



This is the 1st affidavit  
of Dennis Van Den Hooff in this case  
and was made on May 31, 2018

NO. S-186288  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.  
CANADIAN WESTERN BANK  
NATIONAL LEASING GROUP INC.  
ROYNAT INC.  
ICE CUBE LEASING LTD.

RESPONDENTS

AFFIDAVIT

I, Dennis Van Den Hooff, Director of the City of Richmond, in the Province of British Columbia, MAKE OATH AND SAY AS FOLLOWS:

I. INTRODUCTION

1. I am a Director of Realcor Mortgage Corp. ("**Realcor**") and am authorized to swear this Affidavit on behalf of Realcor. As such I have a personal knowledge of the facts and matters herein deposed to except where stated to be based on information and belief and where so stated I do verily believe the same to be true.
2. This Affidavit is made in support of an application by Realcor for an Order (the "**Receivership Order**") pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3 as amended (the "**BIA**"), Section 39 of the *Law and Equity Act*

RSBC 1996 c. 253, appointing G. Powroznik Group Inc. (“**G-Force**”) as Receiver and Manager over all of the assets, properties and undertakings of Morningstar Golf Club Ltd. (“**Morningstar**”).

## II. BACKGROUND

3. Realcor is a body corporate incorporated pursuant to the laws of British Columbia, which acts as bare trustee holding a mortgage on behalf of the Trustees of the Operating Engineers’ Pension Plan (“**OEPP**”).
4. Morningstar is a body corporate incorporated pursuant to the laws of British Columbia and owns and operates a golf course located outside of Parksville, British Columbia (the “**Golf Course**”). Morningstar is one of a group of companies affiliated with Canada North Group Inc., (the “**McCracken Group of Companies**”) which companies have recently been through a restructuring proceeding under the *Companies Creditors Arrangement Act* (“**CCAA**”), filed at the Court of Queen’s Bench of Alberta in Edmonton. Paul McCracken and his wife, Shayne McCracken, are, or were until recently, the directors of Morningstar and many of the corporations within the McCracken Group of Companies. Attached and marked as Exhibit “**A**” to this affidavit is a true copy of a search from the BC Corporate Registry with respect to Morningstar.
5. The Golf Course is a 18-hole course designed by Les Furber and completed in 1991. It is located 40 kilometers north of Nanaimo, on the outskirts of Parksville. There are currently approximately 98 members and 9 employees, 5 of which are part-time.

## III. LOANS AND GRANTING OF SECURITY

6. In or about April of 2010, Morningstar and Realcor entered into an agreement whereby Realcor agreed to loan monies to Morningstar initially in the amount of \$3,300,000, which agreement was amended and extended on May 1, 2015. Attached hereto and marked as **Exhibit “B”** to this my Affidavit is a true copy of the Extension and Modification of Mortgage Agreement (the “**Mortgage**”).

7. As security for payment of amounts owing under the Mortgage, Morningstar granted to Realcor a charge and mortgage on lands owned by Morningstar and legally described as:

Parcel Identifier 014-884-275  
Lot A District Lots 29, 81, 83  
and 126 Nanoose District Plan 49145  
Except Parts in Plans VIP51714, VIP52613, VIP76030 and VIP76051

**(“the Lands”).**

Attached hereto and marked as **Exhibit “C”** to this my Affidavit is a true copy of the Mortgage.

8. The Mortgage was registered at the Victoria Land Titles Office under registration number CA1545577 and modified under registration number CA4484571. Attached hereto and marked as Exhibit **“D”** to this affidavit is a true copy of a recent land title search with respect to the Lands.
9. As additional security for payment of amounts owing under the Mortgage, Morningstar granted to Realcor a General Security Agreement dated April 30, 2010 (the **“GSA”**). The GSA was registered at the Personal Property Registry for the Province of British Columbia on May 14, 2018 under base registration 757556K. Attached hereto and marked as **Exhibit “E”** is a true copy of the GSA and attached and marked as Exhibit **“F”** is a true copy of the Personal Property Registry Search Report dated May 28, 2018.
10. Pursuant to the terms of the Mortgage and GSA, Morningstar agreed to make certain payments to Realcor, to keep current with its municipal property tax obligations, to insure the Golf Course, and other covenants, including cross default provisions by the covenantors, Paul McCracken and 816956 Alberta Ltd. Morningstar has committed numerous defaults under the terms of the Mortgage and GSA, including failing to make payments to Realcor when due.
11. The amount due and owing to Realcor as of May 29, 2018 is **\$1,648,593.99** (the **“Indebtedness”**) which amount includes the principal amount of \$1,547,891.41, plus accrued interest at \$243.56 per diem after July 21, 2017. There will also be legal and

other fees due and owing under the terms of the Mortgage and GSA as a result of the default.

#### IV. CCAA STAY OF PROCEEDINGS

12. On July 7, 2017, certain of the McCracken Group of Companies, including Canada North Group Inc., obtained an initial order under the CCAA (the “**Initial Order**”). Although Morningstar was not an applicant corporation under the Initial Order, the stay of proceedings as set out in section 13 and Schedule A of the Initial Order included Morningstar, Paul McCracken and Shayne McCracken personally, and many of their related corporations (the “**Third Party Stay**”). Attached and marked as Exhibit “**G**” to this affidavit is a true copy of the Initial Order.
13. On August 3, 2017, our counsel sent a notice of default and demand for repayment of the Indebtedness. At the time, we were unaware of the fact that the Third Party Stay continued to apply to Morningstar. A true copy of the demand letter is attached and marked as Exhibit “**H**” to this affidavit.
14. The stay of proceedings under the Initial Order has been extended several times, and is now set to expire in July of 2018. In April of 2018, the Court approved the sale of a substantial portion of the assets in the McCracken Group of Companies, and Paul McCracken and Shayne McCracken both filed a personal proposal to their creditors under the *Bankruptcy and Insolvency Act* (the “**McCracken Proposal**”). Subsequent to the approval of the McCracken Proposal, our counsel received an email from the McCrackens’ counsel advising that the golf course had no money with which to continue operations, and that as a result, the course would be closing within days, and Paul and Shayne McCracken were resigning as directors of Morningstar. A true copy of the email from the McCrackens’ counsel is attached and marked as Exhibit “**I**” to this affidavit.
15. On May 18, 2018, our counsel sent to Morningstar a Notice of Intention to Enforce Security under section 244 of the *BIA* (the “**244 Notice**”). A true copy of the 244 Notice

is attached as Exhibit “J” to this affidavit, and service of the 244 Notice was accepted by Morningstar’s corporate counsel.

16. Following delivery of the 244 Notice, our counsel contacted counsel for the Canadian Western Bank (“CWB”) who holds a second mortgage position on the Lands, and also holds a GSA as collateral security for guarantee obligations relating to the McCracken Group of Companies. During the course of that conversation, our counsel was advised that the stay of proceedings in the Initial Order was still extant with respect to Morningstar.
17. Our counsel has contacted counsel for Ernst and Young Inc., the Monitor in the CCAA Proceedings. I am advised that as a result of the order of Mr. Justice Nielsen dated April 20, 2018, the Monitor has enhanced powers, including the power to consent to the lifting of the Third Party Stay. On May 31, 2018, our counsel will present to Mr. Justice Nielsen of the Court of Queen’s Bench of Alberta a consent order lifting the stay of proceedings as it applies to Morningstar (the “**Stay Lifting Order**”). Our counsel advises that a filed copy of the Stay Lifting Order should be available at the hearing of the Receivership Application on June 1, 2018.

## **V. THE CURRENT STATE OF MORNINGSTAR**

18. Realcor has made investigations and engaged G. Powroznik Group Inc. (“G-Force”) to attend at the Golf Course and investigate the current situation, which is becoming increasingly urgent. G-Force advises that based on its investigations, it has determined that in early May of 2018, 6 employees were laid-off and a small number of employees have agreed to stay and work at the Golf Course on a temporary basis until a Receiver can be appointed to stabilize operations. I am also advised by G-Force and believe that the irrigation system is in disrepair and requires significant upgrades and repair, and as a result, certain greens are being watered by hand and fairways and greens will brown quickly with the approach of summer. Also, the course, generally, will deteriorate as there are insufficient funds to sand, seed and fertilize the greens and repair grounds maintenance equipment. I understand that Morningstar has received annual dues from its members totalling approximately \$200,000 for playing privileges for the current year,

but certain of these funds have been used by the McCrackens for other purposes and are not available to fund current operations. There is a large hydro bill which is overdue and we are advised that BC Hydro has threatened to cut off electrical services to the golf course if the account remains unpaid on May 31, 2018. Based on a property tax search conducted by our legal counsel, property taxes from 2017 in the amount of \$33,524.19, including penalty and interest, remain unpaid and 2018 property taxes of \$25,693.03 come due in July, 2018 and Morningstar has no means to pay either amount. The insurance on the Golf Course is due to expire, and there are no funds available to make the renewal payment. Overall there are accounts payable of approximately \$327,000 as at May 5, 2018, of which \$300,000 are over 90 days old and negatively affecting the business from obtaining goods and services. Without any directors or any source of ongoing funding, Morningstar is a rudderless ship, and cannot continue to operate.

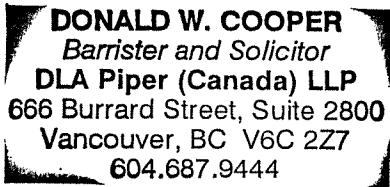
19. Based on its knowledge of the Golf Course and its operations, and with the advice of its advisors, including G-Force, Realcor believes that the value of the property can be maximized by continuing operations at the Golf Course, during which a sales process can be run to sell the Lands and the Golf Course as a going concern. There is an adjacent 22 acre parcel of property (“**Lot G**”) owned by Lot G Holdings Inc., which is a bare trustee and nominee for OEPP, and could potentially be marketed along with the Receivership property in order to increase the overall marketability of the assets.
20. As a result of estimated ongoing operations costs, and urgent payment requirements, G-Force has advised that during the course of the Receivership, the Receiver may need access to funding initially estimated at up to \$500,000.00, to be funded through the use of Receiver’s Certificates.

**VI. RECEIVER**

- 21. Through its recent role as an advisor to Realcor, G-Force is familiar with the operations and assets of Morningstar. In all of the circumstances I do verily believe that the appointment of a Receiver over the undertakings, property and assets of Morningstar is necessary and proper to protect the interests of Realcor and other creditors and to preserve and maximize the value of the Morningstar business and to realize upon the Mortgage and GSA and other security held by Realcor and the other creditors.
- 22. I am advised by G-Force that it has recent experience in successfully stabilizing and marketing a distressed golf course operation. I do verily believe that G-Force is qualified and has consented to its appointment as Receiver of Morningstar if so ordered by this Court. Attached hereto and marked as **Exhibit "K"** to this Affidavit is a true copy of the Consent to Act as Receiver executed by an authorized signatory of G-Force.
- 23. I make this Affidavit in support of an Application to appoint G-Force as Receiver of the undertakings, property and assets of Morningstar.

SWORN BEFORE ME at the City of )  
Vancouver, in the Province of British )  
 Columbia, this 31 day of May, 2018 )  
 \_\_\_\_\_ )  
 A Commissioner for Oaths in the Province of )  
 British Columbia )

  
 \_\_\_\_\_  
**DENNIS VAN DEN HOOFF**



This is **Exhibit "A"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....*[Signature]*.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia





BC Registry  
Services

Mailing Address:  
PO Box 9431 Stn Prov Govt  
Victoria BC V8W 9V3  
www.corporateonline.gov.bc.ca

Location:  
2nd Floor - 940 Blanshard Street  
Victoria BC  
1 877 526-1526

## BC Company Summary

For  
**MORNINGSTAR GOLF CLUB LTD.**

Date and Time of Search: May 23, 2018 11:22 AM Pacific Time  
Currency Date: April 17, 2018

### ACTIVE

Incorporation Number: BC0789885  
Name of Company: MORNINGSTAR GOLF CLUB LTD.  
Recognition Date and Time: Incorporated on May 01, 2007 03:45 PM Pacific Time In Liquidation: No  
Last Annual Report Filed: May 01, 2017 Receiver: No

### COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
SPALLUMCHEEN GOLF & COUNTRY CLUB LTD.	April 07, 2008

### REGISTERED OFFICE INFORMATION

Mailing Address:	Delivery Address:
20TH FLOOR, 250 HOWE STREET VANCOUVER BC V6C 3R8 CANADA	20TH FLOOR, 250 HOWE STREET VANCOUVER BC V6C 3R8 CANADA

### RECORDS OFFICE INFORMATION

Mailing Address:	Delivery Address:
20TH FLOOR, 250 HOWE STREET VANCOUVER BC V6C 3R8 CANADA	20TH FLOOR, 250 HOWE STREET VANCOUVER BC V6C 3R8 CANADA

### DIRECTOR INFORMATION

No director information to display.

### OFFICER INFORMATION AS AT May 01, 2017

**Last Name, First Name, Middle Name:**

McCracken, Paul William

**Office(s) Held:** (Secretary)**Mailing Address:**14238 - 134 AVENUE  
EDMONTON AB T5L 5V8  
CANADA**Delivery Address:**14238 - 134 AVENUE  
EDMONTON AB T5L 5V8  
CANADA

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**Last Name, First Name, Middle Name:**

McCracken, Shayne Lewis Dion

**Office(s) Held:** (President)**Mailing Address:**14238 - 134 AVENUE  
EDMONTON AB T5L 5V8  
CANADA**Delivery Address:**14238 - 134 AVENUE  
EDMONTON AB T5L 5V8  
CANADA

This is **Exhibit "B"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....[Signature].....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

**EXTENSION AND MODIFICATION OF MORTGAGE AGREEMENT**

Dated as of May 1, 2015

AMONG:

**REALCOR MORTGAGE CORP.**

(the "Mortgagee")

AND

**MORNINGSTAR GOLF CLUB LTD.**

(the "Mortgagor")

AND

**816956 ALBERTA LTD. and PAUL McCracken**

(collectively the "Covenantors")

**BACKGROUND**

A. By a mortgage (the "Mortgage") registered in the Victoria Land Title Office on April 30, 2010 under Number CA1545577 against title to the following lands and premises:

Parcel Identifier 014-884-275

Lot A District Lots 29, 81, 83 and 126 Nanoose District Plan 49145 Except Parts in Plans VIP51714, VIP52613, VIP76030 and VIP76051

(the "Lands")

the Mortgagor secured payment in favour of the Mortgagee of a loan in the principal amount of \$3,300,000.

B. The Covenantors executed the Mortgage as covenantors to guarantee the performance of the obligations of the Mortgagor under the Mortgage.

