1,850,000	2,217,500	2,585,000	2,952,500	3,320,000	3,687,500	4,055,000	4,422,500	4,790,000	
Cost of Goods Sold	8,250	5,250	8,250	5,250	413	3,300	2,475	2,063	0	8,250	100%	161,000	241,500	362,250	543,375	724,500	905,625	1,086,750	1,267,875	1,449,000	1,630,125	1,811,250	2,000,000	2,181,125	2,362,250	2,543,375	2,724,500	
Gross Profit	9,250	6,250	9,250	6,250	462	3,700	2,775	2,312	0	9,250	100%	109,000	163,500	255,250	377,375	509,250	609,375	714,250	822,125	938,875	1,054,875	1,173,875	1,292,500	1,411,500	1,530,625	1,649,625	1,768,500	
Operating Expenses	5,000	3,000	5,000	3,000	250	2,000	1,500	1,250	0	5,000	100%	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000	25,000	
Accounting Fees	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Accommodation Allowance - Staff	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Accommodation Allowance - Management & Guests	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Administration & Management	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Advertising, Marketing & Promotion (including website)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Concessions	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Credit Card Charges @ 3% on 80% of Revenue	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Diesel, Gas & Propane	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Electricity	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Insurance	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Internet	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Land Lease (2% of all revenues)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Legal Fees (other than Receivables related)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Maintenance & Repairs (including parts & 3rd party labor only)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Permits, Licenses, Dues & Fees	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Printing	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Office Rent	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Office & Supply Supplies	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Snow Removal	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Supplies (rope, bamboo, batteries, first aid)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Sales Taxes (Provincial Only)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Telephone - Cell	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Telephone - Land Line	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Training & Education	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Travel (airfare, car rentals & off-hill accommodations)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Utilities - Sewer	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Utilities - Water	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Wages - Coach, Libs, Grooming & Maintenance Operations (Gross)	500	300	500	300	250	200	150	125	0	500	100%	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Total Expenses	188,325	115,000	188,325	115,000	9,250	73,500	55,738	45,431	0	188,325	100%	1,060,088	1,308,084	1,556,080	1,804,076	2,052,072	2,300,068	2,548,064	2,796,060	3,044,056	3,292,052	3,540,048	3,788,044	4,036,040	4,284,036	4,532,032	4,780,028	
Net EBITDA	1,060,088	1,308,084	1,060,088	1,308,084	1,060,088	1,308,084	1,060,088	1,308,084	1,060,088	1,060,088	100%	1,060,088	1,308,084	1,556,080	1,804,076	2,052,072	2,300,068	2,548,064	2,796,060	3,044,056	3,292,052	3,540,048	3,788,044	4,036,040	4,284,036	4,532,032	4,780,028	
Cumulative Net EBITDA	1,060,088	2,368,172	1,060,088	2,368,172	1,060,088	2,368,172	1,060,088	2,368,172	1,060,088	1,060,088	100%	1,060,088	2,368,172	3,736,256	5,104,332	6,472,408	7,840,484	9,208,560	10,576,636	11,944,712	13,312,788	14,680,864	16,048,940	17,417,016	18,785,092	20,153,168	21,521,244	

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Interest, Taxes, Depreciation & Amortization													
Interest Term Working Capital Carrying Cost - 5 months													
Origination/Commitment Fee													
Income Taxes													
Depreciation & Amortization													
Receiver Costs including pre-receiver costs incurred by Marketing Agent:													
G-Force (as Marketing Agent) re reimbursement for pre-receiving disbursements to 10% 18.11% (in Jackson Lundell, \$15K to Scott Stark)													
G-Force (as Marketing Agent) re reimbursement for pre-receiving disbursements to 10% 18.11% (in Jackson Lundell, \$15K to Scott Stark)													
Scott Stark re reimbursement for pre-receiving disbursements to 10% 18.11% (in Jackson Lundell, \$15K to Scott Stark)													
Receiver Manager - Bankruptcy Process													
Receiver Manager - Legal													
Lawson Lundell - Arrears (\$10K paid from BCC MOU deposit against total balance of \$35K leaving \$25K owing)													
Land Lease Agreement - Osage Indian Band													
Capital Expenditures & One Time Costs (ie. arrears)													
G-Force (as Marketing Agent) re marketing costs arrears (on behalf of Scott Stark)													
Upgrade / Replace Rental Inventory													
Snowmobiles													
Passenger Vehicle Addition/Replacement													
Groomers / Snow Blowers Addition/Replacement													
Loans													
Interim Loan for Receiver - (Advance)													
Net Cash Flow													
Cumulative Net Cash Flow													
Purchase Proceeds & Loans Repayment													
MOU / Asset Purchase Agreement - Deposits & Cash to Close													
Projected Additional Equity Investment Required to cover Deficit													
Interim Loan for Receiver - (Repayment, Upon Discharge of Receiver)													
Net Cash Surplus Upon Closing of Asset Purchase Agreement													
Cumulative Net Cash Surplus Upon Closing of Asset Purchase Agreement													

* Notes:
1 Contingency is included in each line item as well as being reflected in the cash balances projected at the end of each period.

SCHEDULE "D"

Permitted Encumbrances

All charges listed on the Title Search Prints of Title Numbers LB267159, LB267161, LB267162, LB267163 and LB267164, attached hereto.

