

This is the 2<sup>nd</sup> Affidavit of Scott Stark in this case  
and was made on November 24, 2015

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 IN THE RIGHT OF CANADA, AS  
REPRESENTATIVE OF THE CROWN IN THE RIGHT OF CANADA  
THE OWNERS, STRATA CORPORATION KAS1840

RESPONDENTS

**AFFIDAVIT**

I, SCOTT STARK, Businessman, of 12785 Gravelly Lake Drive SW, Lakewood,  
in the State of Washington, MAKE OATH AND SAY AS FOLLOWS:

1. I am a director of the Petitioner and as such have personal knowledge of the matters herein deposed to. I am authorized to make this Affidavit on behalf of the Petitioner.
2. The Petitioner loaned money to the Respondents, Mount Baldy Realt Estate, ULC, Winter Recreations, ULC, and Mount Baldy Ski Corporation (collectively, the "**Mount Baldy**

- Debtors**”), and held security against the real and personal property of the Mount Baldy Debtors, which together comprise the Mount Baldy Ski Resort (the “**Resort**”).
3. The Mount Baldy Debtors defaulted on their obligations to the Petitioner, and the Petitioner commenced the within proceedings by petition filed on June 3, 2014.
  4. On July 14, 2014, the Petitioner was granted Order Nisi against the Mount Baldy Debtors, with an amount due and owing of \$4,402,249.44 as at that date.
  5. After the Order Nisi was granted, the Petitioner retained G-Force Real Estate Inc. as Marketing Agent for the Resort (the “**Marketing Agent**”).
  6. Throughout the summer and fall of 2014, the Marketing Agent conducted various efforts to market the Resort and obtain expressions of interest for the purchase of the Resort. In October 2014, the Marketing Agent obtained an expression of interest from Fred Johnston (“**Johnston**”), who wished to purchase the Resort subject to conducting due diligence. The details of the Marketing Agent’s efforts are set out in the Marketing Agent Report filed herein on November 4, 2014. I am satisfied that the Marketing Agent’s efforts were sufficient to expose the Resort to the market and identify all potential purchasers of the Resort at that time.
  7. Given the approach of the ski season, and in order to retain the going concern value of the Resort, the Petitioner and Johnston agreed that Johnston would operate the Resort for the ski season while conducting his due diligence to purchase the Resort. The framework of the agreement by which Johnston would operate and then purchase the Resort was set out in an Amended Memorandum of Understanding entered into by the Petitioner and Baldy Capital Corporation (“**Baldy Capital**”), an entity controlled by Johnston, on December 18, 2014 (the “**Amended MOU**”). A true copy of the Amended MOU is attached hereto and marked as **Exhibit “A”**.
  8. On December 19, 2014, the Petitioner obtained an Order appointing G. Powroznik Group Inc. as Receiver of the Mount Baldy Debtors and the Resort (the “**Receiver**”).