C. The Mortgage came due and payable in full on April 30, 2015, at which time the principal balance outstanding was \$2,956,394.11 (the "Remaining Principal Balance").

D. The parties have agreed to modify the Mortgage and extend the Mortgage term as provided herein.

**AGREEMENTS**

For good and valuable consideration, the receipt and sufficiency of which is acknowledged by all of the parties hereto, the parties agree as follows:

- 2 -

**1. Modification and Extension of Mortgage**

The Mortgagor and the Covenantors will execute and deliver to the Mortgagee in registrable form for registration against the Lands the Modification and Extension of Mortgage Agreement in the form attached as Schedule "A" hereto to provide, inter alia, for the amendment of the principal amount to the Remaining Principal Balance, the replacement of the monthly payments stipulated under the Mortgage with weekly payments of principal and interest of \$15,872.90 each under the payment schedule attached to the Modification and Extension of Mortgage Agreement and to extend the term of the Mortgage for approximately four years to April 19, 2019.

**2. Promissory Note**

The Mortgagor will execute and deliver to the Mortgagee the promissory note in the form attached as Schedule "B" hereto.

**3. Financial Statements**

- (a) The Mortgagor will provide financial statements, including a list of equipment and estimated values of same, to the Mortgagee within 90 days following the end of its fiscal year on November 30 in each year of the extended term of the Mortgage.
- (b) The Covenantors will provide to the Mortgagee financial statements and net worth statements, as applicable, including a list of assets and properties or interests therein owned by each, by June 15, 2015, as a condition of the extension of the Mortgage term. The Covenantors will promptly provide updated financial statements and updated net worth statements, as applicable, annually thereafter, if requested in writing to do so by the Mortgagee.

**4. Catch up Payments**

The Mortgagor will pay the first seven instalment payments to the Mortgagee by June 15, 2015.

**5. Legal Fees**

The Mortgagor will pay to DLA Piper (Canada) LLP as solicitors for the Mortgagee by June 15, 2015 on account of legal fees the sum of \$5040, representing legal fees of \$4500 plus GST (5%) and PST (7%) for a total of \$5040.00.

**6. Cross Default**

Any default by the Mortgagor or the Covenantors under the terms of this Agreement will be deemed to be a default by the Mortgagor under the Mortgage, as modified and extended under the Modification and Extension of Mortgage Agreement.

**7. Approval and Affirmation by Covenantors**

By signing this Agreement the Covenantors each approve the terms of this Agreement and the Modification and Extension of Mortgage Agreement and the Promissory Note and affirm their respective continuing obligations as covenantors under the Mortgage, as modified by the

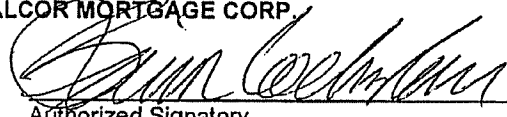
Modification and Extension of Mortgage Agreement, to guarantee the performance of the Mortgagor thereunder.

**8. Counterparts and Delivery by Electronic Means**

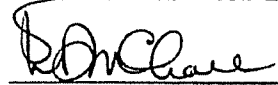
This Agreement may be executed originally or delivered by facsimile or electronic transmission and in any number of counterparts, and each executed counterpart will be considered an original. All executed counterparts taken together will constitute this Agreement.

Executed and delivered by the parties on June 11, 2015 but effective as and from May 1, 2015.

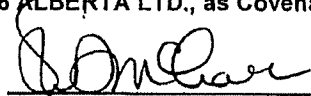
**REALCOR MORTGAGE CORP.**

Per:   
Authorized Signatory

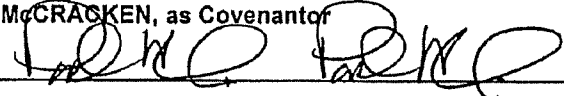
**MORNINGSTAR GOLF CLUB LTD.**

Per:   
Authorized Signatory

**816956 ALBERTA LTD., as Covenantor**

Per:   
Authorized Signatory

**PAUL McCracken, as Covenantor**



The signature of Paul McCracken was witnessed by:

Print Name: HEATHER A. BARNHOUSE  
BARRISTER & SOLICITOR

Address of witness: 2900, 10180-101 ST  
Edmonton, Alberta T5T3V5

Signature of Witness: Heather Barnhouse

**SCHEDULE A**

FORM C v19 (Change)

**LAND TITLE ACT  
FORM C (Section 233) CHARGE  
GENERAL INSTRUMENT - PART 1** Province of British Columbia

PAGE 1 OF 9 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.



1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)  
**Donald Cooper, DLA PIPER (Canada) LLP**  
 Barristers & Solicitors  
 2800 - 666 Burrard Street  
 Vancouver BC V6C 2Z7  
 Tel: 604.687.9444  
 LTO Client No. 10371 File Ref. DC/kgf  
 (85532-00002)  
 Debit L.T.S.A. Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:  
 [PID] [LEGAL DESCRIPTION]  
**014-884-275 LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145, EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP76051**  
 STC? YES

3. NATURE OF INTEREST CHARGE NO. ADDITIONAL INFORMATION  
**Modification CA1545577 Modification of Mortgage**

4. TERMS: Part 2 of this instrument consists of (select one only)  
 (a)  Filled Standard Charge Terms D.F. No.  
 (b)  Express Charge Terms Annexed as Part 2  
 A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):  
**MORNINGSTAR GOLF CLUB LTD., INC. NO. BC0789885**

6. TRANSFEREE(S): (including postal address(es) and postal code(s))  
**REALCOR MORTGAGE CORP.**  
 4333 LEDGER AVENUE  
 BURNABY BRITISH COLUMBIA CANADA  
 V5G 3T3  
 Incorporation No BC0282435

7. ADDITIONAL OR MODIFIED TERMS:  
**N/A**

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)  
 \_\_\_\_\_

Execution Date		
Y	M	D
15		

Transferor(s) Signature(s)  
**MORNINGSTAR GOLF CLUB LTD.**  
 by its authorized signatory:  
 \_\_\_\_\_  
 Shayne LD McCracken

OFFICER CERTIFICATION:  
 Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.



FORM\_01\_V18

LAND TITLE ACT  
FORM D  
EXECUTIONS CONTINUED

PAGE 2 of 9 pages

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

\_\_\_\_\_

Y	M	D
15		
15		
15		

816956 ALBERTA LTD., as covenantor,  
by its authorized signatory:

\_\_\_\_\_  
Shayne LD McCracken

\_\_\_\_\_

\_\_\_\_\_  
PAUL MCCRACKEN, as covenantor

\_\_\_\_\_

REALCOR MORTGAGE CORP., by its  
authorized signatory(ies):

\_\_\_\_\_  
Print Name:

\_\_\_\_\_  
Print Name:

**OFFICER CERTIFICATION:**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

## TERMS OF INSTRUMENT - PART 2

### MODIFICATION AGREEMENT

In accordance with section 233 of the *Land Title Act* the following Terms and the Part 1 to which they are attached form a single instrument,

#### ARTICLE 1

##### DEFINITIONS AND INTERPRETATION

**1.1 Defined Terms.** In these Terms:

- (a) "Lands" means the lands described in Item 2 of Part 1;
- (b) "Modification Agreement" means Part 1 and these Terms together;
- (c) "Mortgagee" means the Person named as Transferee in Item 6 of Part 1;
- (d) "Mortgagor" means the Person named as Transferor in Item 5 of Part 1;
- (e) "Mortgage" means that certain mortgage of the Lands granted by the Mortgagor to the Mortgagee in the principal sum of \$2,698,500.00 and registered in the Vancouver Land Title Office under No. CA4371468;
- (f) "Part 1" means the General Instrument - Part 1 (*Land Title Act* Form C) to which these Terms are attached as Part 2;
- (g) "Parties" means the Mortgagor and the Mortgagee, and their respective successors and assigns and "Party" means either one of the Parties;
- (h) "Person" means an individual, a corporation, a society, a partnership, a government or any government department or agency, a trustee, any unincorporated organization, and includes the heirs and legal representatives of an individual;
- (i) "Terms" means these Terms of Instrument - Part 2, as they may be amended from time to time.

**1.2 Interpretation Not Affected.** In this Modification Agreement, using separate Articles, and inserting headings are for convenient reference only and will not affect how this Modification Agreement is interpreted.

**1.3 Governing Law and Jurisdiction.** This Modification Agreement will be governed by and construed in accordance with British Columbia law and applicable Canadian law and will be treated in all respects as a British Columbia contract.

**1.4 Gender and Number.** Words in one gender include all genders, and words in the singular include the plural and vice versa.

**1.5 Joint Obligations.** If more than one person constitutes the Mortgagor the agreements of and all obligations and covenants to be performed and observed by, the Mortgagor under this Modification Agreement will be the joint and several obligations and covenants of each of the persons comprising the Mortgagor.

1.6 **Successors and Assigns.** Any reference in this Modification Agreement to a Person, whether a party to this Modification Agreement or otherwise, will include the Person's heirs, executors, administrators, successors and assigns.

1.7 **Agreements.** The Parties agree that any term of this Modification Agreement is, and will be considered to be, an agreement between the Parties.

## ARTICLE 2

### MODIFICATION

2.1 **Modification.** The parties agree that for good and valuable consideration, the receipt of which each party hereby acknowledges, that the Mortgage is amended and modified as follows:

- (a) The amount of "\$3,300,000.00" in section 5(a) Principal Amount is deleted and replaced with "2,956,394.11".
- (b) The payment frequency is increased from monthly payments of principal and interest in the amount of \$20,431.99 to weekly payments of principal and interest of \$15,873.00 and accordingly on the first page of the Mortgage - Part 1 the payment date of "1<sup>st</sup> day of each month" in section 5(e) Payment Date is deleted and replaced with "See Schedule", the amount of \$20,431.99 in section 5(g) Amount of each periodic payment is deleted and replaced with "\$15,873.00", the date "15 04 01" in section 5(i) Last Payment Date is deleted and replaced with "19 04 12" and the date "15 04 30" in section 5(l) Balance Due Date is deleted and replaced with "19 04 19".
- (c) The following is added to the Form E Schedule:  
 "5 (e) Payment Dates. The payment dates are weekly and more particularly described in Schedule A attached hereto.
- (d) Paragraph 46 on page 8 of the Mortgage is deleted in its entirety.

## ARTICLE 3

### GENERAL

3.1 **Covenantors.** By executing this Modification Agreement the Covenantors agree that for good and valuable consideration the receipt and sufficiency of which is acknowledged, they approve the terms of this Modification Agreement and affirm their respective obligations as Covenantors under the Mortgage as modified by this Modification Agreement.

3.2 **Binding Effect.** Whether or not this Modification Agreement is registered pursuant to the *Land Title Act* of British Columbia, the provisions of this Modification Agreement will be binding upon the Parties and the Mortgage will be amended accordingly and read and considered as if the provisions of this Modification Agreement were contained in the Mortgage and any reference to the Mortgage will be considered to be a reference to the Mortgage as modified by this Modification Agreement.

3.3 **Full Force.** Except as amended, all terms, provisions and conditions of the Mortgage will remain in full force and effect.

3.4 **Enurement.** This Modification Agreement binds and benefits each of the Parties including their respective successors and assigns.

Compound Period Weekly SCHEDULE A 06/02/2015 1:31 PM Page 1  
 Nominal Annual Rate 5.650%

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	04/30/2015	2,956,394.11	1		
2 Payment	05/01/2015	15,872.90	208	Weekly	#####

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	04/30/2015				2,956,394.11
1	05/01/2015	15,872.90	457.63	15,415.27	2,940,978.84
2	05/08/2015	15,872.90	3,195.49	12,677.41	2,928,301.43
3	05/15/2015	15,872.90	3,181.71	12,691.19	2,915,610.24
4	05/22/2015	15,872.90	3,167.92	12,704.98	2,902,905.26
5	05/29/2015	15,872.90	3,154.12	12,718.78	2,890,186.48
6	06/05/2015	15,872.90	3,140.30	12,732.60	2,877,453.88
7	06/12/2015	15,872.90	3,126.46	12,746.44	2,864,707.44
8	06/19/2015	15,872.90	3,112.61	12,760.29	2,851,947.15
9	06/26/2015	15,872.90	3,098.75	12,774.15	2,839,173.00
10	07/03/2015	15,872.90	3,084.87	12,788.03	2,826,384.97
11	07/10/2015	15,872.90	3,070.98	12,801.92	2,813,583.05
12	07/17/2015	15,872.90	3,057.07	12,815.83	2,800,767.22
13	07/24/2015	15,872.90	3,043.14	12,829.76	2,787,937.46
14	07/31/2015	15,872.90	3,029.20	12,843.70	2,775,093.76
15	08/07/2015	15,872.90	3,015.25	12,857.65	2,762,236.11
16	08/14/2015	15,872.90	3,001.28	12,871.62	2,749,364.49
17	08/21/2015	15,872.90	2,987.29	12,885.61	2,736,478.88
18	08/28/2015	15,872.90	2,973.29	12,899.61	2,723,579.27
19	09/04/2015	15,872.90	2,959.27	12,913.63	2,710,665.64
20	09/11/2015	15,872.90	2,945.24	12,927.66	2,697,737.98
21	09/18/2015	15,872.90	2,931.20	12,941.70	2,684,796.28
22	09/25/2015	15,872.90	2,917.13	12,955.77	2,671,840.51
23	10/02/2015	15,872.90	2,903.06	12,969.84	2,658,870.67
24	10/09/2015	15,872.90	2,888.97	12,983.93	2,645,886.74
25	10/16/2015	15,872.90	2,874.86	12,998.04	2,632,888.70
26	10/23/2015	15,872.90	2,860.73	13,012.17	2,619,876.53
27	10/30/2015	15,872.90	2,846.60	13,026.30	2,606,850.23
28	11/06/2015	15,872.90	2,832.44	13,040.46	2,593,809.77
29	11/13/2015	15,872.90	2,818.27	13,054.63	2,580,755.14
30	11/20/2015	15,872.90	2,804.09	13,068.81	2,567,686.33
31	11/27/2015	15,872.90	2,789.89	13,083.01	2,554,603.32
32	12/04/2015	15,872.90	2,775.67	13,097.23	2,541,506.09
33	12/11/2015	15,872.90	2,761.44	13,111.46	2,528,394.63

34 12/18/2015	15,872.90	2,747.20	11,125.70	2,415,268.90
35 12/25/2015	15,872.90	2,732.94	13,139.96	2,502,128.97
2015 Totals	555,551.50	101,286.36	454,265.14	

