

Affidavit #1 of Fred Johnston
Sworn 30/Nov/2015

No. H-1400638
Vancouver, Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

STARK BC VENTURE, LLC

PETITIONER

MOUNTBALDY 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, VANAGEONE 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

AFFIDAVIT

I, FRED JOHNSTON, businessman, of #400, 909 17th Avenue SW, Calgary, Alberta,
MAKE OATH AND SAY AS FOLLOWS:

1. I am a director of Baldy Capital Corporation (BCC) and Baldy Operating Corporation (BOC) and as such have personal knowledge of the matters herein deposed to. I am authorized to make this Affidavit on behalf of BCC and BOC.
2. BCC entered into an Amended Memorandum of Understanding with the Petitioner on December 18th, 2014 which is referenced in the Receiver's report and attached to it as Appendix "C".
3. BOC entered into an Operating Agreement with the Receiver on December 19th, 2014 which is referenced in the Receiver's report and attached to it as Appendix "D".
4. In Paragraph 8 of the Receiver's Report, the Receiver states, in part:

"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."

*Dec 18th
Report
Marty Agnew*

5. Stark did in fact apply to Court for the appointment of a receiver. This confirms he was satisfied that BCC had this capacity.

6. With reference to Paragraph 13 of the Receiver's Report, BOC denies that it defaulted on its commitments under the Operating Agreement.

7. BOC had no obligation and made no commitment to provide any funding to the Receiver under the terms of the Operating Agreement.

8. The only commitment to provide funding was contained in the Amended Memorandum of Understanding between BCC and Stark BC Venture, LLC which was referenced in the Receiver's report and attached to it as Appendix "C".

9. BCC was severely hampered by the Receiver's ongoing delays and its refusal to fund according to the terms of the Operating Agreement.

10. BOC advised the Receiver in advance that the operation of the resort would not require more than \$400,000 funding to be provided to the Receiver by January 31st, 2015 and that it would not be in the best interests of the Petitioner to have to incur interest on an additional \$100,000 if it was not needed.

11. In addition, notwithstanding that the Receiver was advised that BOC did not believe that the full \$500,000 would be required, an additional \$100,000 was made available to the Receiver on April 18th, 2014.

12. The Receiver refused to accept it, thereby evidencing that it was not required.

13. BCC denies that it defaulted on its commitment to negotiate an APA in good faith with the Receiver by January 30th, 2015.

14. BCC did in fact prior to and after January 31st, 2015 negotiate in good faith.

15. In addition, the Petitioner was apparently so anxious to trigger a default that it gave notice 2 weeks prior to the date agreed to in the Memorandum of Understanding, without support for its contention that the failure to "complete the purchase of the assets" was within its control.

16. The issue was documented at length in the letter of June 9th, 2015, from BCC's lawyer a true copy of which is attached hereto and marked as **Exhibit "A"**.

17. With reference to Paragraph 14 of the Receiver's Report, BCC asserts that the Receiver and the Secured Creditor failed to act in good faith in negotiations relating to the draft Asset Purchase Agreement (APA).

18. The terms of the draft MOU kept changing and continued for months with the Petitioner failing to respond in a timely manner or negotiate, I believe, in good faith.

MT Cond

*MOU
received
\$75M
Pulgar
12*

*no APA
received
by
Jan 30th*

*should see
own
response*

*Amend MOU
aa 3/17
100M
MOU
Jan 19
75M
Jan 20*

19. Attached and marked **Exhibit "B"** to this my Affidavit is a copy of correspondence between the Petitioner's lawyer and BCC's lawyer during June and July, 2015.

20. With reference to Paragraph 15 of the Receiver's Report BOC, denies that it had any responsibility for the costs incurred for the operation of the ski resort under the terms of the Operating Agreement referred to in the Receiver's Report and attached to it as Appendix "D".

21. BOC relies specifically on the following clauses in that agreement:

(a) Paragraph E in the Operating Agreement which states that:

"The Works and Services will be funded by the Receiver through \$500,000 of financing arranged by Baldy Operating or Baldy Capital from third parties for the Receiver (the "Receiver Financing");

[Emphasis Added]

(b) Paragraph F in the Operating Agreement which states that:

"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".

[Emphasis Added]

(c) Paragraph 5 which states that:

"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".