TITLE SEARCH PRINT

2014-12-23, 14:00:31

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District KAMLOOPS
Land Title Office KAMLOOPS

Title Number LB267159
From Title Number LB145051

Application Received 2008-12-18

Application Entered 2008-12-23

Registered Owner in Fee Simple
Registered Owner/Mailing Address: MOUNT BALDY REAL ESTATE, ULC, INC.NO. C840031
515 WEST PINE STREET, SUITE 1
SANDPOINT, IDAHO
83864
USA

Taxation Authority PENTICTON ASSESSMENT AREA

Description of Land
Parcel Identifier: 027-328-759
Legal Description:
LOT 1 DISTRICT LOT 2708 SIMILKAMEEN DIVISION YALE DISTRICT PLAN KAP85510

Legal Notations NONE

Charges, Liens and Interests
Nature: UNDERSURFACE AND OTHER EXC & RES
Registration Number: LB122881A
Registration Date and Time: 2007-10-15 09:49
Registered Owner: THE CROWN IN RIGHT OF BRITISH COLUMBIA
Remarks: PART FORMER BLOCK A DL 2708 SDYD

Nature: COVENANT
Registration Number: LB122882
Registration Date and Time: 2007-10-15 09:49
Registered Owner: THE CROWN IN RIGHT OF BRITISH COLUMBIA
Remarks: PART FORMER BLOCK A DL 2708 SDYD

TITLE SEARCH PRINT

2014-12-23, 14:00:31

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: UNDERSURFACE AND OTHER EXC & RES
 Registration Number: LB145049
 Registration Date and Time: 2007-12-06 12:24
 Registered Owner: THE CROWN IN RIGHT OF BRITISH COLUMBIA
 Remarks: SECTION 50 LAND ACT
 PART FORMER BLOCK B DL 2708 SDYD

Nature: STATUTORY RIGHT OF WAY
 Registration Number: LB259126
 Registration Date and Time: 2008-11-18 10:47
 Registered Owner: FORTISBC INC.

Nature: MORTGAGE
 Registration Number: CA2061995
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS
 Registration Number: CA2061996
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: JUDGMENT
 Registration Number: CA3032489
 Registration Date and Time: 2013-03-14 13:57
 Registered Owner: VANTAGEONE CREDIT UNION
 INCORPORATION NO. F165
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: CA3520108
 Registration Date and Time: 2013-12-20 10:28
 Registered Owner: B.C. OPPORTUNITY FUND LLC
 Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS
 Registration Number: CA3520109
 Registration Date and Time: 2013-12-20 10:28
 Registered Owner: B.C. OPPORTUNITY FUND LLC
 Remarks: INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:00:31

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature:	JUDGMENT
Registration Number:	CA3722298
Registration Date and Time:	2014-05-13 17:04
Registered Owner:	THE OWNERS, STRATA CORPORATION KAS1840
Remarks:	INTER ALIA

Nature:	CERTIFICATE OF PENDING LITIGATION
Registration Number:	LB529567
Registration Date and Time:	2014-06-04 11:46
Registered Owner:	STARK BC VENTURE, LLC
Remarks:	INTER ALIA

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

TITLE SEARCH PRINT

2014-12-23, 14:02:49

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District KAMLOOPS
Land Title Office KAMLOOPS

Title Number LB267161
From Title Number LB1899

Application Received 2008-12-18

Application Entered 2008-12-23

Registered Owner in Fee Simple
Registered Owner/Mailing Address: MOUNT BALDY REAL ESTATE, ULC, INC.NO. C840031
515 WEST PINE STREET, SUITE 1
SANDPOINT, IDAHO
83864
USA

Taxation Authority PENTICTON ASSESSMENT AREA

Description of Land
Parcel Identifier: 026-938-081
Legal Description:
LOT 13 DISTRICT LOT 100S SIMILKAMEEN DIVISION YALE DISTRICT PLAN KAP82817

Legal Notations
HERETO IS ANNEXED EASEMENT KG32562 OVER THAT PART OF THE
COMMON PROPERTY OF STRATA PLAN KAS1053 SHOWN ON PLAN KAP49373

HERETO IS ANNEXED EASEMENT KK110145 APPURTENANT TO COMMON PROPERTY
STRATA PLAN KAS1838

Charges, Liens and Interests
Nature: STATUTORY RIGHT OF WAY
Registration Number: KF20873
Registration Date and Time: 1992-03-10 10:56
Registered Owner: WEST KOOTENAY POWER LTD.
Remarks: INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:02:49

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: EASEMENT
 Registration Number: KF20874
 Registration Date and Time: 1992-03-10 10:56
 Remarks: APPURTENANT TO LOT A PLAN KAP46404
 INTER ALIA

Nature: COVENANT
 Registration Number: KK110133
 Registration Date and Time: 1996-12-06 15:23
 Registered Owner: REGIONAL DISTRICT OF KOOTENAY BOUNDARY
 CROWN IN RIGHT OF BRITISH COLUMBIA
 C/O MINISTRY OF ENVIRONMENT, LANDS AND PARKS
 Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
 Registration Number: LA123765
 Registration Date and Time: 2006-09-05 10:50
 Registered Owner: FORTISBC INC.
 Remarks: INTER ALIA

Nature: RENT CHARGE
 Registration Number: LB1885
 Registration Date and Time: 2007-01-05 10:02
 Registered Owner: MT. BALDY WATERWORKS INC.
 INCORPORATION NO. BC0659528
 Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
 Registration Number: LB1914
 Registration Date and Time: 2007-01-05 10:02
 Registered Owner: MT. BALDY WATERWORKS INC.
 INCORPORATION NO. BC0659528
 Remarks: INTER ALIA