36 01/01/2016	15,872.90	2,718.66	13,154.24	2,488,974.73
37 01/08/2016	15,872.90	2,704.37	13,168.53	2,475,806.20
38 01/15/2016	15,872.90	2,690.06	13,182.84	2,462,623.36
39 01/22/2016	15,872.90	2,675.73	13,197.17	2,449,426.19
40 01/29/2016	15,872.90	2,661.40	13,211.50	2,436,214.69
41 02/05/2016	15,872.90	2,647.04	13,225.86	2,422,988.83
42 02/12/2016	15,872.90	2,632.67	13,240.23	2,409,748.60
43 02/19/2016	15,872.90	2,618.28	13,254.62	2,396,493.98
44 02/26/2016	15,872.90	2,603.88	13,269.02	2,383,224.96
45 03/04/2016	15,872.90	2,589.47	13,283.43	2,369,941.53
46 03/11/2016	15,872.90	2,575.03	13,297.87	2,356,643.66
47 03/18/2016	15,872.90	2,560.58	13,312.32	2,343,331.34
48 03/25/2016	15,872.90	2,546.12	13,326.78	2,330,004.56
49 04/01/2016	15,872.90	2,531.64	13,341.26	2,316,663.30
50 04/08/2016	15,872.90	2,517.14	13,355.76	2,303,307.54
51 04/15/2016	15,872.90	2,502.63	13,370.27	2,289,937.27
52 04/22/2016	15,872.90	2,488.10	13,384.80	2,276,552.47
53 04/29/2016	15,872.90	2,473.56	13,399.34	2,263,153.13
54 05/06/2016	15,872.90	2,459.00	13,413.90	2,249,739.23
55 05/13/2016	15,872.90	2,444.43	13,428.47	2,236,310.76
56 05/20/2016	15,872.90	2,429.84	13,443.06	2,222,867.70
57 05/27/2016	15,872.90	2,415.23	13,457.67	2,209,410.03
58 06/03/2016	15,872.90	2,400.61	13,472.29	2,195,937.74
59 06/10/2016	15,872.90	2,385.97	13,486.93	2,182,450.81
60 06/17/2016	15,872.90	2,371.32	13,501.58	2,168,949.23
61 06/24/2016	15,872.90	2,356.65	13,516.25	2,155,432.98
62 07/01/2016	15,872.90	2,341.96	13,530.94	2,141,902.04
63 07/08/2016	15,872.90	2,327.26	13,545.64	2,128,356.40
64 07/15/2016	15,872.90	2,312.54	13,560.36	2,114,796.04
65 07/22/2016	15,872.90	2,297.81	13,575.09	2,101,220.95
66 07/29/2016	15,872.90	2,283.06	13,589.84	2,087,631.11
67 08/05/2016	15,872.90	2,268.29	13,604.61	2,074,026.50
68 08/12/2016	15,872.90	2,253.51	13,619.39	2,060,407.11
69 08/19/2016	15,872.90	2,238.71	13,634.19	2,046,772.92
70 08/26/2016	15,872.90	2,223.90	13,649.00	2,033,123.92
71 09/02/2016	15,872.90	2,209.07	13,663.83	2,019,460.09
72 09/09/2016	15,872.90	2,194.22	13,678.68	2,005,781.41
73 09/16/2016	15,872.90	2,179.36	13,693.54	1,992,087.87
74 09/23/2016	15,872.90	2,164.48	13,708.42	1,978,379.45
75 09/30/2016	15,872.90	2,149.59	13,723.31	1,964,656.14
76 10/07/2016	15,872.90	2,134.67	13,738.23	1,950,917.91
77 10/14/2016	15,872.90	2,119.75	13,753.15	1,937,164.76
78 10/21/2016	15,872.90	2,104.80	13,768.10	1,923,396.66
79 10/28/2016	15,872.90	2,089.84	13,783.06	1,909,613.60
80 11/04/2016	15,872.90	2,074.87	13,798.03	1,895,815.57

81	11/11/2016	15,872.90	2,059.88	13,813.02	1,882,002.5406/02/2017 3:11 PM Page 1
82	11/18/2016	15,872.90	2,044.87	11,828.03	1,868,174.52
83	11/25/2016	15,872.90	2,029.84	13,843.06	1,854,331.46
84	12/02/2016	15,872.90	2,014.80	13,858.10	1,840,473.36
85	12/09/2016	15,872.90	1,999.75	13,873.15	1,826,600.21
86	12/16/2016	15,872.90	1,984.67	13,888.23	1,812,711.98
87	12/23/2016	15,872.90	1,969.58	13,903.37	1,798,808.66
88	12/30/2016	15,872.90	1,954.47	13,918.43	1,784,890.23
2016 Totals		841,263.70	124,024.96	717,238.74	
89	01/06/2017	15,872.90	1,939.35	13,933.55	1,770,956.68
90	01/13/2017	15,872.90	1,924.21	13,948.69	1,757,007.99
91	01/20/2017	15,872.90	1,909.06	13,963.84	1,743,044.15
92	01/27/2017	15,872.90	1,893.88	13,979.02	1,729,065.13
93	02/03/2017	15,872.90	1,878.70	13,994.20	1,715,070.93
94	02/10/2017	15,872.90	1,863.49	14,009.41	1,701,061.52
95	02/17/2017	15,872.90	1,848.27	14,024.63	1,687,036.89
96	02/24/2017	15,872.90	1,833.03	14,039.87	1,672,997.02
97	03/03/2017	15,872.90	1,817.78	14,055.12	1,658,941.90
98	03/10/2017	15,872.90	1,802.50	14,070.40	1,644,871.50
99	03/17/2017	15,872.90	1,787.22	14,085.68	1,630,785.82
100	03/24/2017	15,872.90	1,771.91	14,100.99	1,616,684.83
101	03/31/2017	15,872.90	1,756.59	14,116.31	1,602,568.52
102	04/07/2017	15,872.90	1,741.25	14,131.65	1,588,436.87
103	04/14/2017	15,872.90	1,725.90	14,147.00	1,574,289.87
104	04/21/2017	15,872.90	1,710.53	14,162.37	1,560,177.50
105	04/28/2017	15,872.90	1,695.11	14,177.75	1,546,099.74
106	05/05/2017	15,872.90	1,679.71	14,193.17	1,531,756.57
107	05/12/2017	15,872.90	1,664.31	14,208.59	1,517,547.98
108	05/19/2017	15,872.90	1,648.87	14,224.03	1,503,323.95
109	05/26/2017	15,872.90	1,633.42	14,239.48	1,489,084.47
110	06/02/2017	15,872.90	1,617.95	14,254.95	1,474,829.52
111	06/09/2017	15,872.90	1,602.46	14,270.44	1,460,559.08
112	06/16/2017	15,872.90	1,586.95	14,285.95	1,446,273.13
113	06/23/2017	15,872.90	1,571.43	14,301.47	1,431,971.66
114	06/30/2017	15,872.90	1,555.89	14,317.01	1,417,654.65
115	07/07/2017	15,872.90	1,540.34	14,332.56	1,403,322.09
116	07/14/2017	15,872.90	1,524.76	14,348.14	1,388,973.95
117	07/21/2017	15,872.90	1,509.17	14,363.73	1,374,610.22
118	07/28/2017	15,872.90	1,493.57	14,379.33	1,360,230.89
119	08/04/2017	15,872.90	1,477.94	14,394.96	1,345,835.93
120	08/11/2017	15,872.90	1,462.30	14,410.60	1,331,425.33
121	08/18/2017	15,872.90	1,446.64	14,426.26	1,316,999.07
122	08/25/2017	15,872.90	1,430.97	14,441.93	1,302,557.14
123	09/01/2017	15,872.90	1,415.28	14,457.62	1,288,099.52
124	09/08/2017	15,872.90	1,399.57	14,473.33	1,273,626.19
125	09/15/2017	15,872.90	1,383.84	14,489.06	1,259,137.13
126	09/22/2017	15,872.90	1,368.10	14,504.80	1,244,632.33
127	09/29/2017	15,872.90	1,352.34	14,520.56	1,230,111.77

128	10/06/2017	15,872.90	1,336.56	14,536.34	1,215,575.40	06/02/2015 3:31 PM Page 4
129	10/13/2017	15,872.90	1,320.77	14,552.13	1,201,023.30	
130	10/20/2017	15,872.90	1,104.96	14,567.94	1,186,455.36	
131	10/27/2017	15,872.90	1,289.13	14,583.77	1,171,871.59	
132	11/03/2017	15,872.90	1,273.28	14,599.62	1,157,271.97	
133	11/10/2017	15,872.90	1,257.42	14,615.48	1,142,656.49	
134	11/17/2017	15,872.90	1,241.54	14,631.36	1,128,025.13	
135	11/24/2017	15,872.90	1,225.64	14,647.26	1,113,377.87	
136	12/01/2017	15,872.90	1,209.73	14,663.17	1,098,714.70	
137	12/08/2017	15,872.90	1,193.80	14,679.10	1,084,035.60	
138	12/15/2017	15,872.90	1,177.85	14,695.05	1,069,340.55	
139	12/22/2017	15,872.90	1,161.88	14,711.02	1,054,629.53	
140	12/29/2017	15,872.90	1,145.90	14,727.00	1,039,902.53	
2017 Totals		825,390.80	80,403.10	744,987.70		
141	01/05/2018	15,872.90	1,129.89	14,743.01	1,025,159.52	
142	01/12/2018	15,872.90	1,113.88	14,759.02	1,010,400.50	
143	01/19/2018	15,872.90	1,097.84	14,775.06	995,625.44	
144	01/26/2018	15,872.90	1,081.79	14,791.11	980,834.33	
145	02/02/2018	15,872.90	1,065.71	14,807.19	966,027.14	
146	02/09/2018	15,872.90	1,049.63	14,823.27	951,203.87	
147	02/16/2018	15,872.90	1,033.52	14,839.38	936,364.49	
148	02/23/2018	15,872.90	1,017.40	14,855.50	921,508.99	
149	03/02/2018	15,872.90	1,001.25	14,871.65	906,637.34	
150	03/09/2018	15,872.90	985.10	14,887.80	891,749.54	
151	03/16/2018	15,872.90	968.92	14,903.98	876,845.56	
152	03/23/2018	15,872.90	952.73	14,920.17	861,925.39	
153	03/30/2018	15,872.90	936.52	14,936.38	846,989.01	
154	04/06/2018	15,872.90	920.29	14,952.61	832,036.40	
155	04/13/2018	15,872.90	904.04	14,968.86	817,067.54	
156	04/20/2018	15,872.90	887.78	14,985.12	802,082.42	
157	04/27/2018	15,872.90	871.49	15,001.41	787,081.01	
158	05/04/2018	15,872.90	855.19	15,017.71	772,063.30	
159	05/11/2018	15,872.90	838.88	15,034.02	757,029.28	
160	05/18/2018	15,872.90	822.54	15,050.36	741,978.92	
161	05/25/2018	15,872.90	806.19	15,066.71	726,912.21	
162	06/01/2018	15,872.90	789.82	15,083.08	711,829.13	
163	06/08/2018	15,872.90	773.43	15,099.47	696,729.66	
164	06/15/2018	15,872.90	757.02	15,115.88	681,613.78	
165	06/22/2018	15,872.90	740.60	15,132.30	666,481.48	
166	06/29/2018	15,872.90	724.16	15,148.74	651,332.74	
167	07/06/2018	15,872.90	707.70	15,165.20	636,167.54	
168	07/13/2018	15,872.90	691.22	15,181.68	620,985.86	
169	07/20/2018	15,872.90	674.73	15,198.17	605,787.69	
170	07/27/2018	15,872.90	658.21	15,214.69	590,573.00	
171	08/03/2018	15,872.90	641.68	15,231.22	575,341.78	
172	08/10/2018	15,872.90	625.13	15,247.77	560,094.01	
173	08/17/2018	15,872.90	608.56	15,264.34	544,829.67	
174	08/24/2018	15,872.90	591.98	15,280.92	529,548.75	

Du/07/2015 3:31 PM Page 5

175	08/31/2018	15,872.90	575.38	15,297.52	514,251.70
176	09/07/2018	15,872.90	558.75	15,314.15	498,937.08
177	09/14/2018	15,872.90	542.11	15,330.79	483,606.29
178	09/21/2018	15,872.90	525.46	15,347.44	468,258.85
179	09/28/2018	15,872.90	508.78	15,364.12	452,894.73
180	10/05/2018	15,872.90	492.09	15,380.81	437,513.92
181	10/12/2018	15,872.90	475.38	15,397.52	422,116.40
182	10/19/2018	15,872.90	458.65	15,414.25	406,702.15
183	10/26/2018	15,872.90	441.90	15,431.00	391,271.15
184	11/02/2018	15,872.90	425.13	15,447.77	375,823.38
185	11/09/2018	15,872.90	408.35	15,464.55	360,358.83
186	11/16/2018	15,872.90	391.54	15,481.36	344,877.47
187	11/23/2018	15,872.90	374.72	15,498.18	329,379.29
188	11/30/2018	15,872.90	357.88	15,515.02	313,864.27
189	12/07/2018	15,872.90	341.03	15,531.87	298,332.40
190	12/14/2018	15,872.90	324.15	15,548.75	282,783.65
191	12/21/2018	15,872.90	307.26	15,565.64	267,218.01
192	12/28/2018	15,872.90	290.34	15,582.56	251,635.45
2018 Totals		825,390.80	17,123.77	788,267.08	
193	01/04/2019	15,872.90	273.41	15,599.49	236,035.96
194	01/11/2019	15,872.90	256.46	15,616.44	220,419.52
195	01/18/2019	15,872.90	239.49	15,633.41	204,786.11
196	01/25/2019	15,872.90	222.51	15,650.39	189,135.77
197	02/01/2019	15,872.90	205.50	15,667.40	173,468.32
198	02/08/2019	15,872.90	188.48	15,684.42	157,783.90
199	02/15/2019	15,872.90	171.44	15,701.46	142,082.44
200	02/22/2019	15,872.90	154.38	15,718.52	126,363.92
201	03/01/2019	15,872.90	137.30	15,735.60	110,628.32
202	03/08/2019	15,872.90	120.20	15,752.70	94,875.62
203	03/15/2019	15,872.90	103.09	15,769.81	79,105.81
204	03/22/2019	15,872.90	85.95	15,786.95	63,318.86
205	03/29/2019	15,872.90	68.80	15,804.10	47,514.76
206	04/05/2019	15,872.90	51.63	15,821.27	31,693.49
207	04/12/2019	15,872.90	34.44	15,838.46	15,855.03
208	04/19/2019	15,872.90	17.87	15,855.03	0.00
2019 Totals		253,966.40	2,330.95	251,635.45	
Grand Totals		3,301,563.20	345,169.09	2,956,394.11	

last interest amount increased by 0.64 due to rounding.