[Emphasis Added]

22. BOC's Invoice #002 in the amount of \$65,032.34 has not been paid by the Receiver according to the terms of the Operating Agreement and remains outstanding. A true copy of BOC's Invoice #2 is attached hereto and marked as **Exhibit "C"**.

23. With reference to Paragraph 16 of the Receiver's Report, BCC and BOC deny that they were unable to honor their respective commitments.

24. With reference to Paragraph 18 of the Receiver's Report, BCC denies that no mutually acceptable agreement was reached between the parties.

25. Such an agreement was reached as set out in the MOU.

26. I believe that the reason that this could not be translated into the form of an APA is that the Receiver and the Secured Creditor would not act in good faith and delayed, failed to respond, attempted to improperly change, and add to the terms of the MOU.

27. With reference to Paragraph 18 of the Receiver's Report, BCC denies that financing had anything to do with completing an APA.

28. The MOU never required any confirmation of financing, primarily as from the very outset, BCC had made it very clear to Stark that its offer was predicated on the intent to help him recover his investment in full by successfully operating the ski resort and selling off the associated real estate with 70% of the proceeds going towards recouping his investment.

29. There was never any offer or intent to pay Stark out and take over his debt.

30. As time went by, BCC attempted to modify the terms of the agreement to, *inter alia*, increase the amount offered up front and shorten the repayment time for Stark's vendor carry mortgage.

31. None of these efforts were successful.

32. The first draft APA was advanced by BCC in March, 2015. Some 9 months were wasted in attempting to reach a final consensus which BCC contends was due to the Petitioner and the Receiver failing to negotiate in good faith.

33. The meeting of October 1st, 2015, in Seattle, was attended by myself as the President of BCC, Scott Stark representing the Petitioner, Stark's lawyer and the Receiver's lawyer. The Receiver did not bother to attend.

34. In the meeting, BCC made numerous concessions in an attempt to complete an APA.

35. These concessions were agreed to, and it was agreed that completion of an APA should be achievable within the next 10 days.

36. Although the former counsel for BCC was on vacation in the first two weeks of October, 2015, a revised APA was drafted by BCC and forwarded to the Petitioner and the Receiver on October 13th, 2015.

37. The Petitioner responded on October 23rd, 2015.

38. The Receiver did not respond until the end of the day, Friday October 30th, 2015.

39. With the window of opportunity rapidly closing in order to open the resort for the 2015-6 season, BCC concluded that the Receiver was only continuing to delay matters.

40. BCC made yet another proposal in early November, 2015, which advanced the payout of the Petitioner's vendor carry financing, and reduced the up-front down payment in order to offset the expected increased costs associated with a late start to operating the 2015-6 season.

41. This proposal was called the "Final Drop Dead Offer" in an attempt to get the Receiver and the Petitioner to deal with this long outstanding matter expeditiously.

42. The Petitioner rejected this offer, leaving BCC relying on the original MOU agreement of December 18th, 2014.

43. With reference to Paragraph 20 of the Receiver's Report BCC denies that it sought to change any of the terms of the October 1st, 2015 Seattle agreement.

44. With respect to the Receiver's assertion that BCC failed to confirm that sufficient financing was available, BCC, through myself, indicated verbally on several occasions that it had financing available from sources in both the U.S. and in Calgary, Alberta but would only confirm its sources of funding upon completing a signed APA.

45. BCC advised the Receiver that, if necessary, confirmation of financing could be a condition contained in the APA before submission for court approval.

46. BCC wanted to keep its financing confidential to avoid interference by any other interest party.

47. However, BCC is prepared to release information regarding its financing and does so. Attached and marked **Exhibit "D"** to this my Affidavit are copies of correspondence dated November 13th, 2015, from Connors Financial Services and that of November 18th, 2015 from Veristone Capital.

48. With reference to paragraphs 22 & 23 of the Receiver's Report, BCC asserts that the Receiver applied a double standard in negotiations with BCC.

49. Over the last 9 months, the Receiver advised BCC that the Receiver would not be take any agreement to Court for approval unless it was:

- (a) A firm offer in the form of an APA;
- (b) It was unconditional;
- (c) It included a Benefits Agreement agreed to by the Osoyoos Indian Band;
- (d) It included approval from the Mountain Resorts Branch for assignment of the Master Development Agreement;

(e) And that it could not include a break fee in excess of \$75,000.