Nature: STATUTORY BUILDING SCHEME
 Registration Number: LB1918
 Registration Date and Time: 2007-01-05 10:03
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: LB293389
 Registration Date and Time: 2009-03-25 09:02
 Registered Owner: BRENT ALAN BAKER
 LAURA LESLIE BREUNINGER BAKER
 AS JOINT TENANTS
 Remarks: INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:02:49

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: MORTGAGE
 Registration Number: CA2061995
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS
 Registration Number: CA2061996
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: PRIORITY AGREEMENT
 Registration Number: CA2066362
 Registration Date and Time: 2011-06-22 13:34
 Remarks: INTER ALIA
 GRANTING CA2061995 PRIORITY OVER LB293389

Nature: PRIORITY AGREEMENT
 Registration Number: CA2066363
 Registration Date and Time: 2011-06-22 13:34
 Remarks: INTER ALIA
 GRANTING CA2061996 PRIORITY OVER LB293389

Nature: JUDGMENT
 Registration Number: CA3032489
 Registration Date and Time: 2013-03-14 13:57
 Registered Owner: VANTAGEONE CREDIT UNION
 INCORPORATION NO. F165
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: CA3520108
 Registration Date and Time: 2013-12-20 10:28
 Registered Owner: B.C. OPPORTUNITY FUND LLC
 Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS
 Registration Number: CA3520109
 Registration Date and Time: 2013-12-20 10:28
 Registered Owner: B.C. OPPORTUNITY FUND LLC
 Remarks: INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:02:49

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature:	JUDGMENT
Registration Number:	CA3722298
Registration Date and Time:	2014-05-13 17:04
Registered Owner:	THE OWNERS, STRATA CORPORATION KAS1840
Remarks:	INTER ALIA

Nature:	CERTIFICATE OF PENDING LITIGATION
Registration Number:	LB529567
Registration Date and Time:	2014-06-04 11:46
Registered Owner:	STARK BC VENTURE, LLC
Remarks:	INTER ALIA

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

TITLE SEARCH PRINT

2014-12-23, 14:03:29

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District

Land Title Office

KAMLOOPS

KAMLOOPS

Title Number

From Title Number

LB267162

LB1911

Application Received

2008-12-18

Application Entered

2008-12-23

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

MOUNT BALDY REAL ESTATE, ULC, INC.NO. C840031
515 WEST PINE STREET, SUITE 1
SANDPOINT, IDAHO
83864
USA

Taxation Authority

PENTICTON ASSESSMENT AREA

Description of Land

Parcel Identifier:

026-938-201

Legal Description:

LOT 25 DISTRICT LOT 100S SIMILKAMEEN DIVISION YALE DISTRICT PLAN KAP82817

Legal Notations

HERETO IS ANNEXED EASEMENT KG32562 OVER THAT PART OF THE
COMMON PROPERTY OF STRATA PLAN KAS1053 SHOWN ON PLAN KAP49373

HERETO IS ANNEXED EASEMENT KK110145 APPURTENANT TO COMMON PROPERTY
STRATA PLAN KAS1838

Charges, Liens and Interests

Nature:

STATUTORY RIGHT OF WAY

Registration Number:

KF20873

Registration Date and Time:

1992-03-10 10:56

Registered Owner:

WEST KOOTENAY POWER LTD.

Remarks:

INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:03:29

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: EASEMENT
Registration Number: KF20874
Registration Date and Time: 1992-03-10 10:56
Remarks: APPURTENANT TO LOT A PLAN KAP46404
INTER ALIA

Nature: COVENANT
Registration Number: KK110133
Registration Date and Time: 1996-12-06 15:23
Registered Owner: REGIONAL DISTRICT OF KOOTENAY BOUNDARY
CROWN IN RIGHT OF BRITISH COLUMBIA
C/O MINISTRY OF ENVIRONMENT, LANDS AND PARKS
Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
Registration Number: LA123765
Registration Date and Time: 2006-09-05 10:50
Registered Owner: FORTISBC INC.
Remarks: INTER ALIA

Nature: RENT CHARGE
Registration Number: LB1885
Registration Date and Time: 2007-01-05 10:02
Registered Owner: MT. BALDY WATERWORKS INC.
INCORPORATION NO. BC0659528
Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
Registration Number: LB1916
Registration Date and Time: 2007-01-05 10:02
Registered Owner: MT. BALDY WATERWORKS INC.
INCORPORATION NO. BC0659528
Remarks: INTER ALIA

Nature: PRIORITY AGREEMENT
Registration Number: LB1917
Registration Date and Time: 2007-01-05 10:02
Remarks: INTER ALIA
GRANTING LB1916 PRIORITY OVER LA26598 AND LB26599

Nature: STATUTORY BUILDING SCHEME
Registration Number: LB1918
Registration Date and Time: 2007-01-05 10:03
Remarks: INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:03:29

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: MORTGAGE
 Registration Number: LB293389
 Registration Date and Time: 2009-03-25 09:02
 Registered Owner: BRENT ALAN BAKER
 LAURA LESLIE BREUNINGER BAKER
 AS JOINT TENANTS
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: CA2061995
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS
 Registration Number: CA2061996
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: PRIORITY AGREEMENT
 Registration Number: CA2066362
 Registration Date and Time: 2011-06-22 13:34
 Remarks: INTER ALIA
 GRANTING CA2061995 PRIORITY OVER LB293389

Nature: PRIORITY AGREEMENT
 Registration Number: CA2066363
 Registration Date and Time: 2011-06-22 13:34
 Remarks: INTER ALIA
 GRANTING CA2061996 PRIORITY OVER LB293389