**SCHEDULE B**

## PROMISSORY NOTE

**\$2,956,394.11**

**Due in Instalments**

FOR VALUE RECEIVED the undersigned promises to pay to or to the order of Realcor Mortgage Corp. at #402 - 4333 Ledger Avenue, Burnaby, British Columbia, the principal amount of \$2,956,394.11 in lawful money of Canada, plus interest at the rate of 5.65% per annum, calculated and compounded weekly commencing on May 1, 2015, payable in equal weekly blended instalments of principal and interest of \$15,872.90 each on the dates specified in Schedule A hereto, with the balance of principal and unpaid interest to become due and paid in full on the 19<sup>th</sup> day of April, 2019. Payments received will be applied firstly in payment of unpaid accrued interest and the balance in reduction of principal.

Upon default in payment of any instalment when due under this Promissory Note, the entire unpaid balance of the principal amount and accrued interest will become immediately due and payable without notice or demand and the undersigned covenants to pay interest on such principal amount and on subsequent overdue interest at the above rate, both before and after judgment, until paid in full. The covenants to pay interest will not merge on the taking of a judgment or judgments with respect to any of the obligations stipulated for in this Promissory Note.

The undersigned waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour, bringing of suit and diligence in taking any action.

DATED on June \_\_\_\_\_, 2015 but with effect as of and from May 1, 2015.

**MORNINGSTAR GOLF CLUB LTD.**

By: \_\_\_\_\_  
Authorized Signing Officer

Name: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signing Officer

Name: \_\_\_\_\_

Compound Period:

Weekly

## SCHEDULE A

06/02/2015 3:31 PM Page 1

Nominal Annual Rate:

5.650%

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	04/30/2015	2,956,394.11	1		
2 Payment	05/01/2015	15,872.90	208	Weekly	#####

## AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	04/30/2015				2,956,394.11
1	05/01/2015	15,872.90	457.63	15,415.27	2,940,978.84
2	05/08/2015	15,872.90	3,195.49	12,677.41	2,928,301.43
3	05/15/2015	15,872.90	3,181.71	12,691.19	2,915,610.24
4	05/22/2015	15,872.90	3,167.92	12,704.98	2,902,905.26
5	05/29/2015	15,872.90	3,154.12	12,718.78	2,890,186.48
6	06/05/2015	15,872.90	3,140.30	12,732.60	2,877,453.88
7	06/12/2015	15,872.90	3,126.46	12,746.44	2,864,707.44
8	06/19/2015	15,872.90	3,112.61	12,760.29	2,851,947.15
9	06/26/2015	15,872.90	3,098.75	12,774.15	2,839,173.00
10	07/03/2015	15,872.90	3,084.87	12,788.03	2,826,384.97
11	07/10/2015	15,872.90	3,070.98	12,801.92	2,813,583.05
12	07/17/2015	15,872.90	3,057.07	12,815.83	2,800,767.22
13	07/24/2015	15,872.90	3,043.14	12,829.76	2,787,937.46
14	07/31/2015	15,872.90	3,029.20	12,843.70	2,775,093.76
15	08/07/2015	15,872.90	3,015.25	12,857.65	2,762,236.11
16	08/14/2015	15,872.90	3,001.28	12,871.62	2,749,364.49
17	08/21/2015	15,872.90	2,987.29	12,885.61	2,736,478.88
18	08/28/2015	15,872.90	2,973.29	12,899.61	2,723,579.27
19	09/04/2015	15,872.90	2,959.27	12,913.63	2,710,665.64
20	09/11/2015	15,872.90	2,945.24	12,927.66	2,697,737.98
21	09/18/2015	15,872.90	2,931.20	12,941.70	2,684,796.28
22	09/25/2015	15,872.90	2,917.13	12,955.77	2,671,840.51
23	10/02/2015	15,872.90	2,903.06	12,969.84	2,658,870.67
24	10/09/2015	15,872.90	2,888.97	12,983.93	2,645,886.74
25	10/16/2015	15,872.90	2,874.86	12,998.04	2,632,888.70
26	10/23/2015	15,872.90	2,860.73	13,012.17	2,619,876.53
27	10/30/2015	15,872.90	2,846.60	13,026.30	2,606,850.23
28	11/06/2015	15,872.90	2,832.44	13,040.46	2,593,809.77
29	11/13/2015	15,872.90	2,818.27	13,054.63	2,580,755.14
30	11/20/2015	15,872.90	2,804.09	13,068.81	2,567,686.33
31	11/27/2015	15,872.90	2,789.89	13,083.01	2,554,603.32
32	12/04/2015	15,872.90	2,775.67	13,097.23	2,541,506.09
33	12/11/2015	15,872.90	2,761.44	13,111.46	2,528,394.63

34	12/18/2015	15,872.90	2,747.20	13,125.70	2,515,268.90
35	12/25/2015	15,872.90	2,732.94	13,139.96	2,502,128.97
2015 Totals		555,551.50	101,286.36	454,265.14	
36	01/01/2016	15,872.90	2,718.66	13,154.24	2,488,974.73
37	01/08/2016	15,872.90	2,704.37	13,168.53	2,475,806.20
38	01/15/2016	15,872.90	2,690.06	13,182.84	2,462,623.36
39	01/22/2016	15,872.90	2,675.73	13,197.17	2,449,426.19
40	01/29/2016	15,872.90	2,661.40	13,211.50	2,436,214.69
41	02/05/2016	15,872.90	2,647.04	13,225.86	2,422,988.83
42	02/12/2016	15,872.90	2,632.67	13,240.23	2,409,748.60
43	02/19/2016	15,872.90	2,618.28	13,254.62	2,396,493.98
44	02/26/2016	15,872.90	2,603.88	13,269.02	2,383,224.96
45	03/04/2016	15,872.90	2,589.47	13,283.43	2,369,941.53
46	03/11/2016	15,872.90	2,575.03	13,297.87	2,356,643.66
47	03/18/2016	15,872.90	2,560.58	13,312.32	2,343,331.34
48	03/25/2016	15,872.90	2,546.12	13,326.78	2,330,004.56
49	04/01/2016	15,872.90	2,531.64	13,341.26	2,316,663.30
50	04/08/2016	15,872.90	2,517.14	13,355.76	2,303,307.54
51	04/15/2016	15,872.90	2,502.63	13,370.27	2,289,937.27
52	04/22/2016	15,872.90	2,488.10	13,384.80	2,276,552.47
53	04/29/2016	15,872.90	2,473.56	13,399.34	2,263,153.13
54	05/06/2016	15,872.90	2,459.00	13,413.90	2,249,739.23
55	05/13/2016	15,872.90	2,444.43	13,428.47	2,236,310.76
56	05/20/2016	15,872.90	2,429.84	13,443.06	2,222,867.70
57	05/27/2016	15,872.90	2,415.23	13,457.67	2,209,410.03
58	06/03/2016	15,872.90	2,400.61	13,472.29	2,195,937.74
59	06/10/2016	15,872.90	2,385.97	13,486.93	2,182,450.81
60	06/17/2016	15,872.90	2,371.32	13,501.58	2,168,949.23
61	06/24/2016	15,872.90	2,356.65	13,516.25	2,155,432.98
62	07/01/2016	15,872.90	2,341.96	13,530.94	2,141,902.04
63	07/08/2016	15,872.90	2,327.26	13,545.64	2,128,356.40
64	07/15/2016	15,872.90	2,312.54	13,560.36	2,114,796.04
65	07/22/2016	15,872.90	2,297.81	13,575.09	2,101,220.95
66	07/29/2016	15,872.90	2,283.06	13,589.84	2,087,631.11
67	08/05/2016	15,872.90	2,268.29	13,604.61	2,074,026.50
68	08/12/2016	15,872.90	2,253.51	13,619.39	2,060,407.11
69	08/19/2016	15,872.90	2,238.71	13,634.19	2,046,772.92
70	08/26/2016	15,872.90	2,223.90	13,649.00	2,033,123.92
71	09/02/2016	15,872.90	2,209.07	13,663.83	2,019,460.09
72	09/09/2016	15,872.90	2,194.22	13,678.68	2,005,781.41
73	09/16/2016	15,872.90	2,179.36	13,693.54	1,992,087.87
74	09/23/2016	15,872.90	2,164.48	13,708.42	1,978,379.45
75	09/30/2016	15,872.90	2,149.59	13,723.31	1,964,656.14
76	10/07/2016	15,872.90	2,134.67	13,738.23	1,950,917.91
77	10/14/2016	15,872.90	2,119.75	13,753.15	1,937,164.76
78	10/21/2016	15,872.90	2,104.80	13,768.10	1,923,396.66
79	10/28/2016	15,872.90	2,089.84	13,783.06	1,909,613.60
80	11/04/2016	15,872.90	2,074.87	13,798.03	1,895,815.57

81	11/11/2016	15,872.90	2,059.88	13,813.02	1,882,002.53	06/02/2015 3:31 PM Page 3
82	11/18/2016	15,872.90	2,044.87	13,828.03	1,868,174.52	
83	11/25/2016	15,872.90	2,029.84	13,843.06	1,854,331.46	
84	12/02/2016	15,872.90	2,014.80	13,858.10	1,840,473.36	
85	12/09/2016	15,872.90	1,999.75	13,873.15	1,826,600.21	
86	12/16/2016	15,872.90	1,984.67	13,888.23	1,812,711.98	
87	12/23/2016	15,872.90	1,969.58	13,903.32	1,798,808.66	
88	12/30/2016	15,872.90	1,954.47	13,918.43	1,784,890.23	
2016 Totals		841,263.70	124,024.96	717,238.74		
89	01/06/2017	15,872.90	1,939.35	13,933.55	1,770,956.68	
90	01/13/2017	15,872.90	1,924.21	13,948.69	1,757,007.99	
91	01/20/2017	15,872.90	1,909.06	13,963.84	1,743,044.15	
92	01/27/2017	15,872.90	1,893.88	13,979.02	1,729,065.13	
93	02/03/2017	15,872.90	1,878.70	13,994.20	1,715,070.93	
94	02/10/2017	15,872.90	1,863.49	14,009.41	1,701,061.52	
95	02/17/2017	15,872.90	1,848.27	14,024.63	1,687,036.89	
96	02/24/2017	15,872.90	1,833.03	14,039.87	1,672,997.02	
97	03/03/2017	15,872.90	1,817.78	14,055.12	1,658,941.90	
98	03/10/2017	15,872.90	1,802.50	14,070.40	1,644,871.50	
99	03/17/2017	15,872.90	1,787.22	14,085.68	1,630,785.82	
100	03/24/2017	15,872.90	1,771.91	14,100.99	1,616,684.83	
101	03/31/2017	15,872.90	1,756.59	14,116.31	1,602,568.52	
102	04/07/2017	15,872.90	1,741.25	14,131.65	1,588,436.87	
103	04/14/2017	15,872.90	1,725.90	14,147.00	1,574,289.87	
104	04/21/2017	15,872.90	1,710.53	14,162.37	1,560,127.50	
105	04/28/2017	15,872.90	1,695.14	14,177.76	1,545,949.74	
106	05/05/2017	15,872.90	1,679.73	14,193.17	1,531,756.57	
107	05/12/2017	15,872.90	1,664.31	14,208.59	1,517,547.98	
108	05/19/2017	15,872.90	1,648.87	14,224.03	1,503,323.95	
109	05/26/2017	15,872.90	1,633.42	14,239.48	1,489,084.47	
110	06/02/2017	15,872.90	1,617.95	14,254.95	1,474,829.52	
111	06/09/2017	15,872.90	1,602.46	14,270.44	1,460,559.08	
112	06/16/2017	15,872.90	1,586.95	14,285.95	1,446,273.13	
113	06/23/2017	15,872.90	1,571.43	14,301.47	1,431,971.66	
114	06/30/2017	15,872.90	1,555.89	14,317.01	1,417,654.65	
115	07/07/2017	15,872.90	1,540.34	14,332.56	1,403,322.09	
116	07/14/2017	15,872.90	1,524.76	14,348.14	1,388,973.95	
117	07/21/2017	15,872.90	1,509.17	14,363.73	1,374,610.22	
118	07/28/2017	15,872.90	1,493.57	14,379.33	1,360,230.89	
119	08/04/2017	15,872.90	1,477.94	14,394.96	1,345,835.93	
120	08/11/2017	15,872.90	1,462.30	14,410.60	1,331,425.33	
121	08/18/2017	15,872.90	1,446.64	14,426.26	1,316,999.07	
122	08/25/2017	15,872.90	1,430.97	14,441.93	1,302,557.14	
123	09/01/2017	15,872.90	1,415.28	14,457.62	1,288,099.52	
124	09/08/2017	15,872.90	1,399.57	14,473.33	1,273,626.19	
125	09/15/2017	15,872.90	1,383.84	14,489.06	1,259,137.13	
126	09/22/2017	15,872.90	1,368.10	14,504.80	1,244,632.33	
127	09/29/2017	15,872.90	1,352.34	14,520.56	1,230,111.77	