50. However, the Receiver is now attempting to get Court approval on short notice of:

(a) A letter of intent only;

(b) Containing many conditions;

(c) Without confirmation and approval of a Benefits Agreement with the Osoyoos Indian Band;

(d) Without approval from the Mountain Resorts Branch for assignment of the Master Development Agreement;

(e) And with a dramatically increased break fee of \$200,000.

51. With reference to Paragraph 24 of the Receiver's Report, BCC denies that there was any agreement that either party would be consulted prior to issuing a press release.

52. Indeed, press releases had previously been issued by both the Receiver and BCC without any prior notice or approval of the other party.

53. BCC further denies that there was any false, misleading or derogatory information in any of its press releases.

54. With reference to Paragraphs 25 & 26 of the Receiver's Report, BCC denies there is any urgency for the Court to approve either an LOI or an APA.

55. The Receiver has had months to act and arrange insurance.

56. BCC would have arranged insurance had the Receiver acted in a timely and proper fashion to complete the APA.

57. Indeed, it was BOC which not only arranged the insurance to December 1st, 2015, but paid the insurance premiums in advance to December 1st, 2015.

58. Given BOC operated the resort last year, I know from personal knowledge of the amount of work and time required that it is now impossible to open the resort for the 2015-6 season, especially given the state of disrepair and lack of maintenance on the Receiver's watch over the last few months.

59. With reference to Paragraph 28 of the Receiver's Report, BCC vehemently objects to all of the orders requested, including the dramatic increase in borrowings, which will likely jeopardize the probability of the current Receiver's Certificate holders being paid out in full and seem designed only to pay the Receiver.

60. BCC wishes to tender in open Court a new Letter of Intent to purchase the assets of the Respondents and can do so this week, which will better the ambiguous and undisclosed anonymous "offer" proffered by the Receiver.

61. BCC requests that the Receiver modify its Application for Directions.

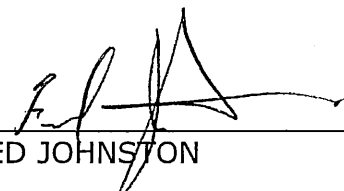
62. BCC seeks an Order that the Receiver proceed with an unconditional Letter of Intent from BCC to be provided later this week, under which it is intended that the assets be sold to BCC by January 18th, 2016, following Court approval of a formal Asset Purchase Agreement on or before that date.

63. BCC will not seek any break fee.

64. BCC will seek an order that the Receiver be authorized to permit BCC to enter into possession of the assets under the terms of an interim Operating Agreement until Court approval of a formal Asset Purchase Agreement.

SWORN BEFORE ME at the City of)
Vancouver in the Province of British)
Columbia, on 30/Nov/2015)
)
)

A Commissioner for taking Affidavits
in British Columbia



FRED JOHNSTON

JOHN DOUGLAS SHIELDS
SHIELDS HARNEY
Barrister and Solicitor
1177 WEST HASTINGS STREET
SUITE 490
VANCOUVER, B.C. V6E 2K3
TEL: (604) 891-1338

**mccarthy
tétrault**

This is Exhibit " A " referred to in
the affidavit of Fred Johnston
sworn before me at the City of Vancouver
this 30 day of Nov 20 15

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

McCarthy Tétrault LLP
Suite 1300 - 777 Dunsmuir Street
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Canada
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Scott Griffin*
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*Law Corporation

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Email: mpender@mccarthy.ca

June 9, 2015

Lawson Lundell LLP
Barristers and Solicitors
925 West Georgia Street
Vancouver BC

Attention: Bonita Lewis-Hand

Burns Fitzpatrick Rogers Schwartz & Turner
LLP
Barristers and Solicitors
1400-510 Burrard Street
Vancouver BC

Attention: Dennis Fitzpatrick

Dear Sirs/Mesdames:

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

**Operating Agreement between G Powroznik Group Inc. and Baldy Operating
Corporation dated December 19, 2014 (the "Operating Agreement")**

We have Ms. Lewis-Hand's letter of May 26, 2015.

Ms. Lewis-Hand's letter was sent in response to our letter of May 14, 2015. Our letter asserted, among other things, that

1. there was no legal basis for the position asserted in Ms. Lewis-Hand's letter of May 7, 2015 that the December Agreement was no longer in force by reason of the purchase agreement not closing by April 30, 2015; and
2. Ms. Lewis-Hand's client StarkCo is subject to a continuing obligation to negotiate in good faith an asset purchase agreement with our client, being an express obligation of the December 2014 Agreement of the parties.