Nature: JUDGMENT
 Registration Number: CA3032489
 Registration Date and Time: 2013-03-14 13:57
 Registered Owner: VANTAGEONE CREDIT UNION
 INCORPORATION NO. F165
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: CA3520108
 Registration Date and Time: 2013-12-20 10:28
 Registered Owner: B.C. OPPORTUNITY FUND LLC
 Remarks: INTER ALIA

TITLE SEARCH PRINT

Requestor: Reilly Pollard
Folio/File Reference: 30277-123484

Nature: ASSIGNMENT OF RENTS
Registration Number: CA3520109
Registration Date and Time: 2013-12-20 10:28
Registered Owner: B.C. OPPORTUNITY FUND LLC
Remarks: INTER ALIA

Nature: JUDGMENT
Registration Number: CA3722298
Registration Date and Time: 2014-05-13 17:04
Registered Owner: THE OWNERS, STRATA CORPORATION KAS1840
Remarks: INTER ALIA

Nature: CERTIFICATE OF PENDING LITIGATION
Registration Number: LB529567
Registration Date and Time: 2014-06-04 11:46
Registered Owner: STARK BC VENTURE, LLC
Remarks: INTER ALIA

Duplicate Infeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

TITLE SEARCH PRINT

2014-12-23, 14:04:00

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District	KAMLOOPS
Land Title Office	KAMLOOPS
Title Number	LB267163
From Title Number	LB199811
Application Received	2008-12-18
Application Entered	2008-12-23
Registered Owner in Fee Simple	
Registered Owner/Mailing Address:	MOUNT BALDY REAL ESTATE, ULC, INC.NO. C840031 515 WEST PINE STREET, SUITE 1 SANDPOINT, IDAHO 83864 USA
Taxation Authority	PENTICTON ASSESSMENT AREA
Description of Land	
Parcel Identifier:	027-507-106
Legal Description:	BLOCK C OF DISTRICT LOT 100S SIMILKAMEEN DIVISION YALE DISTRICT
Legal Notations	NONE
Charges, Liens and Interests	
Nature:	UNDERSURFACE AND OTHER EXC & RES
Registration Number:	LB199812
Registration Date and Time:	2008-05-16 11:51
Registered Owner:	THE CROWN IN RIGHT OF BRITISH COLUMBIA
Remarks:	SECTION 50 LAND ACT
Nature:	COVENANT
Registration Number:	LB199813
Registration Date and Time:	2008-05-16 11:51
Registered Owner:	THE CROWN IN RIGHT OF BRITISH COLUMBIA

TITLE SEARCH PRINT

2014-12-23, 14:04:00

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: MORTGAGE
 Registration Number: LB293389
 Registration Date and Time: 2009-03-25 09:02
 Registered Owner: BRENT ALAN BAKER
 LAURA LESLIE BREUNINGER BAKER
 AS JOINT TENANTS
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: CA2061995
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS
 Registration Number: CA2061996
 Registration Date and Time: 2011-06-17 15:58
 Registered Owner: STARK BC VENTURE, LLC
 INCORPORATION NO. 98502
 Remarks: INTER ALIA

Nature: PRIORITY AGREEMENT
 Registration Number: CA2066362
 Registration Date and Time: 2011-06-22 13:34
 Remarks: INTER ALIA
 GRANTING CA2061995 PRIORITY OVER LB293389

Nature: PRIORITY AGREEMENT
 Registration Number: CA2066363
 Registration Date and Time: 2011-06-22 13:34
 Remarks: INTER ALIA
 GRANTING CA2061996 PRIORITY OVER LB293389

Nature: JUDGMENT
 Registration Number: CA3032489
 Registration Date and Time: 2013-03-14 13:57
 Registered Owner: VANTAGEONE CREDIT UNION
 INCORPORATION NO. F165
 Remarks: INTER ALIA

Nature: MORTGAGE
 Registration Number: CA3520108
 Registration Date and Time: 2013-12-20 10:28
 Registered Owner: B.C. OPPORTUNITY FUND LLC
 Remarks: INTER ALIA

TITLE SEARCH PRINT

2014-12-23, 14:04:00

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA3520109
Registration Date and Time:	2013-12-20 10:28
Registered Owner:	B.C. OPPORTUNITY FUND LLC
Remarks:	INTER ALIA

Nature:	JUDGMENT
Registration Number:	CA3722298
Registration Date and Time:	2014-05-13 17:04
Registered Owner:	THE OWNERS, STRATA CORPORATION KAS1840
Remarks:	INTER ALIA

Nature:	CERTIFICATE OF PENDING LITIGATION
Registration Number:	LB529567
Registration Date and Time:	2014-06-04 11:46
Registered Owner:	STARK BC VENTURE, LLC
Remarks:	INTER ALIA

Duplicate Infeasible Title	NONE OUTSTANDING
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Transfers	NONE
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Pending Applications	NONE
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TITLE SEARCH PRINT

2014-12-23, 14:10:09

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District KAMLOOPS
Land Title Office KAMLOOPS

Title Number LB267164
From Title Number LB239348

Application Received 2008-12-18

Application Entered 2008-12-23

Registered Owner in Fee Simple
Registered Owner/Mailing Address: MOUNT BALDY REAL ESTATE, ULC, INC.NO. C840031
515 WEST PINE STREET, SUITE 1
SANDPOINT, IDAHO
83864
USA