9. Baldy Capital was required to make certain payments to the Receiver under the terms of the Amended MOU by dates specified therein, and was required to enter into an Asset Purchase Agreement on or before January 30, 2015 (the “**APA**”). Baldy Capital failed to make the required payments and failed to provide the APA before the date specified in the Amended MOU. By letter dated May 7, 2015 (the “**Termination Letter**”), the Petitioner advised Baldy Capital that the Petitioner was no longer bound by the Amended MOU and would seek to have the Receiver sell the Resort to a third party. A true copy of the Termination Letter is attached hereto and marked as **Exhibit “B”**.
10. After the Termination Letter was issued, the Receiver undertook renewed efforts to market the Resort to potential buyers in the spring and summer of 2015. From time to time during this period, there were ongoing negotiations between the Receiver and Johnston in an effort to reach an agreement for the purchase of the Resort by Baldy Capital, however, no such agreement was reached. After extended negotiations in the summer of 2015, a meeting was held in Seattle on October 1, 2015 that was attended by myself, Johnston, the Receiver’s counsel, and the Petitioner’s counsel (the “**October 1 Meeting**”).
11. At the October 1 Meeting, the parties agreed on the major terms for a new agreement between the Receiver, the Petitioner and Baldy Capital for the purchase and sale of the Resort (the “**October 1 Framework**”). The terms of the October 1 Framework are accurately set out in an email from the Petitioner’s counsel to Baldy Capital’s counsel sent on October 5, 2015, a true copy of which is attached and marked as **Exhibit “C”**.
12. Subsequently, on or around November 2, 2015 Baldy Capital submitted a new proposal concerning the purchase of the Resort that was inconsistent with the terms of the October 1 Framework. This proposal was unacceptable to the Petitioner and it was rejected.
13. On or around November 4, 2014, Baldy Capital submitted a second new proposal for the purchase of the Resort that was also inconsistent with the terms of the October 1 Framework and unacceptable to the Petitioner. A true copy of this proposal, titled “Final Drop Dead Offer to Purchase All of the Assets of Mt. Baldy Ski Corporation” is attached and marked as **Exhibit “D”**.

14. Each of the proposals put forward by Baldy Capital in the course of its negotiations with the Receiver have required the Petitioner to fund the purchase price for the Resort through a vendor take back mortgage that was to be granted to the Receiver and then assigned to the Petitioner (the “**Vendor Financing**”). In light of the failed negotiations with Johnston and Baldy Capital over the course of the last 10 months, I lost confidence in the ability of Johnston or Baldy Capital to honour its commitments and could no longer support a transaction with Baldy Capital.
15. In mid-November, the Receiver advised the Petitioner that a new potential purchaser, Gordon Kleaman (“**Kleaman**”) had approached the Receiver with a proposal to purchase the Resort.
16. On November 13, 2015, a meeting was held between myself, the Receiver, and Kleaman to discuss the purchase of the Resort by Kleaman. Subsequently, Kleaman submitted a Letter of Intent to the Receiver with respect to the purchase of the Resort (the “**Kleaman LOI**”).
17. I have reviewed the terms of the Kleaman LOI and the transaction described therein is acceptable to the Petitioner. I am satisfied that Kleaman has the financial wherewithal to complete the purchase of the Resort. The final version of the Kleaman LOI is not yet prepared and will be subject to review by the Petitioner’s legal counsel.
18. I am satisfied that the Receiver has fully exposed the Resort to the market and obtained the best price available for the Resort in current market conditions.
19. Attached and marked as **Exhibit “E”** to this my Affidavit is a spreadsheet with a calculation of the amount owing pursuant to the Order Nisi as at November 20, 2015.

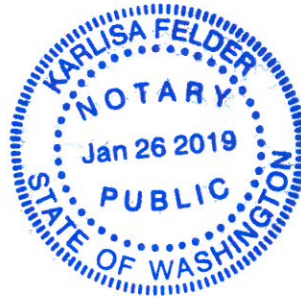
20. I swear this Affidavit in support of the Receiver's application for directions with respect to the Kleaman LOI.

SWORN BEFORE ME at the City of  
LAVELLE, in the State of  
Washington, this 25 day of November,  
2015.

Karlisa Felder KARLISA FELDER  
Notary Public in and for the State of  
Washington

Scott Stark

SCOTT STARK





This is Exhibit "A" referred to in the Affidavit of Scott Stark sworn before me in City of LAKEWAS, in the State of Washington, this 25 day of November, 2015

Karlisa Felder KARLISA FELDER  
Notary Public in and for the State of  
Washington



**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.

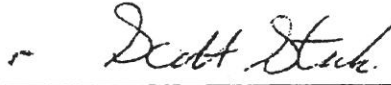
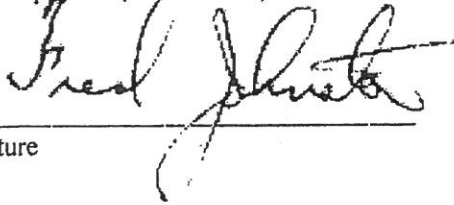
Agreed by the parties:

**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.

This is Exhibit "B" referred to in the Affidavit of Scott Stark sworn before me in City of LAKEWOOD, in the State of Washington, this 25 day of November, 2015

Karlisa Felder KARLISA FELDER  
Notary Public in and for the State of Washington





May 7, 2015

BY EMAIL: fred.johnston@mercidian.com

Baldy Capital Corporation  
#400, 909 17th Avenue SW  
Calgary, AB T2T 0A4

Attention: Fred Johnston

AND TO:

BY EMAIL: rbenson@terralawcorp.ca

Terra Law Corporation  
650 W Georgia Street  
Vancouver, B.C.  
V6B 4N7

Attention: Russell Benson

Dear Sirs and Mesdames:

**RE: Amended Memorandum of Understanding between Baldy Capital Corporation ("Baldy Capital") and Stark BC Venture, LLC ("StarkCo") dated December 18, 2014 (the "MOU")**

We are solicitors for StarkCo with respect to the above-noted matter. We write for two purposes.

First, we write to confirm that the MOU has expired according to its terms and is at an end with respect to any obligations of StarkCo. It was a term of the MOU that time be of the essence. It was also a term of the MOU that Baldy Capital complete the purchase of the Assets (as defined in the MOU) by 5:00 p.m. on April 30, 2015. That did not occur. As a result, StarkCo and the Receiver are at liberty to market and sell the Assets to other interested parties.

Second, and in any event, we write to confirm that Baldy Capital has been in default of many of its obligations under the MOU, including without limitation the following:

1. Sections 3(b) and 5(d), by failing to provide the Receiver with the \$500,000 loan by January 19, 2015;

Bonita Lewis-Hand

T: 604.631.9157

F: 604.694.2959

blewishand@lawsonlundell.com

1600 Cathedral Place  
925 West Georgia Street  
Vancouver, British Columbia  
Canada V6C 3L2  
Telephone 604 685 3456  
Facsimile 604 669 1620  
www.lawsonlundell.com

Vancouver  
Calgary  
Yellowknife

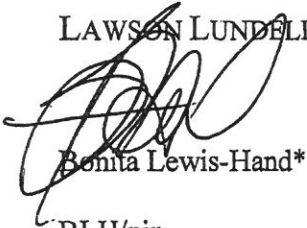
Page 2

- 2. Sections 3(c) and 5(d) by failing to make the Second Deposit to the Receiver by January 31, 2015; and
- 3. Section 5(a) by failing to enter into a definitive asset purchase agreement ("APA") by January 30, 2015.

These defaults amount to a repudiation of the MOU by Baldy Capital. These defaults fundamentally undermine the purpose and intent of the MOU. To the extent necessary, StarkCo accepts Baldy Capital's repudiation of the MOU and, to the extent it is not already spent, brings the MOU to an end.

Yours very truly,

LAWSON LUNDELL LLP



Bonita Lewis-Hand\*

BLH/pjr

cc. client  
Receiver

\*Law Corporation



This is Exhibit "C" referred to in the Affidavit of Scott Stark sworn before me in City of LAVINOS, in the State of Washington, this 25 day of November, 2015

Karlisa Felder KARLISA FELDER

*Notary Public in and for the State of Washington*



**Reilly Pollard (3234) - 17Flr**

---

**From:** Bonita Lewis-Hand (3157) - 17Flr  
**Sent:** Monday, October 05, 2015 4:00 PM  
**To:** rbenson@terralawcorp.ca  
**Cc:** dfitzpatrick@bfrst.ca; Gary Powroznik (gpowroznik@g-forcegroup.ca); Scott Stark (starksm64@gmail.com)  
**Subject:** Mt Baldy re Meeting Last Week  
**Importance:** High