In her May 26, 2015 letter, Ms. Lewis-Hand says that her letter "will provide the facts".

There are a number of troubling positions taken in Ms. Lewis-Hand's letter. There are also multiple references by Ms. Lewis-Hand that alleged conduct attributed to our client will not be "viewed favourably by a court".

Our clients are confident that the Court, or any reasonable observer, will find that our clients have acted reasonably and in good faith throughout.

All of the issues raised in Ms. Lewis-Hand's 7 page letter will be address in due course, as necessary, but at this time we note the following six points.

1. The Purported Termination of the December Agreement

Our letter of May 14, 2015 pointed out that Ms. Lewis-Hand's letter of May 7, 2015, which took the position that the December Agreement "had expired according to its terms" and that it was a term of that agreement that Baldy Capital complete the purchase of the Assets "by 5 p.m. April 30, 2015" such that "StarkCo and the Receiver are a liberty to market and sell the Assets to other interested parties" was incorrect, as the December Agreement in fact contains no term that the completion of sale occur by April 30, 2015.

In response, Ms. Lewis-Hand's May 26, 2015 letter now states the following:

You suggest in your letter that the December Agreement does not contain a term requiring a completion of the sale by April 30, 2015. This is not correct. The parties agreed to a closing of April 30, 2015. This was disclosed in the November 3, 2014 report of to the court. It is also confirmed in paragraph 5 (b) of the December Agreement which reads:

"For the purposes of this agreement, it will be a default ("Default") if:

(b) the Purchase (sic) fails to complete the purchase of the Assets for any reason within its control by April 30, 2015; " (emphasis added)

We enclose our client's copy of the December Agreement, which contains paragraph 5 (b), which states:

"For the purposes of this agreement, it will be a default ("Default") if:

(b) the Purchaser fails to complete the purchase of the Assets for any reason within its control by May 15th, 2015"

Our client's understanding is that there is only one signed version of the December Agreement and that is the one they have been relying on.

Please provide us with a signed version of the December Agreement that contains the language that you have quoted in your letter.

2. The Clear Terms of the Agreements

The terms of the December Agreement and the Operating Agreement clearly set out that secured financing by way of receiver's certificates are the source of operational costs, and the operations are paid by the Receiver.

The December Agreement is clear that our client's obligation was to provide or cause to be provided financing that would be secured through receiver certificates, which financing would rank in priority to your client's debt. Our client caused \$400,000 in such financing to be advanced, with security in the form of receiver's certificates, and made available a further \$100,000, which your client or the Receiver refused to accept.

Section 2 of the December Agreement also provided that "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".

Ms. Lewis-Hand's extended reference to commentary in Receiver's reports which our client is not a party to and which predate the December Agreement to the effect that our client was "to fund receivership costs", does not change this fundamental fact, and blurs the distinction between secured financing and the obligation of the receiver to pay operational costs.

The Operating Agreement is also clear, and provides the following:

1. Operating will construct the Works and perform the Services *on behalf of the Receiver* [Whereas F];
2. Operating will pay all obligations and liabilities with respect to the Work and Services [S 9]
3. Operating will submit invoices to the Receiver for payment of expenses in accordance with the Approved Budget [S.4]; and
4. Upon receipt of an invoice from Operating consistent with the Approved Budget, the Receiver shall within 3 business days remit payment less any Resort Receipts [S. 5].

Mr. Fitzpatrick's recent letter makes various references which do not draw a distinction between Baldy Operating and Baldy Capital (eg "it is clear that the operations were to be on your client's account..."). Any suggestion that our clients operated the resort on their own account as opposed to "on behalf of the Receiver" (as is clearly stated) or that the Receiver is not obligated to pay our client's invoice within 3 days (as is clearly stated) is simply not supported by the written agreements.

Operating has provided an invoice to the Receiver on May 27, 2015 in the amount of \$65,032.34, which has not yet been paid, contrary to the terms of the Operating Agreement.

With respect to "equity", we are also advised that the discussion about additional equity was only in event of a cash deficit. There was in fact no cash deficit to the end of April. The operation of the hill under our client's management was under budget, while the Receiver's costs were over budget.