Taxation Authority PENTICTON ASSESSMENT AREA

Description of Land
Parcel Identifier: 018-188-702
Legal Description:
LOT 1 DISTRICT LOT 100S SIMILKAMEEN DIVISION YALE DISTRICT PLAN KAP49372
EXCEPT PLANS KAP82817 AND KAP87489

Legal Notations NONE

Charges, Liens and Interests
Nature: COVENANT
Registration Number: S63131
Registration Date and Time: 1981-07-28 14:54
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH
COLUMBIA
AS REPRESENTED BY THE MINISTRY OF TRANSPORTATION AND
HIGHWAYS AND
REGIONAL DISTRICT OF KOOTENAY BOUNDARY
Remarks: SEC 215 LTA PART FORMER LOT A PLAN 32199

TITLE SEARCH PRINT

2014-12-23, 14:10:09

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature: STATUTORY RIGHT OF WAY
 Registration Number: KF20873
 Registration Date and Time: 1992-03-10 10:56
 Registered Owner: WEST KOOTENAY POWER LTD.
 Remarks: INTER ALIA

Nature: EASEMENT
 Registration Number: KF20874
 Registration Date and Time: 1992-03-10 10:56
 Remarks: APPURTENANT TO LOT A PLAN KAP46404
 INTER ALIA

Nature: COVENANT
 Registration Number: KG32559
 Registration Date and Time: 1993-04-16 12:05
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH
 COLUMBIA
 AS REPRESENTED BY THE MINISTER OF ENVIRONMENT, LANDS AND
 PARKS
 -AND-
 REGIONAL DISTRICT OF KOOTENAY BOUNDARY
 Remarks: INCLUDES AN INDEMNITY UNDER SEC 215(2)(A) LTA

Nature: EASEMENT
 Registration Number: KW43989
 Registration Date and Time: 2004-04-16 09:20
 Remarks: APPURTENANT TO THE COMMON PROPERTY OF
 STRATA PLAN KAS1840

Nature: RIGHT OF FIRST REFUSAL
 Registration Number: KW50625
 Registration Date and Time: 2004-04-29 15:06
 Registered Owner: THE OWNERS STRATA CORPORATION KAS1840
 Remarks: WAIVED AS TO LANDS RETURNED TO THE CROWN ON
 PLAN KAP87489, SEE LB239346

Nature: MORTGAGE
 Registration Number: LB182146
 Registration Date and Time: 2008-03-31 11:25
 Registered Owner: OSOYOOS INDIAN BAND DEVELOPMENT CORPORATION
 INCORPORATION NO. BC0437447
 Remarks: RELEASED AS TO THOSE PARTS SHOWN AS "RETURNED
 TO CROWN" ON PLAN KAP87489
 MODIFIED BY LB257037

TITLE SEARCH PRINT

2014-12-23, 14:10:09

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

Nature:	MODIFICATION
Registration Number:	LB257037
Registration Date and Time:	2008-11-10 09:20
Remarks:	MODIFICATION OF LB182146

Nature:	MORTGAGE
Registration Number:	LB293389
Registration Date and Time:	2009-03-25 09:02
Registered Owner:	BRENT ALAN BAKER LAURA LESLIE BREUNINGER BAKER AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	CERTIFICATE OF PENDING LITIGATION
Registration Number:	LB409888
Registration Date and Time:	2010-09-23 10:03
Registered Owner:	OSOYOOS INDIAN BAND DEVELOPMENT CORPORATION

Nature:	JUDGMENT
Registration Number:	CA3032489
Registration Date and Time:	2013-03-14 13:57
Registered Owner:	VANTAGEONE CREDIT UNION INCORPORATION NO. F165
Remarks:	INTER ALIA

Nature:	MORTGAGE
Registration Number:	CA3520108
Registration Date and Time:	2013-12-20 10:28
Registered Owner:	B.C. OPPORTUNITY FUND LLC
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA3520109
Registration Date and Time:	2013-12-20 10:28
Registered Owner:	B.C. OPPORTUNITY FUND LLC
Remarks:	INTER ALIA

Nature:	JUDGMENT
Registration Number:	CA3722298
Registration Date and Time:	2014-05-13 17:04
Registered Owner:	THE OWNERS, STRATA CORPORATION KAS1840
Remarks:	INTER ALIA

Duplicate Indefeasible Title

NONE OUTSTANDING

TITLE SEARCH PRINT

2014-12-23, 14:10:09

Requestor: Reilly Pollard

Folio/File Reference: 30277-123484

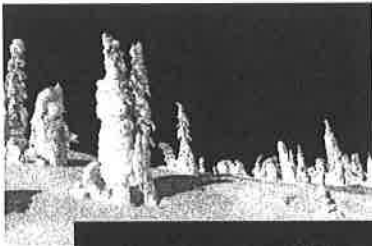
Transfers NONE

Pending Applications NONE

Appendix E
Sales Brochure

Sale of Assets Mount Baldy Ski Corporation & Mount Baldy Real Estate, ULC in Receivership

August 2015



LOCATION

Mount Baldy Resort ("Resort") is a 4-season resort located in the Okanagan Valley of British Columbia.

Known for fruit, wine and tourism, the Okanagan is one of Canada's fastest growing and most desirable places to live, work, play and visit.

With lakes and mountains, and warm summers and temperate winters, the Okanagan is an outdoor recreation paradise—with untapped market potential.

The Resort is located on the south side of Mount Baldy in the south Okanagan, just north of the Canada-USA border. It's less than an hour's drive east of Oliver (38 km) and Osoyoos (58 km). Air service is from Kelowna (international) and Penticton (regional).