128	10/06/2017	15,872.90	1,336.56	14,536.34	1,215,575.43	06/02/2015 3:31 PM Page 4
129	10/13/2017	15,872.90	1,320.77	14,552.13	1,201,023.30	
130	10/20/2017	15,872.90	1,304.96	14,567.94	1,186,455.36	
131	10/27/2017	15,872.90	1,289.13	14,583.77	1,171,871.59	
132	11/03/2017	15,872.90	1,273.28	14,599.62	1,157,271.97	
133	11/10/2017	15,872.90	1,257.42	14,615.48	1,142,656.49	
134	11/17/2017	15,872.90	1,241.54	14,631.36	1,128,025.13	
135	11/24/2017	15,872.90	1,225.64	14,647.26	1,113,377.87	
136	12/01/2017	15,872.90	1,209.73	14,663.17	1,098,714.70	
137	12/08/2017	15,872.90	1,193.80	14,679.10	1,084,035.60	
138	12/15/2017	15,872.90	1,177.85	14,695.05	1,069,340.55	
139	12/22/2017	15,872.90	1,161.88	14,711.02	1,054,629.53	
140	12/29/2017	15,872.90	1,145.90	14,727.00	1,039,902.53	
2017 Totals		825,390.80	80,403.10	744,987.70		
141	01/05/2018	15,872.90	1,129.89	14,743.01	1,025,159.52	
142	01/12/2018	15,872.90	1,113.88	14,759.02	1,010,400.50	
143	01/19/2018	15,872.90	1,097.84	14,775.06	995,625.44	
144	01/26/2018	15,872.90	1,081.79	14,791.11	980,834.33	
145	02/02/2018	15,872.90	1,065.71	14,807.19	966,027.14	
146	02/09/2018	15,872.90	1,049.63	14,823.27	951,203.87	
147	02/16/2018	15,872.90	1,033.52	14,839.38	936,364.49	
148	02/23/2018	15,872.90	1,017.40	14,855.50	921,508.99	
149	03/02/2018	15,872.90	1,001.25	14,871.65	906,637.34	
150	03/09/2018	15,872.90	985.10	14,887.80	891,749.54	
151	03/16/2018	15,872.90	968.92	14,903.98	876,845.56	
152	03/23/2018	15,872.90	952.73	14,920.17	861,925.39	
153	03/30/2018	15,872.90	936.52	14,936.38	846,989.01	
154	04/06/2018	15,872.90	920.29	14,952.61	832,036.40	
155	04/13/2018	15,872.90	904.04	14,968.86	817,067.54	
156	04/20/2018	15,872.90	887.78	14,985.12	802,082.42	
157	04/27/2018	15,872.90	871.49	15,001.41	787,081.01	
158	05/04/2018	15,872.90	855.19	15,017.71	772,063.30	
159	05/11/2018	15,872.90	838.88	15,034.02	757,029.28	
160	05/18/2018	15,872.90	822.54	15,050.36	741,978.92	
161	05/25/2018	15,872.90	806.19	15,066.71	726,912.21	
162	06/01/2018	15,872.90	789.82	15,083.08	711,829.13	
163	06/08/2018	15,872.90	773.43	15,099.47	696,729.66	
164	06/15/2018	15,872.90	757.02	15,115.88	681,613.78	
165	06/22/2018	15,872.90	740.60	15,132.30	666,481.48	
166	06/29/2018	15,872.90	724.16	15,148.74	651,332.74	
167	07/06/2018	15,872.90	707.70	15,165.20	636,167.54	
168	07/13/2018	15,872.90	691.22	15,181.68	620,985.86	
169	07/20/2018	15,872.90	674.73	15,198.17	605,787.69	
170	07/27/2018	15,872.90	658.21	15,214.69	590,573.00	
171	08/03/2018	15,872.90	641.68	15,231.22	575,341.78	
172	08/10/2018	15,872.90	625.13	15,247.77	560,094.01	
173	08/17/2018	15,872.90	608.56	15,264.34	544,829.67	
174	08/24/2018	15,872.90	591.98	15,280.92	529,548.75	

175	08/31/2018	15,872.90	575.38	15,297.52	514,251.20	06/02/2015 3:31 PM Page 5
176	09/07/2018	15,872.90	558.75	15,314.15	498,937.08	
177	09/14/2018	15,872.90	542.11	15,330.79	483,606.29	
178	09/21/2018	15,872.90	525.46	15,347.44	468,258.85	
179	09/28/2018	15,872.90	508.78	15,364.12	452,894.73	
180	10/05/2018	15,872.90	492.09	15,380.81	437,513.92	
181	10/12/2018	15,872.90	475.38	15,397.52	422,116.40	
182	10/19/2018	15,872.90	458.65	15,414.25	406,702.15	
183	10/26/2018	15,872.90	441.90	15,431.00	391,271.15	
184	11/02/2018	15,872.90	425.13	15,447.77	375,823.38	
185	11/09/2018	15,872.90	408.35	15,464.55	360,358.83	
186	11/16/2018	15,872.90	391.54	15,481.36	344,877.47	
187	11/23/2018	15,872.90	374.72	15,498.18	329,379.29	
188	11/30/2018	15,872.90	357.88	15,515.02	313,864.27	
189	12/07/2018	15,872.90	341.03	15,531.87	298,332.40	
190	12/14/2018	15,872.90	324.15	15,548.75	282,783.65	
191	12/21/2018	15,872.90	307.26	15,565.64	267,218.01	
192	12/28/2018	15,872.90	290.34	15,582.56	251,635.45	
2018 Totals		825,390.80	37,123.72	788,267.08		
193	01/04/2019	15,872.90	273.41	15,599.49	236,035.96	
194	01/11/2019	15,872.90	256.46	15,616.44	220,419.52	
195	01/18/2019	15,872.90	239.49	15,633.41	204,786.11	
196	01/25/2019	15,872.90	222.51	15,650.39	189,135.72	
197	02/01/2019	15,872.90	205.50	15,667.40	173,468.32	
198	02/08/2019	15,872.90	188.48	15,684.42	157,783.90	
199	02/15/2019	15,872.90	171.44	15,701.46	142,082.44	
200	02/22/2019	15,872.90	154.38	15,718.52	126,363.92	
201	03/01/2019	15,872.90	137.30	15,735.60	110,628.32	
202	03/08/2019	15,872.90	120.20	15,752.70	94,875.62	
203	03/15/2019	15,872.90	103.09	15,769.81	79,105.81	
204	03/22/2019	15,872.90	85.95	15,786.95	63,318.86	
205	03/29/2019	15,872.90	68.80	15,804.10	47,514.76	
206	04/05/2019	15,872.90	51.63	15,821.27	31,693.49	
207	04/12/2019	15,872.90	34.44	15,838.46	15,855.03	
208	04/19/2019	15,872.90	17.87	15,855.03	0.00	
2019 Totals		253,966.40	2,330.95	251,635.45		
Grand Totals		3,301,563.20	345,169.09	2,956,394.11		

Last interest amount increased by 0.64 due to rounding.

This is Exhibit "C"  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia



FORM\_B\_V18

VICTORIA LAND TITLE OFFICE

LAND TITLE ACT  
FORM B (Section 225)

Apr-30-2010 13:50:04.002

CA1545577

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 8 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Damian Hewoon  
Koo JLZITV  
Digitally signed by Damian Hewoon Koo JLZITV  
DN: cn=CA, c=CA, ou=Damian Hewoon Koo JLZITV, o=L. Inyee, ou=Verify ID at www.juricert.com/LKUP.cfm?id=JLZITV  
Date: 2010.04.30 13:33:11 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

FRASER MILNER CASGRAIN LLP  
Barristers and Solicitors  
15th Floor, 1040 West Georgia Street  
Vancouver  
Document Fees: \$0.00

Telephone 604-687-4460  
File No. 6529-530397-2  
DAMIAN H. KOO

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID] [legal description]  
014-884-275 LOT A DISTRICT LOTS 29, 81, 83 AND 126 NANOOSE DISTRICT PLAN 49145  
EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP76051  
STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

SEE SCHEDULE

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

REALCOR MORTGAGE CORP.  
#402 - 4333 LEDGER AVENUE

BURNABY  
CANADA

BRITISH COLUMBIA  
V5G 3T3

Incorporation No  
BC0282435

5. PAYMENT PROVISIONS:

(a) Principal Amount: \$3,300,000.00	(b) Interest Rate: 5.65% per annum	(c) Interest Adjustment Date:	Y 10	M 05	D 01
(d) Interest Calculation Period: Semi-Annually	(e) Payment Dates: 1st day of each month	(f) First Payment Date:	10	06	01
(g) Amount of each periodic payment: \$20,431.99	(h) Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is 5.65 % per annum.	(i) Last Payment Date:	15	04	01
(j) Assignment of Rents which the applicant wants registered ? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, page and paragraph number:	(k) Place of payment: POSTAL ADDRESS IN ITEM 4	(l) Balance Due Date:	15	04	30

**MORTGAGE - PART 1**

PAGE 2 OF 8 PAGES

6. MORTGAGE contains floating charge on land?  
 YES  NO

7. MORTGAGE secures a current or running account?  
 YES  NO

8. INTEREST MORTGAGED:  
 Freehold   
 Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms

D F Number: MT900399  
 (annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

\_\_\_\_\_  
 Heather Barnhouse  
 Barrister & Solicitor  
 2900 Manulife Place  
 10180-101 Street  
 Edmonton, Alberta  
 T5J 3V5

Execution Date

Y	M	D
10	04	26

Borrower(s) Signature(s)

MORNINGSTAR GOLF CLUB LTD.,  
 by its authorized signatory(ies):

\_\_\_\_\_  
 Print Name - Shayne LD McCracken

\_\_\_\_\_  
 Print Name -

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

FORM\_D\_V18

LAND TITLE ACT  
FORM D

EXECUTIONS CONTINUED

PAGE 3 OF 8 PAGES

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

\_\_\_\_\_  
Heather Barnhouse  
Barrister & Solicitor  
2900 Manulife Place  
10180-101 Street  
Edmonton, Alberta  
T5J 3V5

Y	M	D
10	04	26

816956 ALBERTA LTD., as covenantor,  
by its authorized signatory(les):

\_\_\_\_\_  
Print Name - Shayne LD McCracken  
LC

\_\_\_\_\_  
Heather Barnhouse  
Barrister & Solicitor  
2900 Manulife Place  
10180-101 Street  
Edmonton, Alberta  
T5J 3V5

10	04	26
----	----	----

\_\_\_\_\_  
PAUL MCCRACKEN, as covenantor

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

FORM\_E\_V18

**LAND TITLE ACT  
FORM E****SCHEDULE****PAGE 4 OF 8 PAGES**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

**3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s)):**

MORNINGSTAR GOLF CLUB LTD. (Inc. No. BC0789885), of 14238-134 Avenue, Edmonton, AB T5L 5V8 (as borrower); PAUL MCCRACKEN, of 14238-134 Avenue, Edmonton, AB T5L 5V8 (as covenantor) and 816956 ALBERTA INC. (Reg. No. A0076888), of 14238-134 Avenue, Edmonton, AB T5L 5V8 (as covenantor)

## MORTGAGE - PART 1

Page 5 of 8 Pages

LAND TITLE ACT  
FORM E

## SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

**10. Additional or Modified Terms**

Add the following as paragraph 1(a.1) of the Standard Mortgage Terms:

"(a.1) "Covenantor" means collectively the covenantors described in Item 3 of the Mortgage Form;"

Paragraph 26 of the Standard Mortgage Terms is deleted and replaced with the following:

"26. **Strata Title Provisions** - If any of the Lands are or become strata lots the following provisions shall apply to such of the Lands which are at any time strata lots:

- (a) **Pay Assessments** - the Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will, on or before the due dates thereof, pay each and every assessment, contribution or levy made against the Lands by the Strata Corporation governing the Lands. In the event the Mortgagor fails to pay any one or more of such assessments, contributions, or levies on or before their due date, including without limiting the generality of the foregoing, a default by the Mortgagor in payment of the Mortgagor's share of the common expenses, whereby the Strata Corporation may register a Certificate in Form "G" of the *Strata Property Regulation*, such failure shall constitute default under this Mortgage and the whole of the principal balance, interest, costs, and charges, if any, then owing hereunder shall forthwith, at the option of the Mortgagee, become due and be paid. Upon the Mortgagor's failure to pay such assessments, contributions or levies, the Mortgagee may make such payments but shall not be obliged to do so, and any amount so paid by the Mortgagee shall be added to and form part of the Principal Sum and bear interest at the Interest Rate until paid by the Mortgagor, and shall be paid to the Mortgagee together with interest thereon as aforesaid forthwith without demand;
- (b) **Observe Duties** - the Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor will observe, perform and carry out all the duties, obligations and requirements of an owner pursuant to the *Strata Property Act* and the Strata By-laws from time to time in force with respect to the Lands;
- (c) **Assign Voting Rights** - pursuant to Section 54 of the *Strata Property Act*, the Mortgagor hereby assigns, transfers and confers upon the Mortgagee the power and right to vote in the place and stead of the Mortgagor in respect of any matters relating to insurance, maintenance, or finance or other matters affecting the security of the Mortgagee and upon which the Mortgagor is entitled to vote under or pursuant to the Strata By-laws which apply to the Lands;
- (d) **Mortgagee Not Liable** - the Mortgagor hereby acknowledges and agrees that nothing herein contained, including the exercise of the right to vote hereby assigned, transferred and conferred, shall render the Mortgagee a mortgagee in possession and that the right to vote does not entail or constitute a representation, expressed or implied, that the Mortgagee shall be obliged to vote or

## MORTGAGE - PART 1

Page 6 of 8 Pages

to protect the interest of the Mortgagor and the Mortgagee shall not be responsible for any exercise of the right to vote or any failure to vote;

- (e) **Certification** - pursuant to Section 59 of the *Strata Property Act*, the Mortgagor hereby authorizes any officer of the Mortgagee to apply at any time and from time to time to the Strata Corporation for a Certificate in Form "B" of the *Strata Property Regulation*, which Certificate shall provide to the Mortgagee information in respect of:
- (i) the monthly strata fees payable by the Mortgagor;
  - (ii) any amount that the Mortgagor owes the Strata Corporation, other than an amount paid into court or to the Strata Corporation in trust under Section 114 of the *Strata Property Act*;
  - (iii) any agreements under which the Mortgagor takes responsibility for expenses relating to alterations to the Lands, the common property or the common assets;
  - (iv) any amount that the Mortgagor is obligated to pay in the future for a special levy that has already been approved and the date by which the payment is to be made;
  - (v) the amount, if any, by which the expenses of the Strata Corporation for the current fiscal year are expected to exceed the expenses budgeted for the fiscal year;
  - (vi) the amount of the contingency reserve fund minus any expenditures which have already been approved but not yet taken from the fund;
  - (vii) any amendments to the By-laws that have not been filed in the Land Title Office;
  - (viii) any resolution passed by a  $\frac{3}{4}$  vote or unanimous vote that is required to be filed in the Land Title Office but that has not yet been filed in the Land Title Office;
  - (ix) any notice that has been given for a resolution that has not been voted on, if the resolution requires a  $\frac{3}{4}$  vote or unanimous vote or deals with an amendment to the By-laws;
  - (x) any court proceeding or arbitration in which the Strata Corporation is a party and any judgements or orders against the Strata Corporation;
  - (xi) any notices or work orders received by the Strata Corporation that remain outstanding for the Lands, the common property or the common assets;
  - (xii) the number of strata lots in the strata plan that are rented; and
  - (xiii) any other information required by the regulations of the *Strata Property Act*.
- (f) **Form "F"** - pursuant to Section 115 of the *Strata Property Act*, the Mortgagor hereby authorizes any officer of the Mortgagee to apply at any time and from time to time to the Strata Corporation on behalf of the Mortgagor for a Certificate in Form "F" of the *Strata Property Regulation* that no monies are owing to the Strata Corporation by the Mortgagor;
- (g) **Notices** - the Mortgagor further covenants and agrees with the Mortgagee upon the request of the Mortgagee, to deliver to the Mortgagee copies of all notices of meetings, minutes, financial

## MORTGAGE - PART I

Page 7 of 8 Pages

statements and documents of a similar nature of the Strata Corporation and delivered by the Strata Corporation to the Mortgagor;

- (h) Leases - if, at any time or times hereafter when any amount of the Principal Sum remains outstanding, the Mortgagor shall give possession of the Lands to a person on the basis of a lease, sublease or assignment of lease for a term of three years or more and by so doing be deemed pursuant to Sections 147 and 148 of the *Strata Property Act* to have assigned to the occupier all the Mortgagor's rights, powers, duties and obligations under the *Strata Property Act*, then all sums owing under this Mortgage, shall, at the option of the Mortgagee immediately become due and payable."