Rus

I confirm that at last week's without prejudice meeting between Fred Johnston, Scott Stark, Dennis Fitzpatrick, and myself, we appear to have reached consensus on a framework for a transaction of purchase and sale relating to the above matter. The proposed framework of the proposed transaction is as follows:

1. Purchase price would be Cdn.\$3,375,000, payable as follows:
  - a. \$25,000 previously provided by Baldy will be credited as a deposit;
  - b. a further \$100,000 deposit is to be provided by Baldy on execution of an APA which is non refundable on failure by the buyer to close ;
  - c. Baldy will provide a further \$750,000 cash on closing;
  - d. Baldy will provide \$2,500,000 on closing by way of a first mortgage on all lands, and a general security agreement with respect to all present and after acquired personal property, in favour of our client on the following terms:
    - i. prescribed mortgage terms;
    - ii. Interest accruing at 4% per annum; and
    - iii. Maturity date of May 31, 2016.
2. The sale will be subject to court approval in the usual terms and a vesting order will issue in the standard form.
3. Closing date would be Wednesday, November 25, 2015.
3. The assets being acquired by your client under the APA will include any deposits and prepaid expenses previously provided by Mt. Bald, and all rights that the Receiver has in Mt. Baldy Waterworks Inc. We do not have the corporate minute book for that entity but will endeavour to obtain it. Mr. Johnston indicated that Gail Saunders of the strata corp. has it. Can you please forward any contact information for Ms. Saunders so that we can contact her. There is one potential asset that we inadvertently forgot to discuss at the meeting and that needs to be clarified. Last year Mt. Baldy commenced legal action in the USA against various parties relating to a failed financing. Brent Baker is in control of that proceeding. Some time ago, we alerted you and your client to this action and your client agreed to exclude this particular asset from the APA. Our client wishes to retain its rights in respect of that action. Given that it was not discussed at the meeting last week, we ask that you please confirm that this US action will be not form part of the assets which are the subject of the APA.
4. The usual type of adjustments are to be treated in the usual course. We specifically discussed the property taxes and insurance premium for 2015 but there are others that we didn't discuss such as utilities etc. For these types of adjustments, your client will be responsible for the period during which the operating agreement was in force as well as the period from and after the closing date, and the Receiver will be responsible for the balance of the year.
5. It is a precondition to a APA being executed by the Receiver that your client will provide satisfactory proof that it either has 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 to be provided on closing.
6. The APA will include a standstill provision precluding any legal action and prohibiting cancellation of insurance prior to closing.



7. Your client will be solely responsible for all outstanding claims relating to the 2014/2015 ski season (including among others obligations to the strata counsel) and in that regard, it will cancel an invoice for \$65,000 more or less issued to the Receiver and assume the payment obligations referred to in that invoice. Your client will provide an indemnity in favour of the Receiver for the 2014 /2015 season;
8. A broad form of release will be attached as a schedule to the APA which will encompass all claims etc. that Baldy Capital Corp., Baldy Operating Co., the Receiver and our client may have against each other.
9. Contemporaneous with a duly executed APA, a temporary licence for occupation will be entered into between Baldy and the Receiver that will provide Baldy with immediate access to the ski hill and the assets for the limited purpose of performing whatever pre-season maintenance work that it may wish to undertake. All costs and expenses relating to the pre-season maintenance work will be the sole responsibility of Baldy, Baldy will be acting as principal with respect to all such works, and not as agent for the Receiver, and Baldy will indemnify the Receiver with respect to any claims relating thereto.


We expect that Dennis Fitzpatrick will now proceed to revise the APA that you sent on July 22, 2015 to reflect the above framework, and to make various other minor changes (note: I listed some, but not all, of the changes that needed to be made in an email to you on July 24).