RECREATION DEVELOPMENT OPPORTUNITY

The Mount Baldy Resort Expansion Master Plan, which the Province of British Columbia ("Province") has approved, envisions a unique 4-season destination resort experience for visitors and residents.

The Resort will blend "traditional lift serviced skiing with backcountry adventure...all designed to reinforce and further build (its) reputation as a mountain play oriented resort that celebrates the outdoor environment."



Visitors and residents can experience winter alpine and Nordic skiing, snowmobiling and snow shoeing, and summer hiking and mountain biking. A winter tube park, a summer/winter water park, and an 18-hole golf course will round out the recreation activities.

With a base at 5,700 feet above sea level, the Resort boasts one of the highest elevations, the most sunshine and lightest powder of any ski resort in the Okanagan. It is ideal for skiing, offering reliable snow from December through April, and varying terrain for fall-line skiing.

The layout and design of the runs, trails and other recreation improvements for the "Mountain Recreation Area" in the Master Plan maximize these unique qualities. The mix of beginner, intermediate and expert ski runs almost perfectly matches the market.

The 4-season recreation experience at Mount Baldy Resort will equal or exceed those of other major mountain resorts in the Okanagan—Big White near Kelowna, Silver Star near Vernon, and Sun Peaks near Kamloops. Other resorts like Apex, Crystal Mountain and Revelstoke in BC, and Loup Loup and Sitzmark in Washington State are limited to winter activities, or too far away from major population centres.

	Existing	At Build-out
Mountain Recreation Area		
• Controlled Recreation Area	6,895 acres	Same as existing
• Other	3,039 "	"
	9,924 "	
Skiable Terrain	750 acres	4,400 acres, with 1,550 acres of lift-served runs
Vertical	1,300 ft	2,300 ft from the peak (elev. 7,575 ft)
Lifts		
• Number	2 chair lifts (installed 2007-08) 1 Magic Carpet (installed in 2007-08) 1 T-bar (de-commissioned)	13 lifts (includes existing)
• Carrying Capacity	1,200 skiers per day	6,750 skiers per day
Runs	30 runs	150 runs (some with snowmaking & night skiing)
Day Lodge	6,450 sf in 3-storey building Cafeteria, fully serviced lounge, ski rental shop, ski ticket office, and ski school office.	15,000 sf New all-season lodge for day visitors that will also include an outdoor swimming pool.

REAL ESTATE DEVELOPMENT OPPORTUNITY

Residential and commercial development will be an integral part of creating a unique and memorable experience for the Resort's visitors and residents. The Master Plan envisions a "retreat" and "escape" ambience to complement the natural surroundings and recreation experience of the Resort.

EXISTING

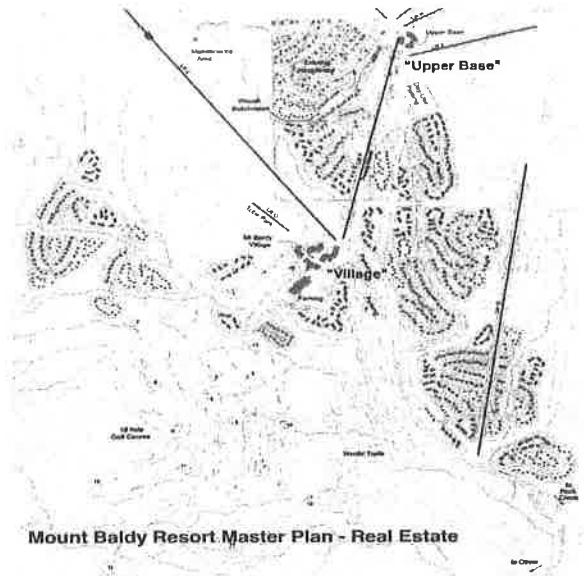
The existing development at the Resort consists of about 100 single family cabins, 20 condominiums in two buildings and a bed'n'breakfast, plus the day lodge used for ski operations. This development pre-dates the involvement of the current developer, "Mount Baldy." It purchased the remainder of the Resort, largely the ski operation, in 2004. The Resort currently does not have a hotel.

Since 2004, Mount Baldy has: (i) entered in a Master Development Agreement ("MDA") with the Province for expanding and improving the Resort, and a related agreement with the Osoyoos Indian Band ("OIB"); (ii) expanded and improved the ski lifts and runs; (iii) obtained OCP and rezoning approvals for the entire Resort (iv) acquired Crown Land for the Phase 1 development, and, (v) developed and sold the first 25 lots in this phase. The remainder of Phase 1 is under development.

AT BUILD-OUT

The Master Plan emphasizes creating a compact pedestrian-oriented development footprint with ski access throughout. New buildings will be designed according to approved design guidelines.

The focus of development will be the two base areas for the Resort's recreation activities—the "Upper Base" and the "Village" respectively.



The existing "Upper Base" will remain primarily day-use oriented. It will expand to include a core of buildings for visitor services, intimate restaurants and lounges, and a small number of accommodation units.

- The new "Village" will be located about one kilometer from the Upper Base. It will include buildings for hotels, retail outlets, convention seminar facilities, the mountain resort spa, and resort services. All will be designed to meet the needs of destination and day-use visitors.
- Various types of public and private accommodation and housing will infill around and between the two base areas.

PHASING OF DEVELOPMENT

Real estate development will occur in four phases in accordance with the Master Plan. Before building construction starts, each phase first requires: (i) purchasing associated Crown Land, which is based upon the number of "bed units" earned from expanding and increasing the recreation capacity of the Resort; (ii) obtaining development approvals for subdivision, servicing, and building and other permits; and, (iii) constructing the required servicing.