Add the following as paragraphs 44, 45 and 46 of the Standard Mortgage Terms:

"44. **Covenantor.** The Covenantor has requested the Mortgagee to advance the mortgage money to the Mortgagor on the consideration that in addition to the covenants of the Mortgagor the Covenantor, as primary obligor, covenants, promises and agrees with the Mortgagee that, in consideration of the advance of the mortgage money, the Covenantor will:

- (a) at all times pay or cause to be paid to the Mortgagee the principal monies, interest and other monies secured by the Mortgage, at the time or times respectively appointed therefor;
- (b) observe and perform or cause to be observed and performed all the covenants, terms, provisos, stipulations and conditions contained in the Mortgage on the part of the Mortgagor to be observed and performed; and
- (c) at all times indemnify, protect and save harmless the Mortgagee from all loss, costs and damage in respect of the Mortgage, and every matter and thing contained in it.

The Covenantor further agrees that:

- (d) no release or releases of any portion or portions of the Lands;
- (e) no indulgence shown by the Mortgagee in respect of any default by the Mortgagor which may arise under the Mortgage;
- (f) no extension or extensions granted by the Mortgagee to the Mortgagor for payment of the monies secured or for the doing, observing or performing of any covenants, agreement, matter or thing contained in the Mortgage, to be done, observed, or performed by the Mortgagor;
- (g) no renewal of the Mortgage; nor
- (h) any other dealings between the Mortgagee and the Mortgagor;

will in any way prejudice the Mortgagee or in any way modify, alter, vary or affect the liability of the Covenantor in any way under this covenant, which will continue and be binding on the Covenantor as well after as before default and after as before maturity of the Mortgage, until the monies are fully paid and satisfied.

If the Covenantor is more than one person or corporation, every covenant, condition and proviso on the part of the Covenantor to be observed and performed hereunder shall be the joint and several covenant, condition and proviso of each of the persons or corporations comprising the Covenantor.

**MORTGAGE - PART 1**

Page 8 of 8 Pages

45. **Prepayment.** The Mortgagor shall have the right to prepay the Mortgage in part or in full at any time without notice or penalty.

46. **Acknowledgement of Asset Purchase Agreement.** The Mortgagor and Mortgagee acknowledge that, pursuant to the terms of an Asset Purchase Agreement respecting the purchase and sale of the assets of the Morningstar Golf Course, made between the Mortgagor and Eaglestar Golf Inc. and dated April 30, 2008, this mortgage is granted to secure the repayment of a portion of the Purchase Price thereunder and Eaglestar Golf Inc. has directed that its rights and obligations as mortgagee be transferred and assigned to Realcor Mortgage Corp. as Mortgagee hereunder. The Mortgagee acknowledges and agrees that its rights hereunder are subject to the rights and obligations, equitable or otherwise, of Eaglestar Golf Inc. contained in the said Asset Purchase Agreement, including any Indemnity Claims pursuant to the terms of the said Asset Purchase Agreement, provided that for greater certainty the terms of section 9.2 of the Asset Purchase Agreement shall apply."

11. **Prior Encumbrances Permitted by Lender**

Exceptions and Reservations M76300, Undersurface Rights S6060, Covenant S97207, Statutory Right of Way S97213, Undersurface and other Exc & Res EC103437, Covenant EC95138, Statutory Right of Way EC95146, Covenant EC98512, Statutory Right of Way EF171715, Statutory Right of Way EF171717, Easement EG41354, Statutory Right of Way EH128035, Easement EH137066, Covenant EL99059

END OF DOCUMENT



This is **Exhibit "D"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

**TITLE SEARCH PRINT**

File Reference: 85532-00002

Declared Value \$3323000

2018-05-17, 12:30:08

Requestor: Antoinette Sabatini-Warren

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

<b>Land Title District</b>	VICTORIA
Land Title Office	VICTORIA
<b>Title Number</b>	CA1545576
From Title Number	EX94680
<b>Application Received</b>	2010-04-30
<b>Application Entered</b>	2010-05-07
<b>Registered Owner in Fee Simple</b>	
Registered Owner/Mailing Address:	MORNINGSTAR GOLF CLUB LTD., INC.NO. BC0789885 14238 - 134 AVENUE EDMONTON, AB T5L 5V8

<b>Taxation Authority</b>	Port Alberni Assessment Area
---------------------------	------------------------------

**Description of Land**

Parcel Identifier: 014-884-275

Legal Description:

LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145,  
EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

**Legal Notations**

THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND  
COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 5, DEPOSITED  
26 JULY 1974

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL  
ACT (SEE DF ED115978)

HERETO IS ANNEXED EASEMENT EH137064 OVER THAT PART OF LOT 1,  
PLAN 8903, EXCEPT PARTS IN PLANS 26472, 32898, 45632, 45825,  
49145 AND VIP52613 SHOWN ON PLAN VIP59866

HERETO INTER ALIA IS ANNEXED EASEMENT EV155454 OVER THAT PART OF  
LOTS 2 AND 3, PLAN VIP55697 SHOWN ON PLAN VIP76280

**TITLE SEARCH PRINT**

File Reference: 85532-00002

Declared Value \$3323000

2018-05-17, 12:30:08

Requestor: Antoinette Sabatini-Warren

HERETO IS ANNEXED EASEMENT EX74423 OVER THAT PART OF LOT 15,  
PLAN VIP79051 SHOWN ON PLAN VIP79053

HERETO IS ANNEXED EASEMENT EX74424 OVER THAT PART OF LOT 19,  
PLAN VIP79051 SHOWN ON PLAN VIP79053

HERETO IS ANNEXED RESTRICTIVE COVENANT EX74425 OVER THOSE PARTS OF  
LOTS 7,8, 12, 13, 14, 15, 16, 17, 18, AND 19, PLAN VIP79051 SHOWN  
ON PLAN VIP79054

HERETO IS ANNEXED RESTRICTIVE COVENANT EX92037 OVER PART OF LOTS 3,  
4, 10, 11, 12 & 13, ALL OF PLAN VIP79269 AS SHOWN ON PLAN VIP79270

**Charges, Liens and Interests**

Nature:	EXCEPTIONS AND RESERVATIONS
Registration Number:	M76300
Registered Owner:	ESQUIMALT AND NANAIMO RAILWAY COMPANY
Remarks:	INTER ALIA A.F.B. 9.693.7434A, SECTION 172(3), DD 15273, 117976G, 149908G, 113455G, 113319G, FOR ACTUAL DATE AND TIME OF REGISTRATION SEE ORIGINAL GRANT FROM E AND N RAILWAY COMPANY AFB 32.25.8015F
Nature:	UNDERSURFACE RIGHTS
Registration Number:	S6060
Registration Date and Time:	1987-01-27 10:53
Registered Owner:	WEYERHAEUSER COMPANY LIMITED INCORPORATION NO. A-0051955
Transfer Number:	EX45611
Remarks:	INTER ALIA SEE DD 6055 (AS TO PARTS FORMERLY LOTS 7, 8, 9 AND 10, PLAN 2397 AND PART DISTRICT LOT 83, NANOOSE DISTRICT)

**TITLE SEARCH PRINT**

File Reference: 85532-00002

2018-05-17, 12:30:08

Requestor: Antoinette Sabatini-Warren

Declared Value \$3323000

Nature: COVENANT  
 Registration Number: S97207  
 Registration Date and Time: 1987-09-14 10:10  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 THE REGIONAL DISTRICT OF NANAIMO  
 Remarks: INTER ALIA  
 INCLUDES INDEMNITY  
 (PART FORMERLY LOT 1, PLAN 8903)  
 MODIFIED BY EM76313  
 MODIFIED BY ET22002

Nature: STATUTORY RIGHT OF WAY  
 Registration Number: S97213  
 Registration Date and Time: 1987-09-14 10:14  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 Remarks: INTER ALIA  
 (TO PART FORMERLY LOT 1, PLAN 8903)

Nature: UNDERSURFACE AND OTHER EXC & RES  
 Registration Number: EC103437  
 Registration Date and Time: 1989-09-19 11:12  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 Remarks: INTER ALIA  
 PURSUANT TO SECTION 47 LAND ACT, SEE EC95136  
 (AS TO PART FORMERLY PLAN 48674)

Nature: COVENANT  
 Registration Number: EC95138  
 Registration Date and Time: 1989-09-19 11:14  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 REGIONAL DISTRICT OF NANAIMO  
 Remarks: INTER ALIA  
 INCLUDES INDEMNITY  
 (PARTS FORMERLY LOTS 4, 7 AND 9, PLAN 2397  
 AND PART IN DISTRICT LOT 83, NANOOSE DISTRICT)

Nature: STATUTORY RIGHT OF WAY  
 Registration Number: EC95146  
 Registration Date and Time: 1989-09-19 11:15  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 Remarks: INTER ALIA

**TITLE SEARCH PRINT**

File Reference: 85532-00002

Declared Value \$3323000

2018-05-17, 12:30:08

Requestor: Antoinette Sabatini-Warren

Nature: COVENANT  
 Registration Number: EC98512  
 Registration Date and Time: 1989-09-26 11:59  
 Registered Owner: PROVINCIAL AGRICULTURAL LAND COMMISSION  
 Remarks: INTER ALIA  
 PART IN PLAN 49146

Nature: STATUTORY RIGHT OF WAY  
 Registration Number: EF171715  
 Registration Date and Time: 1992-12-23 09:41  
 Registered Owner: EPCOR WATER (WEST) INC.  
 INCORPORATION NO. A0049806  
 Transfer Number: FB427115  
 Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY  
 Registration Number: EF171717  
 Registration Date and Time: 1992-12-23 09:42  
 Registered Owner: REGIONAL DISTRICT OF NANAIMO  
 Remarks: INTER ALIA

Nature: EASEMENT  
 Registration Number: EG41354  
 Registration Date and Time: 1993-04-08 12:54  
 Remarks: INTER ALIA  
 PART ON PLAN VIP56279;  
 APPURTENANT TO LOT C, PLAN 49145

Nature: STATUTORY RIGHT OF WAY  
 Registration Number: EH128035  
 Registration Date and Time: 1994-09-28 09:35  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH  
 COLUMBIA  
 Remarks: INTER ALIA  
 PART IN PLAN VIP59866

Nature: EASEMENT  
 Registration Number: EH137066  
 Registration Date and Time: 1994-10-17 14:55  
 Remarks: PART SHOWN ON PLAN VIP59866;  
 APPURTENANT TO LOT C, PLAN 49145, EXCEPT  
 PART IN PLAN VIP56481 AND STRATA PLAN  
 VIS2920 (PHASE 1 AND 2); THE COMMON PROPERTY  
 OF STRATA PLAN VIS2920

**TITLE SEARCH PRINT**

File Reference: 85532-00002

Declared Value \$3323000

2018-05-17, 12:30:08

Requestor: Antoinette Sabatini-Warren

Nature: COVENANT  
 Registration Number: EL99059  
 Registration Date and Time: 1997-08-26 14:33  
 Registered Owner: REGIONAL DISTRICT OF NANAIMO  
 Remarks: INTER ALIA

Nature: MORTGAGE  
 Registration Number: CA1545577  
 Registration Date and Time: 2010-04-30 13:50  
 Registered Owner: REALCOR MORTGAGE CORP.  
 INCORPORATION NO. BC0282435  
 Remarks: MODIFIED BY CA4484571

Nature: MODIFICATION  
 Registration Number: CA4484571  
 Registration Date and Time: 2015-06-24 12:04  
 Remarks: MODIFICATION OF CA1545577

Nature: MORTGAGE  
 Registration Number: CA5895281  
 Registration Date and Time: 2017-03-28 11:50  
 Registered Owner: CANADIAN WESTERN BANK

Nature: ASSIGNMENT OF RENTS  
 Registration Number: CA5895282  
 Registration Date and Time: 2017-03-28 11:50  
 Registered Owner: CANADIAN WESTERN BANK

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

This is **Exhibit "E"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

## GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated April 30, 2010 is between:

MORNINGSTAR GOLF CLUB LTD. (BC Incorporation No. 789885)

("Debtor")

AND

REALCOR MORTGAGE CORP. (BC Incorporation No. 282435)

("Secured Party")

### PART 1

#### SECURITY INTERESTS

1.1 **Security Interests.** For valuable consideration and as security for the payment and performance of the Obligations (as later defined) the Debtor hereby:

- (a) mortgages and charges to the Secured Party, and grants to the Secured Party a security interest in, and the Secured Party hereby takes a security interest in, all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired personal property and all proceeds thereof (except the property of the Debtor described in paragraph 1.3) of whatsoever nature and kind and wherever situate including, without limiting the generality of the foregoing, all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired:
  - (i) **Accounts.** Debts, accounts, claims, monies and choses in action due or owing to or owned by the Debtor, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (collectively "Accounts");
  - (ii) **Equipment.** Goods and equipment, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (collectively "Equipment");



- 2 -

- (iii) **Inventory.** Inventory of whatever kind, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (collectively "Inventory");
  - (iv) **Other Tangible Personal Property.** Chattel paper, documents of title, instruments, money, investment property, and other goods that are not Accounts, Equipment or Inventory;
  - (v) **Intangibles.** Intangibles and intangible property (except for Accounts) including, without limitation, all contractual rights, licenses, goodwill, patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or investment property;
- (b) grants, mortgages and charges, to and in favour of the Secured Party, as and by way of a fixed and specific mortgage and charge, all of its currently owned and held or hereafter acquired real property and interests therein of every nature and kind and wherever situate; and
  - (c) grants, mortgages and charges, to and in favour of the Secured Party, as and by way of a floating charge, all of its currently owned and held or hereafter acquired property, assets and undertakings of every nature and kind and wherever situate, except such of its property, assets, undertakings and interests as are validly subject to the mortgages, charges and security interests granted pursuant to paragraphs 1.1(a) and 1.1(b).

1.2 **Collateral.** The term "Collateral" means collectively all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired property (real and personal), assets and undertakings, and all proceeds thereof (except the property of the Debtor described in paragraph 1.3) of whatsoever nature and kind and wherever situate including without limiting the generality of the foregoing all of the property described in paragraphs 1.1(a), 1.1(b) and 1.1(c).