In terms of execution of an APA, the parties agreed that it should take no more than 10 days to finalize the APA and have it signed by the parties. While Mr. Johnston will be away until October 12, 2015, he indicated that he will be available by email. You also indicated that you will be away for 2 weeks starting today but that another lawyer within your firm would be available to work on the APA during your absence. Please provide the contact details for the person who we should contact during your absence.

Last week's meeting was a positive development and one that we sincerely hope will lead to a satisfactory conclusion for all parties.

We look forward to hearing from you.

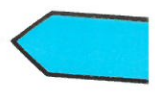
Yours truly,  
Bonita Lewis-Hand

 **BONITA LEWIS-HAND\*** | Partner  
D 604.631.9157 | F 604.694.2959 | E [blewishand@lawsonlundell.com](mailto:blewishand@lawsonlundell.com)  
**LAWSON LUNDELL LLP** 1600 - 925 West Georgia Street, Vancouver, BC V6C 3L2  
Vancouver | Calgary | Yellowknife  
\*Law Corporation

This email and any accompanying attachments contain confidential information that may be subject to solicitor-client privilege and are intended only for the named recipients.  
If you have received this email in error, please notify the sender and destroy the email. Our e-mail terms of use can be found at <http://www.lawsonlundell.com/disclaimer.html>

This is Exhibit "D" referred to in the Affidavit of Scott Stark sworn before me in City of LAVELLE, in the State of Washington, this 25 day of November, 2015

Karlisa Felder KARLISA FELDER  
Notary Public in and for the State of Washington



**Final "Drop Dead" Offer to Purchase All the Assets of Mt. Baldy Ski Corporation**  
2015/Nov/04

**Deposit upon execution of Asset Purchase Agreement for \$3,375,000. on or before 4:00pm Friday, November 6th**

\$25,000.	Initial deposit already paid to Receiver
\$16,180.	Pro rata portion of Insurance as acknowledged by Receiver
\$65,500.	Payment of outstanding accounts payable as at 2015/Apr/30 as per attached
<u>\$10,000.</u>	Payment to replace stolen winch and tools required for lift maintenance
<b>\$116,680.</b>	<b>TOTAL DEPOSIT</b>

The Asset Purchase Agreement by Baldy Capital Corporation or Nominee as Purchaser shall include:

1. Consent for Purchaser to occupy and operate the ski resort on its own account until closing of purchase.
2. Confirmation that all Receiver's Certificates will be paid in full with interest upon closing.
3. A "stand still" agreement confirming that there will be no legal actions initiated by either party prior to court approval and closing of the Asset Purchase Agreement.
4. There will be no confirmation of availability of funds to close from the Purchaser until closing.

**Court approval on or before noon Friday, November 27<sup>th</sup>**

1. Receiver shall be responsible for obtaining (in the form required by the court for approval of the Asset Purchase Agreement) the necessary confirmation from the Mountain Resorts Branch that it will assign the Master Development Agreement to the Purchaser (which the Mountain Resorts Branch has indicated can only be provided after court approval).
2. Upon court approval of the APA, the Receiver is to be put "on standby" until closing so that no further fees are incurred.
3. Mutual releases will only be provided upon obtaining court approval of the Asset Purchase Agreement.
4. If court approval cannot be obtained by noon Friday, November 27<sup>th</sup> then the Purchaser is willing to extend the time for court approval subject to the Receiver taking full responsibility for ensuring that the necessary insurance for the ski resort shall be obtained and in effect commencing no later than Tuesday, December 1<sup>st</sup> for coverage equal to or in excess of the current coverage provided by Gougeon Insurance Company and at a cost not more than that of the current coverage provided by Gougeon Insurance Company, at the expense of the Purchaser.

**Cash to Mortgage upon closing on or before noon Tuesday, December 29<sup>th</sup>**

\$2,500,000.	New 1 <sup>st</sup> Mortgage in favor of Stark BC Ventures, LLC ( <i>6 month term @ 4% deferred interest</i> )
\$758,320.	Cash to close on Asset Purchase Agreement
TBA	Cash to close for adjustments of property tax & electricity from date of court approval.