The Resort is approved for almost 7,900 bed units. Mount Baldy has already earned 1,974 bed units for the Phase 1 development, of which 1,012 are developed so far. OCP and zoning approval for the remaining 962 undeveloped bed units is already 100% in place.

Development Program at Build-out	Bed Units	Units, Area, or Stalls
Accommodation (units)		
Public		
hotel	758	379
condo	1,212	303
bed'n'breakfast	520	52
cabin	1,100	275
	<u>3,590</u>	<u>1,009</u>
Private		
single family	2,568	428
condo	904	226
rv	60	30
employee	770	385
	<u>4,302</u>	<u>1,069</u>
	<u>7,892</u>	<u>2,078</u>
Commercial (sf)		
Skier-related		57,000
Destination Visitor		49,500
		<u>106,500</u>
Parking (stalls)		2,200
Comfortable Carrying Capacity	7,775	



OFFERED FOR SALE

LIST OF ASSETS

G-Force is offering for sale on an as-is/where-is basis the right, title and interest of substantially all of the assets (collectively, the "Assets") of Mount Baldy Ski Corporation and Mount Baldy Real Estate, ULC (collectively, "Mount Baldy"). The sale is subject to Court approval in British Columbia.

1. "Subject Lands"

Name	Lot No.	PID	Land (acres)	Interest for Sale	Status of Approvals & Servicing
McKinney I & II	"Lot 1"	027-328-759	21.03	fee simple	90% completed
Wapiti	"Lot 13"	026-938-081	0.16	"	completed
Wapiti	"Lot 25"	026-938-201	0.44	"	completed
Wapiti South	"Block C"	027-507-106	22.39	"	OCP and zoning approved
			44.02		

2. "Other Assets" –

- a) "Personal Property" – Including inventory, equipment, chattels, fixtures, and business records.
- b) "Material Contracts" – Including:
 - Master Development Agreement ("MDA") with the Province of British Columbia.
Specifies the terms and conditions permitting Mount Baldy: (i) exclusive use of 6,895 acres of Crown Land in the Controlled Recreation Area ("CRA") to develop and operate improvements for skiing and other recreation activities; and, (ii) purchase Crown Land for private real estate development of commercial, residential and other uses.
 - Mount Baldy Resort Expansion Master Plan, February 2006 ("Master Plan").
Describes the approved master plan for developing the Resort's recreation and real estate development areas.
 - Licence of Occupation No. 343536 with Province.
Specifies the terms and conditions permitting Mount Baldy non-exclusive use of 3,039 acres adjacent to the CRA for non-guided recreational activities (e.g. for snowmobiling and cross-country skiing).
 - Mount Baldy Benefits Agreement ("Benefits Agreement") with Osoyoos Indian Band.
Specifies the terms and conditions for OIB and Mount Baldy to share the benefits from developing the Resort.

MARKETING & SALE PROCESS

The proposed marketing and sale process will enable a new owner of the Assets to open the Resort for skiing at the start of the upcoming 2015-16 ski season in December. For this to occur, the new owner will need to make an acceptable offer to acquire the Assets as soon as possible, and support any pre-opening work that will need to be conducted concurrently while finalizing the sale of the Assets. This work will include maintenance of the ski lifts and runs, and sales of season ski passes. A third party operator had entered into an operating agreement with the Receiver on December 19, 2014 to operate the Resort during the 2014-15 season. That arrangement has since expired.

PURCHASE PRICE

All reasonable offers to purchase the Assets will be considered. Serious expressions of interest should be submitted as soon as possible to ensure the Resort is ready for operation for the 2015-16 ski season.

G. Powroznik Group Inc. or G-Force Group ("G-Force") is the Receiver of the assets, undertakings and properties of Mount Baldy Ski Corporation and Mount Baldy Real Estate, ULC (collectively "Mount Baldy") appointed by the Supreme Court of British Columbia.

Interested parties in acquiring the Assets should contact G-Force to obtain, sign and return a Confidentiality Agreement to obtain further confidential information, including access to an online Data Room and a site tour.

NEIL ATCHISON, P.ENG. Associate Director 778-370-0003 natchison@g-forcegroup.ca	GARY POWROZNIK, FCA Managing Director 778-371-0008 gpowroznik@g-forcegroup.ca
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DISCLAIMER: Any and all information or documentation obtained by any Interested Party has been prepared solely for their convenience and is not warranted to be accurate or complete.

Appendix F

Sample of Mount Baldy Website Release

NEWS

LIFT TICKET PRICING

CONTACT US



News

2015/Nov/05

On December 19th, 2014 a "Memorandum of Understanding" for the purchase of Mt. Baldy Ski Resort by Baldy Capital Corporation was entered into with Stark BC Venture LLC (the secured creditor for Mt. Baldy Ski Corporation). However, since that time there have been numerous delays and several unresolved differences of opinion regarding the translation of that Memorandum of Understanding to a formal Asset Purchase Agreement necessary for court approval. After more than 10 months of attempting to formalize the Asset Purchase Agreement with the Receiver and Secured Creditor, yesterday Baldy Capital Corporation put

forward a "compromise" proposal in an attempt to complete the acquisition of the ski resort in time to open this season. Because the company felt that the window of opportunity to open the ski hill for the 2015/2016 winter season was rapidly closing, a "drop dead" deadline for acceptance of the proposal was set at 4:00 pm November 4th.

Regrettably that proposal was not accepted by the Secured Creditor by that deadline, the Asset Purchase Agreement has not yet been formalized and the resort is now in jeopardy of not opening for the season.