In short, the written agreements are clear on the respective rights and obligations of the parties in respect of the payment of operating costs.

3. The Use of Without Prejudice Communications

On page 4 of Ms. Lewis-Hand's letter where she sets out her client's position on the parties' respective legal rights and obligations, she refers to and quotes from a May 17, 2015 email from our client to Mr. Stark. Our copy of this email states that it is "private, confidential and without prejudice".

We ask Ms. Lewis-Hand to please confirm the following:

- A: Did the email from which she quotes in her letter contain the statement that it was "private, confidential and without prejudice"?

B: If so, on what basis did Ms. Lewis-Hand use the contents of the without prejudice email in her May 26, 2015 letter?

4. The Budget and Delay

It is clear from the agreements that the budget for the operations is an important matter.

Ms. Lewis-Hand's letter refers to delays in entering into agreements. We are advised that the delay in entering into an agreement for funding was entirely due to the delay in getting the Receiver to identify and quantify his anticipated costs in the form of a definitive budget, as our client refused to enter into a final agreement without these costs being defined and agreed. Hence, it was referred as the "approved budget". However, after that agreement, our client adhered to the budget but we are advised that the Receiver did not.

5. The \$100,000 Financing- It's Important Except When it's Not

Ms. Lewis-Hand's letter advances an inconsistent position with respect to the \$100,000 in financing made available by our client. After making an issue of the lack of the \$100,000 as a basis of default, when it was made available, it is now said that "such funds were not needed".

This is evidence of positions being changed at any given time simply for convenience.

Our client arranged for the initial \$400,000 in financing so that the ski hill could be opened and we are informed that the Receiver agreed that this was preferable to delaying the start until the full \$500,000 was arranged. Later, our client suggested that the balance of \$100,000 might not, in fact, be necessary and suggested delaying the advance so as to be a good steward of StarkCo's resources, which would be postponed to the financing.

When our client did make that available, it was met with the position that it was unnecessary.

This is just one example of changing positions through the history of the matter.


6. The Continuing Obligation to Negotiate in Good Faith

Our client continues to look to StarkCo to discharge its obligations to negotiate the purchase agreement in good faith.

Our clients also reserve all rights and remedies.

Yours truly,

McCarthy Tétrault LLP


Scott Griffin*

TERRA LAW

Terra Law Corporation
Suite 2800 – 650 West Georgia Street, PO Box 11506
Vancouver, British Columbia, Canada V6B 4N7

Tel: 604.628.2800
Fax: 604.628.8999
www.terralawcorp.ca

Reply to: Russell Benson
Direct: 604.628.8991
Email: rbenson@terralawcorp.ca

June 22, 2015

VIA EMAIL

Lawson Lundell LLP
1600 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2

Attention: Bonita Lewis-Hand

Dear Sirs/Mesdames:

Re: Mount Baldy Ski Resort

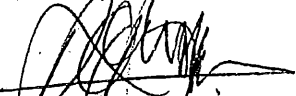
Thank you for sending us a copy of your letter of June 19th, 2015 to Mr. Griffin.

As conveyed to you by way of telephone conversation on May 27th, 2015, following your letter of that same day, our client agrees that it is in the best interest of both our client and your client to complete the negotiation of an Asset Purchase Agreement which is consistent with and honours the terms and conditions agreed to in the Amended Memorandum of Understanding dated December 18th, 2014 (the "December Agreement") and the Operating Agreement dated December 19th, 2014 as quickly as possible.

In that regard, our client forwarded to you a preliminary draft Asset Purchase Agreement on March 4th, 2015 and at your request, we forwarded to you a revised draft Asset Purchase Agreement on May 5th, 2015 which we believe accurately documents the terms and conditions contained in the "December Agreement". We now look forward to your response with any specific amendments which you believe need to be addressed, so that a mutually acceptable outcome can be reached very quickly. If all matters are satisfactorily resolved between the parties, our client is generally agreeable to including a term in the Asset Purchase Agreement which provides for a mutual release as you have proposed.