- There will be no adjustment for interest payable on Receiver's Certificates.

**These terms are open for acceptance until 4:00 pm Wednesday, November 4th and all documentation must be settled and executed by 4:00 pm, Friday, November 6 failing which they will expire. In such case, we reserve all of our legal rights in respect of this matter.**

11:34 PM  
2015-11-03

**Baldy Operating Corporation**  
**A/P Aging Summary**  
As of 30 April 2015

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Baldy Bobcat Services	0.00	192.94	0.00	0.00	0.00	192.94
Beaver Valley Ski Club	0.00	0.00	11,300.00	0.00	0.00	11,300.00
Bell	0.00	0.00	200.49	0.00	0.00	200.49
CWSAA	0.00	131.25	0.00	0.00	0.00	131.25
Fortis BC-1549974	0.00	279.82	0.00	0.00	0.00	279.82
Fortis BC - 1551976	0.00	179.30	0.00	0.00	0.00	179.30
Fortis BC - 162822	0.00	777.59	0.00	0.00	0.00	777.59
Fortis BC - 171254	0.00	286.79	0.00	0.00	0.00	286.79
Fortis BC - 819659	0.00	875.22	0.00	0.00	0.00	875.22
Fortis BC - 819704	736.90	2,331.49	0.00	0.00	0.00	3,068.39
Fortis BC - 846847	0.00	354.45	0.00	0.00	0.00	354.45
Fortis BC - 937180	295.52	1,177.74	0.00	0.00	0.00	1,473.26
Mercidian Management Corporation	2,803.34	2,600.00	2,423.16	0.00	872.00	8,698.50
Minister of Finance for BC	0.00	640.34	0.00	0.00	0.00	640.34
Mueller Lifts Services Inc.	0.00	0.00	111.45	0.00	0.00	111.45
Nu Tech Safety Ltd.	0.00	0.00	0.00	0.00	1,493.99	1,493.99
Oughtred Coffee & Tea Ltd.	0.00	23.06	0.00	0.00	0.00	23.06
Peak Emergency Response Training	0.00	199.50	0.00	0.00	0.00	199.50
Snow-Tech Snowcat Service Inc.	585.86	548.78	14,646.65	0.00	0.00	15,781.29
Telus	285.94	0.00	0.00	0.00	0.00	285.94
To Market Incorporated	0.00	7,350.00	7,350.00	0.00	0.00	14,700.00
Work Safe BC	0.00	4,478.92	0.00	0.00	0.00	4,478.92
<b>TOTAL</b>	<b>4,707.56</b>	<b>22,427.19</b>	<b>36,031.75</b>	<b>0.00</b>	<b>2,365.99</b>	<b>65,532.49</b>

This is Exhibit "E" referred to in the Affidavit of Scott Stark sworn before me in City of LAKEMOND, in the State of Washington, this 25 day of November, 2015

Karlisa Felder **KARLISA FELDER**  
*Notary Public in and for the State of Washington*



Amount owing pursuant to the Mortgage

**MONTHLY COMPOUNDING  
INTEREST CALCULATIONS**

	Amount	\$4,266,721.13 (p)
Beginning Calculation Date	From	April 23, 2014
Interest Rate:	14.00%	0.1400
Ending Calculation Date	To	November 20, 2015
Duration of Calculation Period	Days	577
	Years	1.5808
Adjusted Interest Rate (1+ (Rate / 12))		1.0117 (i)
Factoring (Years x 12)		18.9699 (f)
Formula:		$P*(1+i)^f$
<b>Total Interest for Period</b>	<b>\$1,050,121.65</b>	
<b>Total Amount Owing, as of November 20, 2015</b>	<b><u>\$5,316,842.78</u></b>	
<b>Per Diem</b>	<b>\$2,039.34</b>	