Over the past month many new initiatives have been organized and planned for roll-out in November and December, including a new ticketing and administration office in Osoyoos, a new 4 day operating schedule, a new on-hill accommodations rental program, ski & stay partnerships with 14 off-hill hotels, re-instatement of bussing to and from the hill, new school lesson programs, new rental equipment, renovations to the day lodge, wine tasting nights on Fridays with local wineries, live music on Saturdays and a new on-line website to purchase lift tickets and bus tickets. Mt. Baldy will also be featured in WestJet's in-flight magazine in January.

However, although Baldy Capital Corporation was prepared to open and operate the ski hill for the upcoming season (with or without the Asset Purchase Agreement being completed) on a similar basis to what had been arranged last season, this has now been further complicated as a result of the insurance company for the resort advising that they are not willing to renew the insurance for the next year so

long as the Receiver is still in place as at December 1st, 2015 - so the ownership and operation are now inextricably linked.

So, although it is still within the company's ability to open and operate the ski hill for this season as planned, the window of opportunity is now rapidly closing and control of that decision is now out of the hands of the company, as the parties are now deadlocked. Although the company is evaluating all alternatives it is unable to say with certainty what can be achieved in time for this season.

For further information please contact:

Baldy Capital Corporation

fred.johnston@skibaldy.com

(250) 498-4086 (403) 200-4341

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Appendix G

Receiver's Press Release dated November 5, 2015



For Immediate Release

Contact:

Gary Powroznik

778-370-0003

gpowroznik@g-forcegroup.ca

Mount Baldy Ski Resort – Search for Operator/Buyer Continues

Vancouver, B.C., November 5, 2015 - G-Force Real Estate Inc. was appointed Marketing Agent for the assets at Mount Baldy Ski Resort in mid July 2014 by a secured creditor under a Court supervised foreclosure action. G-Force's primary objective was to find a buyer who would be able to operate the resort for the 2014/15 season and acquire the assets. Once a potential purchaser and operator was found, G. Powroznik Group Inc., of G-Force Group, was appointed Receiver-Manager of Mount Baldy Ski Resort Corporation and related companies ("Receiver") by the Supreme Court of British Columbia on December 19, 2014. The Receiver promptly entered into an Operating Agreement with Baldy Operating Corporation, to operate the ski resort for the 2014/15 season. A related company, Baldy Capital Corporation had concurrently made a commitment with the secured creditor to make an acceptable offer to the Receiver to acquire the assets of Mount Baldy Ski Resort by January 30, 2015 and complete by May 15, 2015. As there was no acceptable offer the Operating Agreement ended on April 30, 2015.

Since then, the Receiver has pursued several options and considered all reasonable enquiries to attract a buyer/operator to acquire the Mount Baldy Ski Resort in time for the 2015/2016 season, in an effort to maximize the benefit to the community and find a solution for the creditors. In so doing, the Receiver has searched for and has spoken to interested parties over the past several months. The rising real estate prices in the Okanagan and the lower Canadian dollar have helped create new interest. The Receiver has maintained ongoing dialogue with last year's operator, Baldy Operating Corporation and its affiliate Baldy Capital Corporation. Unfortunately, the Receiver has not received an offer from them or any other party which is acceptable either to the primary secured creditor or the Receiver, or is in a form that could be approved by the Court, which is required.

The main hurdle has been the inability by any of the potential buyers or operators to arrange sufficient financing to ensure that all creditors can be paid during the upcoming ski season.

We reported publically last year we were hopeful to find local investors who would work with the experienced operators we had found to help them meet the financial targets required to



provide a new beginning for Mount Baldy Ski Resort. The secured creditor has been very reasonable in its support to the Receiver and potential purchasers to complete a purchase or find an operator for the Resort on reasonable terms. Unfortunately, none of the potential purchasers or operators has arranged financing needed to buy the Resort or to operate it. We are still hopeful that one of the prospects we are speaking to can raise the required financing to support the re-opening of the Resort for this year and also complete the purchase of the Resort. We will also consider any new serious enquiries or realistic options.

New enquiries or further information is available from Patricia Foster: Telephone: (778) 370-0003, Email: pfoster@g-forcegroup.ca

Appendix H

Receiver's Statement of Receipts & Disbursements to October 31, 2015

In the matter of the receivership of Mount Baldy Ski Corporation and Mount Baldy Real Estate, ULC
Receiver's Statement of Receipts and Disbursements (note 1)
As at October 31, 2015

	\$
Receipts	
Receiver's borrowings	398,500
Interest	20
Miscellaneous refunds	1,048
Total receipts	<u>399,567</u>
Disbursements	
Advances to Receiver for fees, disbursements and taxes	80,233
Legal fees and disbursements	33,617
Advances to Baldy Operating Corporation	203,000
Refund to secured creditor for pre-receivership ski operation preparation costs	32,948
Refund to Baldy Capital Corp. for pre-receivership ski operation preparation costs	15,000
Utilities payments	10,611
Other costs	921
Total disbursements	<u>376,329</u>
Cash balance as at October 31, 2015	<u>23,238</u>

Note 1 - We have compiled this Statement of Receipts and Disbursements for the period December 19, 2014 to October 31, 2015 from the receivership records which we have maintained in our capacity as Receiver-Manager of Mount Baldy Ski Corp. and Mount Baldy Real Estate, ULC. We have not engaged external accountants to audit, review, or otherwise attempt to verify the accuracy or completeness of the Statement of Receipts and Disbursements.