1.3 **Exclusions.** The mortgages, charges and security interests granted in this Security Agreement do not apply or extend to:

- (a) the last day of any term created by any lease or agreement therefor now held or hereafter acquired by the Debtor, but the Debtor will stand possessed of the

- 3 -

reversion thereby remaining in the Debtor of any leasehold premises upon trust for the Secured Party to assign and dispose thereof as the Secured Party or any buyer of such leasehold premises directs; and

- (b) any lease or other agreement which contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor or other party until such leave, licence, consent or approval is obtained, and the security interest created hereby will attach and extend to such lease or agreement as soon as such leave, licence, consent or approval is obtained.

**1.4 Intellectual Property.** Nothing in paragraph 0 shall be construed as constituting an absolute transfer or assignment of any present or future intellectual property or rights and interests therein, but that paragraph shall still be construed as granting to the Secured Party a security interest in and a charge on all of the Debtor's present and after-acquired intellectual property and rights and interests in intellectual property.

**1.5 Attachment.** The Debtor and the Secured Party do not intend to postpone the attachment of the security interests hereby created, except as provided in paragraph 1.3(b), and except as provided therein the security interests hereby created will attach when:

- (a) this Security Agreement has been executed, or in the case of after-acquired property, such property has been acquired by the Debtor;
- (b) value has been given; and
- (c) the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.

**1.6 Notification.** If this Security Agreement grants a security interest in Accounts, before or after an Event of Default (as later defined) has occurred, the Secured Party may notify any debtor of the Debtor on an intangible, chattel paper, or account, or any obligor on an instrument ("Account Debtor") of the security interest created hereby, and after an Event of Default the Secured Party may notify any Account Debtor to make all payments on Collateral to the Secured Party. The Debtor acknowledges that the proceeds of all sales, or any payments on or other proceeds of the Collateral, including but not limited to payments on, or other proceeds of, the Collateral received by the Debtor from any Account Debtor, whether before or after notification to such Account Debtor and whether before or after default under this Security Agreement, will be received and held by the Debtor in trust for the Secured Party and will be turned over to the Secured Party upon request, and the Debtor will not commingle any proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

**1.7 Purchase Money Security Interests.** The security interests created hereby will constitute purchase money security interests to the extent that any of the Obligations are monies advanced by the Secured Party to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any of the Collateral and were so used by the Debtor, and a certificate of an

- 4 -

officer of the Secured Party as to the extent that the Obligations are monies so advanced and used will be prima facie proof of the purchase money security interests constituted hereby.

**1.8 Unlimited Liability Company.** Nothing in this Security Agreement or any other agreement between the Debtor and the Secured Party is intended to, and nothing in this Security Agreement or any other agreement between the Debtor and the Secured Party will, constitute the Secured Party or any person other than the Debtor, a shareholder or member of any unlimited liability company ("ULC") for the purposes of (to the extent applicable) the *Companies Act* (Nova Scotia), the *Business Corporations Act* (Alberta), the *Business Corporations Act* (British Columbia) or any other applicable incorporation statute which provides for ULCs until notice is given to the Debtor and further steps are taken to register the Secured Party or other person as holder of shares or other interests in the ULC ("ULC Shares"). To the extent that any provision of this Security Agreement would have the effect of constituting the Secured Party as a shareholder or member of a ULC, that provision will be severed from this Security Agreement and ineffective without otherwise invalidating or rendering unenforceable:

- (a) this Security Agreement; or
- (b) that provision to the extent that it relates to Collateral other than ULC Shares.

**1.9 Investment Property.** Immediately upon demand by the Secured Party, the Debtor will:

- (a) deliver to the Secured Party each certificated security that is in bearer form;
- (b) deliver to the Secured Party each certificated security that is in registered form and, except for ULC Shares, either endorse the security certificate to the Secured Party or in blank or register the security certificate in the name of the Secured Party or its nominee;
- (c) as directed by the Secured Party, to either:
  - (i) cause each uncertificated security to be delivered (as that term is defined in the STA) to the Secured Party; or
  - (ii) cause the issuer of each uncertificated security to enter into an agreement in writing ("Control Agreement") with the Secured Party agreeing that the issuer will comply with instructions originated by the Secured Party without the further consent of the Debtor or any other entitlement holder;
- (d) as directed by the Secured Party, do one of the following:
  - (i) cause the Secured Party or its representative to become the entitlement holder of each security entitlement, except for a security entitlement in ULC Shares;
  - (ii) cause the securities intermediary to enter into a Control Agreement with the Secured Party agreeing that the securities intermediary will comply

- 5 -

with entitlement orders relating to security entitlements that are originated by the Secured Party without the further consent of the Debtor or any other entitlement holder; or

- (iii) cause another person that has control of each securities entitlement on behalf of the Secured Party, or having previously obtained control of the securities entitlement, to acknowledge that the other person has control on behalf of the Secured Party.
- (e) Subject to subparagraph (f) below, the Debtor will be entitled to exercise, or direct the exercise of, all rights conferred by statute or otherwise on a registered holder of investment property with respect to any investment property held directly by the Debtor or its nominee or with respect to any investment property held directly by the Secured Party or its nominee.
- (f) With respect to the Debtor's rights relating to any investment property:
- (i) those rights will not be exercised in any manner which would be inconsistent with the rights of the Secured Party under this Security Agreement;
  - (ii) the Debtor will not, without the prior written consent of the Secured Party, by the exercise of any of such rights or otherwise, permit or agree to any variation of the rights attached to or conferred by any of the investment property, participate in any rights issue, elect to receive or vote in favour of receiving any dividends other than in the form of cash or participate in any vote concerning a dissolution, liquidation, winding-up or similar proceeding of an issuer of investment property, except as expressly permitted by written agreement with the Secured Party; and
  - (iii) after an Event of Default occurs, the Secured Party and its representatives may at the Secured Party's discretion (in the Debtor's name or otherwise and without any consent or authority on the part of the Debtor) exercise or cause to be exercised in respect of any of the investment property (other than ULC Shares) any voting rights or rights to receive dividends, interest, principal or other payments of money, as the case may be, forming part of the investment property and all other rights conferred on or exercisable by the bearer or holder thereof.

## PART 2

### OBLIGATIONS SECURED

2.1 **Obligations.** This Security Agreement and the security interests hereby created will be continuing security for the payment of all indebtedness, arising out of the Vendor Take-Back Mortgage as provided in Section 2.5(e) of the Asset Purchase Agreement dated April 30, 2008,

- 6 -

as amended, between the Debtor and Secured Party respecting the assets of the Morningstar Golf Course, and for the performance of all present and future obligations of the Debtor to the Secured Party thereunder, whether or not contained in this Security Agreement (which indebtedness, liabilities and obligations are collectively "Obligations").

### PART 3

#### REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties.** The Debtor represents and warrants to the Secured Party the following:

- (a) **Corporate Requirements.** If the Debtor is a corporation:
  - (i) it is duly incorporated and it is in good standing under the laws of the Province of British Columbia;
  - (ii) it has the power and authority to carry on the business now being carried on by it and has the full power and authority to execute and deliver this Security Agreement;
  - (iii) all necessary and requisite corporate proceedings, resolutions and authorizations have been taken, passed, done and given by it and by its directors to authorize, permit and enable it to execute and deliver this Security Agreement; and
  - (iv) the entering into this Security Agreement is not in contravention of any statute, the organizational or constating documents of the Debtor or any agreement or other document to which the Debtor is a party;
- (b) **No Actions.** There are no actions or proceedings pending or, to the knowledge of the Debtor, threatened which challenge the validity of this Security Agreement or which might result in a material adverse change in the financial condition of the Debtor or which would materially adversely affect the ability of the Debtor to perform its obligations under this Security Agreement or any document evidencing any indebtedness of the Debtor to the Secured Party;
- (c) **Owns Collateral.** The Debtor owns, possesses and has good title to all currently held Collateral, free from all security interests, mortgages, charges, encumbrances, liens and claims, except only those, if any, shown in Schedule 1;
- (d) **Right and Authority.** The Debtor has the right and authority to create the security interests created in this Security Agreement;
- (e) **Location of Collateral.** The only locations of Collateral (other than Inventory in transit) and the only places the Debtor carries on business are described in Schedule 2;

- 7 -

- (f) **Financial Information.** All financial information and financial statements supplied to the Secured Party by or for the Debtor:
- (i) are not untrue in any material respect;
  - (ii) have revealed all material facts the omission of which would make such information or statements misleading;
  - (iii) disclose all facts which materially adversely affect, or so far as the Debtor can reasonably foresee will materially adversely affect, the Debtor's financial condition, the Collateral or the Debtor's ability to perform its obligations hereunder; and
  - (iv) in the case of financial statements, have been prepared in accordance with generally accepted accounting principles.

3.2 **Reliance and Survival.** All representations and warranties of the Debtor made in this Security Agreement or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, will survive the execution and delivery of this Security Agreement and will continue in full force and effect without time limit. The Secured Party will be considered to have relied upon each such representation and warranty in spite of any investigation made by or on behalf of the Secured Party at any time.

#### PART 4

##### POSITIVE COVENANTS

- 4.1 **Positive Covenants.** The Debtor covenants with the Secured Party the following:
- (a) **Defend Collateral.** It will defend the Collateral against all claims and demands of all persons claiming the Collateral or an interest therein at any time;
  - (b) **Financial Statements.** Upon request of the Secured Party, it will deliver to the Secured Party within 90 days after the end of each fiscal year of the Debtor financial statements of the Debtor, audited if available, including any auditor's report and any notes accompanying such statements;
  - (c) **Lists of Accounts.** If the Collateral includes Accounts, the Debtor will (unless the Secured Party otherwise agrees in writing) deliver to the Secured Party within 30 days of each calendar month end an aged list of the Accounts as at that particular month end in a form acceptable to the Secured Party;
  - (d) **Provide Information.** Upon the demand by the Secured Party it will furnish in writing to the Secured Party all information requested concerning the Collateral, and it will promptly advise the Secured Party of the serial number, year, make and model of each serial numbered good at any time included in the Collateral;

- 8 -

- (e) **Insurance.** It will insure and keep insured to their full insurable value with a company or companies selected by the Debtor and approved in writing by the Secured Party all the Collateral against such perils as may be prudent having regard to the nature of the Collateral and the business of the Debtor (including an extended coverage insurance clause), and whenever and to the extent required in writing by the Secured Party, the Debtor will:
- (i) furnish a certificate by an independent appraiser or insurance adjuster selected by the Debtor and approved by the Secured Party as to the sufficiency of such insurance, which certificate will be conclusive as against the Debtor both as to the amount of insurance required hereunder and the perils against which coverage is required hereunder, and the Debtor will immediately insure in accordance with such certificate;
  - (ii) cause to be included in such policy or policies a mortgage clause in such form as may be approved by the Secured Party;
  - (iii) cause to be endorsed in such form as may be required by the Secured Party on the policies evidencing such insurance a notation that any amounts payable under such policies will be paid to the Secured Party as its interest may appear; and
  - (iv) deposit with the Secured Party every policy and renewal certificate for such insurance or a certified copy thereof;
- (f) **Repair.** It will keep the Collateral in good condition and repair according to the nature and description thereof respectively and if the Debtor neglects to keep the Collateral or any part thereof in good condition and repair then the Secured Party may (but will not be required to) from time to time, without any notice to the Debtor in situations considered by the Secured Party to be emergency situations and otherwise upon not less than 15 days' notice, make such repairs as it in its sole discretion considers necessary;
- (g) **Other Indebtedness.** It will pay and discharge as they become due all payments due and owing under or concerning any other indebtedness created or security given by the Debtor to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto, and any default in payment of any monies due and payable under or relating to any previous indebtedness or security or in the observance, performance or carrying out of any of the terms, covenants, provisions and agreements relating thereto will be considered to be a default hereunder at the option of the Secured Party and any and all remedies available to the Secured Party hereunder by reason of any default hereunder or by law or otherwise will be immediately available to the Secured Party upon any default of the Debtor under the other indebtedness created or security given by the Debtor;

- 9 -

- (h) **Right of Inspection.** The Secured Party will have the right whenever it considers reasonably necessary either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral, all books of account and records of the Debtor and copies of all returns made from time to time by the Debtor to boards, agencies or governmental departments and to make extracts therefrom, and generally to conduct such examinations as it may see fit, and without limiting the generality of the foregoing the Secured Party may request information from the solicitor, auditor and other advisors and agents of the Debtor for the time being concerning the affairs and the conduct of business of the Debtor, and the Debtor hereby irrevocably authorizes and directs, and this will constitute the sufficient authority and direction to, any such solicitor, auditor or other person to disclose to the Secured Party such information as to any and all matters relating to the affairs and conduct of the business of the Debtor whether of a confidential nature or otherwise and any costs, expenses and outlays which the Secured Party may incur pursuant hereto will be payable immediately by the Debtor to the Secured Party, will bear interest at the highest rate borne by any of the other Obligations and will, together with such interest, form part of the Obligations secured by this Security Agreement;
- (i) **Costs of Preparation & Enforcement.** It will pay all costs, charges and expenses of and incidental to the taking, preparation, execution and registering notice (and any amendments and renewals of such notice) of this Security Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in connection with this Security Agreement or by reason of non-payment or procuring payment of the monies hereby secured;
- (j) **Costs Caused by Default.** If the Debtor defaults in any covenant to be performed by it hereunder, the Secured Party may, but is not required to, perform any covenant of the Debtor capable of being performed by the Secured Party, and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on an "own client" basis) will be payable immediately by the Debtor to the Secured Party, will bear interest at the highest rate borne by any of the other Obligations and will, together with such interest, form part of the Obligations secured by this Security Agreement;
- (k) **Court Costs.** In any judicial proceedings taken to cancel this Security Agreement or to enforce this Security Agreement and the covenants of the Debtor hereunder the Secured Party will be entitled to special costs. Any costs so recovered will be credited against any solicitors' fees and charges paid or incurred by the Secured Party relating to the matters in respect of which the costs were awarded and which



- 10 -

have been added to the monies secured hereunder pursuant to the foregoing clause;

- (l) **Notice of Litigation.** It will give written notice to the Secured Party of all litigation or other claims before any court, administrative board or other tribunal affecting the Debtor or the Collateral or any part thereof;
- (m) **Corporate Existence etc.** It will at all times maintain its corporate existence; that it will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice; and that it will keep or cause to be kept proper books of account in accordance with sound accounting practice;
- (n) **Taxes.** It will pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Secured Party in respect of the Collateral or any part or parts thereof, or any other matter or thing in connection with this Security Agreement, except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments;
- (o) **Payments.** It will promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- (p) **Further Assurances.** It will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party may reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;
- (q) **Purchase Monies.** If the Secured Party advances money to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any Collateral the Debtor will use such money only for that purpose and will promptly provide the Secured Party with evidence that such money was so applied; and
- (r) **Governing Law.** The Debtor will require that any agreement to which it and any securities intermediary are a party in respect of any security entitlement or security account included in or relating to any Collateral will specify that the laws of the province of British Columbia, or such other laws consented to by the Secured Party in writing, will be that securities intermediary's jurisdiction for the purposes of that agreement, the STA and the PPSA.