Yours truly,

TERRA LAW CORPORATION



Russell G. Benson*
*Law Corporation

RGB/me

- cc: McCarthy Tétrault LLP
Attention: Scott Griffin
- cc: Baldy Capital Corporation
Attention: Fred Johnston, Dave Howard and Ed Romanowski
- cc: Burns Fitzpatrick Rogers Schwartz & Turner LLP
Attention: Dennis Fitzpatrick

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This is Exhibit " B " referred to in
the affidavit of Fred Johnston
sworn before me at the City of Vancouver
this 30 day of Nov 20 15

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

TERRA LAW™

Terra Law Corporation
Suite 2800 – 650 West Georgia Street, PO Box 11506
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Reply to: Russell Benson
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Fax: 604.628.8999
www.terralawcorp.ca

July 9, 2015

VIA EMAIL

Lawson Lundell LLP
1600 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2

Attention: Bonita Lewis-Hand

Dear Sirs/Mesdames:

Re: Mount Baldy Ski Resort

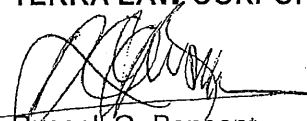
On June 22, 2015, we sent you the enclosed letter.

The passage of time is seriously compromising the ability of our client to operate for the upcoming season, and the date by which an APA must be finalized to permit those operations is fast approaching. As previously noted, the failure to agree to an APA in time to permit operations this year would necessarily have the effect of diminishing the value of the assets under the proposed APA and thus the price.

Could you please respond to our client's position on the APA as soon as possible and in any event by July 13.

Yours truly,

TERRA LAW CORPORATION


Russell G. Benson*
*Law Corporation

RGB/me

Enclosure(s)

- cc: McCarthy Tétrault LLP
Attention: Scott Griffin
- cc: Baldy Capital Corporation
Attention: Fred Johnston, Dave Howard and Ed Romanowski
- cc: Burns Fitzpatrick Rogers Schwartz & Turner LLP
Attention: Dennis Fitzpatrick

Baldy Operating Corporation

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

Invoice

Date	Invoice #
2015-05-27	2

Invoice To
G Powroznik Group Inc. Suite 780 333 Seymour Street Vancouver, BC V6B 5A6

This is Exhibit " C " referred to in
the affidavit of Fred Johnston
sworn before me at the City of Vancouver
this 30 day of Nov 2015

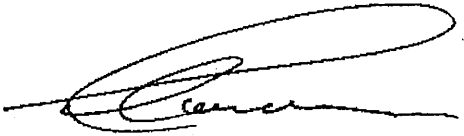
A Commissioner for taking Affidavits
in and for the Province of British Columbia

Description	Amount
Operating Agreement re: Mt. Baldy Ski Resort for the season ended 2015/Apr/30	
Disbursements	425,119.22
Less Initial "Operating Float" Received	-203,000.00
Less Receipts from Operation	-157,086.88
Sales Tax Summary	
Total Tax	0.00
Total	
	\$65,032.34

November 13, 2015

To whom it may concern:

This letter is to confirm that Connors Financial Ltd. and Can Am Equities have been engaged in active discussions with Baldy Capital Corporation since May 11th, 2015 for an amount in the low to mid 8 figures, to provide funding for the development of Mt. Baldy Ski Resort. As part of our due diligence we require a signed Asset Purchase Agreement to confirm the final terms agreed to by Baldy Capital Corporation by Friday October 30th. With no signed Asset Purchase Agreement to review we withdrew our offer to consider funding. However, if an unconditional Asset Purchase Agreement can be confirmed before the end of this month, we are willing to re-consider the funding referred to. Although our initial review of this project meets our basic investment criteria, this is not and should not be construed as an unconditional confirmation of funding, which can only be provided upon completion of our due diligence and board approval. Please contact me directly should you have any questions.



Corbett Connors
President
Connors Financial Ltd.

This is Exhibit " D " referred to in
the affidavit of Fred Johnston
sworn before me at the City of Vancouver
this 30 day of Nov 2015

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



9

November 18, 2015

To whom it may concern,

Veristone has been in discussions with Fred Johnston of Baldy Capital Corporation regarding possible bridge financing for the acquisition of Mt. Baldy Ski Resort. We have approved and advanced similar financing to a U.S. based company of Mr. Johnston's in recent years and are receptive to considering this most recent request from Mr. Johnston.

We are comfortable with Mr. Johnston's past performance, however confirmation of funding for Mt. Baldy can only be considered upon completion of a signed purchase agreement and our internal review with respect to the terms of any such purchase agreement.

Should you have any questions in regards to this pre-approval letter please feel free to get in touch.

Demetry Vyzis
Principal & Managing Director
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