- 11 -

## PART 5

## NEGATIVE COVENANTS

5.1 **Negative Covenants.** The Debtor covenants and agrees with the Secured Party that it will not, without the prior written consent of the Secured Party:

- (a) **Change Name.** Change its name;
- (b) **Amalgamate.** Amalgamate or otherwise merge its business with the business of any other person;
- (c) **Continue.** Continue from the jurisdiction which presently exercises primary corporate governance over the affairs of the Debtor;
- (d) **Permit Charges.** Permit the Collateral or any part or parts thereof to become subject to any mortgage, charge, lien, encumbrance or security interest, whether made, given or created by the Debtor or otherwise except as permitted by Schedule 1, if any;
- (e) **Sell Collateral.** Except as permitted in paragraph 5.2 and 5.3 where such collateral disposed of is replaced by collateral of equal value, sell, lease or otherwise dispose of the Collateral or any part or parts thereof (and in the event of any sale, lease or other disposition permitted or consented to it will pay the proceeds to the Secured Party);
- (f) **Abandon Collateral.** Release, surrender or abandon the Collateral or any part or parts thereof;
- (g) **Move Collateral.** Move the Collateral or any part or parts thereof from its present location or locations (and will promptly advise the Secured Party of the new location or locations);
- (h) **Accessions.** Permit any of the Collateral to become an accession to any property other than other Collateral;
- (i) **Control Agreements.** Consent to, and represents and warrants to the Secured Party that it has not previously consented to:
  - (i) the entering into by any issuer of uncertificated securities included in or relating to the Collateral of a Control Agreement in respect of those uncertificated securities with any person other than the Secured Party or such nominee or agent as it may direct; or
  - (ii) the entering into by any securities intermediary for any securities accounts, security entitlements or other investment property other than uncertificated securities included in or relating to the Collateral, of a Control Agreement

- 12 -

in respect of such securities accounts, security entitlements or other investment property with any person other than the Secured Party or such nominee or agent as it may direct.

**5.2 Sale of Inventory.** If this Security Agreement grants a security interest in Inventory, until an Event of Default has occurred and the Secured Party has determined to enforce the security interests hereby created, the Debtor may only sell Inventory in the ordinary course of business and provided that all sales will be on commercially reasonable terms, and all proceeds of sales will, upon demand, immediately be paid over to the Secured Party.

**5.3 Sale of Equipment.** If this Security Agreement grants a security interest in Equipment, until an Event of Default has occurred and the Secured Party has determined to enforce the security interests hereby created, the Debtor may sell Equipment:

- (a) which is replaced by Equipment of like or superior quality and capacity ("Replacement Equipment"); or
- (b) which is obsolete, worn out or otherwise no longer used or useful to the Debtor in its business;

and the proceeds of which are either applied to the purchase price of Replacement Equipment or paid to the Secured Party to be held as security for, or applied to reduce, the Obligations, as the Secured Party sees fit.

## PART 6

### DEFAULT AND ENFORCEMENT

**6.1 Events of Default.** The happening of any one or more of the following events or conditions will constitute an event of default under this Security Agreement ("Event of Default"):

- (a) **Default.** If the Debtor defaults in payment or performance of the Obligations or in the observance or performance of something required to be done or some covenant or condition required to be observed or performed in this Security Agreement or in any other agreement or instrument between the Debtor and the Secured Party;
- (b) **Misrepresentation.** If any representation or warranty given by the Debtor, or if the Debtor is a corporation by any director or officer thereof, is untrue in any material respect;
- (c) **Winding-Up.** If the Debtor is a corporation and an order is made or a resolution passed for the winding-up of the Debtor, or if a petition is filed for the winding-up of the Debtor;
- (d) **Death or Incompetency.** If the Debtor is an individual and the Debtor dies or is declared incompetent by a court of competent jurisdiction;

- 13 -

- (e) **Bankruptcy.** If the Debtor commits or threatens to commit any act of bankruptcy or becomes insolvent or makes an assignment or proposal under the *Bankruptcy and Insolvency Act* or a general assignment in favour of its creditors or a bulk sale of its assets, or if a bankruptcy petition is filed or presented against the Debtor;
- (f) **Receiver, Etc.** If any receiver, receiver-manager, trustee, custodian, liquidator or similar agent is appointed for the Debtor or for any of the Debtor's property;
- (g) **Arrangement.** If the Debtor is a corporation and any proceedings concerning the Debtor are commenced under the *Companies' Creditors Arrangement Act*;
- (h) **Execution etc.** If any execution, sequestration, extent or any other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the Collateral or any part thereof;
- (i) **Other Indebtedness.** If the Debtor permits any sum which has been admitted as due by the Debtor or is not disputed to be due by it and which forms or is capable of being made a charge upon any of the Collateral in priority to the security interests created by this Security Agreement to remain unpaid for 30 days;
- (j) **Cease Business.** If the Debtor ceases or threatens to cease to carry on its business;
- (k) **Material Adverse Change.** If, in the opinion of the Secured Party, a material adverse change occurs in the financial condition of the Debtor;
- (l) **Impaired Ability or Security.** If the Secured Party in good faith and on commercially reasonable grounds believes that the ability of the Debtor to pay any of the Obligations to the Secured Party or to perform any of the covenants contained in this Security Agreement is impaired or any security granted by the Debtor to the Secured Party is or is about to be impaired or in jeopardy;
- (m) **Change of Control.** If the Debtor is a corporation and if, in the opinion of the Secured Party, effective control of the Debtor changes.

6.2 **Acceleration.** If an Event of Default described in paragraph 6.1(f) occurs all of the Obligations will immediately become due and payable without any demand or any notice of any kind to the Debtor. If any other Event of Default occurs the Secured Party, in its sole and absolute discretion, may declare all or any part of the Obligations (whether or not by their terms payable on demand) immediately due and payable, without any further demand or notice of any kind.

6.3 **Demand Obligations.** The Debtor agrees that the provisions of paragraph 6.1 and paragraph 6.2 will not affect the demand nature of any indebtedness or obligations payable on demand and the Secured Party may demand payment of such indebtedness and obligations at any time without restriction, whether or not the Debtor has complied with the provisions of this Security Agreement or any other instrument between the Debtor and the Secured Party.

- 14 -

6.4 **Security Interests Enforceable.** The occurrence of an Event of Default will cause the security interests created hereby to become enforceable without the need for any action or notice by the Secured Party.

6.5 **Remedies of the Secured Party.** If the security interests hereby created become enforceable, the Secured Party may enforce its rights by any one or more of the following remedies:

- (a) **Take Possession.** By taking possession of the Collateral or any part thereof, and collecting, demanding, suing, enforcing, recovering, receiving and otherwise getting in the Collateral, and for that purpose entering into and upon any lands, tenements, buildings, houses and premises and doing any act and taking any proceedings in the name of the Debtor, or otherwise, as the Secured Party considers necessary;
- (b) **Court Appointed Receiver.** By proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver-manager of all or any part of the Collateral;
- (c) **Court Ordered Sale.** By proceedings in any court of competent jurisdiction for the sale or foreclosure of all or any part of the Collateral;
- (d) **File Proofs of Claim.** By filing of proofs of claim and other documents to establish its claims in any proceeding or proceedings relating to the Debtor;
- (e) **Appoint Receiver.** By appointment by instrument in writing of a receiver or receiver-manager of all or any part of the Collateral;
- (f) **Sale or Lease.** By sale or lease by the Secured Party of all or any part of the Collateral (whether or not it has taken possession of the Collateral);
- (g) **Voluntary Foreclosure.** By retaining any of the Collateral in satisfaction of all or part of the Obligations, in accordance with paragraph 6.11;
- (h) **Other Remedies.** By any other remedy or proceeding authorized or permitted hereby or by law or equity (including all of the rights and remedies of a secured party under the *Personal Property Security Act* in effect from time to time);

and in exercising, delaying in exercising or failing to exercise, any such right or remedy the Secured Party will not incur any liability to the Debtor.

6.6 **Power of Sale.** The provisions of paragraph 6.7(g) will apply, mutatis mutandis, to a sale or lease of any of the Collateral by the Secured Party under paragraph 6.5(f).

6.7 **Receiver or Receiver-Manager.** Any time after the security interests hereby created have become enforceable, the Secured Party may from time to time appoint in writing any qualified person to be a receiver or receiver-manager ("Receiver") of the Collateral and may

- 15 -

likewise remove any such person so appointed and appoint another qualified person in his stead. Any Receiver appointed hereunder will have the following powers:

- (a) **Take Possession.** To take possession of the Collateral or any part thereof, and to collect and get in the Collateral and for that purpose to enter into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the Debtor, or otherwise, as the Receiver considers necessary;
- (b) **Carry On Business.** If this Security Agreement creates security interests in substantially all of the Debtor's present and after-acquired personal property, to carry on or concur in carrying on the business of the Debtor (including, without limiting the generality of the powers contained in this Security Agreement, the payment of the obligations of the Debtor whether or not they are due and the cancellation or amendment of any contracts between the Debtor and any other person) and the employment and discharge of such agents, managers, clerks, accountants, servants, workmen and others upon such terms and with such salaries, wages or remuneration as the Receiver thinks proper;
- (c) **Repair.** To repair and keep in repair the Collateral or any part or parts thereof and to do all necessary acts and things for the protection of the Collateral;
- (d) **Arrangements.** To make any arrangement or compromise which the Receiver thinks expedient in the interests of the Secured Party or the Debtor and to assent to any modification or change in or omission from the provisions of this Security Agreement;
- (e) **Exchange.** To exchange any part or parts of the Collateral for any other property suitable for the purposes of the Debtor upon such terms as may seem expedient and either with or without payment or exchange of money or equality of exchange or otherwise;
- (f) **Borrow.** To raise on the security of the Collateral or any part or parts thereof, by mortgage, charge or otherwise any sum of money required for the repair, insurance or protection thereof, or any other purposes mentioned in this Security Agreement, or as may be required to pay off or discharge any lien, charge or encumbrance upon the Collateral or any part thereof, which would or might have priority over the security interests hereby created;
- (g) **Sell or Lease.** Whether or not the Receiver has taken possession, to sell or lease or concur in the sale or leasing of any of the Collateral or any part or parts thereof after giving the Debtor not less than 20 days' written notice of the Receiver's intention to sell or lease, and to carry any such sale or lease into effect by conveying, transferring, letting or assigning in the name of or on behalf of the Debtor or otherwise; and any such sale or lease may be made either at public sale or lease (including public auction or closed tender), or by private sale or lease, as

- 16 -

the Receiver may determine and any such sale or lease may be made from time to time as to the whole or any part or parts of the Collateral; and the Receiver may make any stipulations as to title or conveyance or otherwise which the Receiver considers proper; and the Receiver may rescind or vary any contract for the sale or lease of any of the Collateral or any part or parts thereof, and may resell and re-lease without being answerable for any loss occasioned thereby; and the Receiver may sell or lease any of the Collateral for cash or credit, or part cash and part credit, or otherwise as may appear to be most advantageous, and at such prices as can be reasonably obtained therefor, and in the event of a sale or lease on credit neither the Receiver nor the Secured Party will be accountable for or charged with any monies until actually received.

**6.8 Liability of Receiver.** The Receiver appointed and exercising powers under the provisions hereof will not be liable for any loss howsoever arising unless the loss is caused by the Receiver's own gross negligence or wilful default, and the Receiver will when so appointed be considered to be the agent of the Debtor and the Debtor will be solely responsible for the Receiver's acts and defaults and for the Receiver's remuneration.

**6.9 Effect of Appointment of Receiver.** As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor concerning the Collateral will cease, unless specifically continued by the written consent of the Secured Party or the Receiver.

**6.10 Validity of Sale or Lease.** No buyer at any sale and no lessee under any lease purporting to be made in pursuance of the powers set out in paragraph 6.5(f) and paragraph 6.7(g) will be bound to see or enquire whether any default has been made or continues or whether any notice required hereunder has been given or as to the necessity or expediency of the stipulations subject to which sale or lease has been made or otherwise as to the propriety of such sale or lease, or the regularity of proceedings or be affected by notice that such default has been made or continues or notice given as aforesaid, or that the sale or lease is otherwise unnecessary, improper or irregular; and in spite of any impropriety or irregularity or notice thereof to such buyer or lessee the sale or lease to such buyer or lessee will be considered to be within the aforesaid power and to be valid accordingly and the remedy (if any) of the Debtor in respect of any impropriety or irregularity whatsoever in any such sale or lease will be in damages only.

**6.11 Voluntary Foreclosure.** The Secured Party may elect to retain any of the Collateral in satisfaction of the Obligations or any of them. The Secured Party may designate any part of the Obligations to be satisfied by the retention of particular Collateral which the Secured Party considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations will be considered to be satisfied by the retention of the particular Collateral.

**6.12 Proceeds of Disposition.** The proceeds of the sale, lease or other disposition of the whole or any part of the Collateral will be applied as follows:

- 17 -

- (a) FIRSTLY to pay and discharge all rents, taxes, rates, insurance premiums and out-goings affecting the Collateral;
- (b) SECONDLY to pay all costs and expenses of taking possession and/or sale or lease or otherwise (including the Receiver's remuneration, if any);
- (c) THIRDLY to pay such amounts as are necessary to keep in good standing all liens and charges on the Collateral ranking in priority to the security interests hereby created;
- (d) FOURTHLY to pay any principal, interest and other monies due and payable hereunder (in such order as the Secured Party may require); and
- (e) if any surplus remains in the hands of the Receiver or the Secured Party then the Debtor will be entitled to such surplus but only upon demand in writing made therefor.

**6.13 Intentionally Deleted.**

**6.14 Deficiency.** If the proceeds of the realization of the Collateral are insufficient to fully pay to the Secured Party the Obligations, the Debtor will immediately pay such deficiency or cause it to be paid to the Secured Party.

**6.15 Waiver.** The Secured Party may waive any breach by the Debtor of any of the provisions contained in this Security Agreement or any Event of Default, provided always that no act or omission of the Secured Party will extend to or be taken in any manner whatsoever to affect any subsequent breach or Event of Default or the rights resulting therefrom.

**6.16 Time for Payment.** If the Secured Party demands payment of any Obligations which are payable on demand or if any Obligations are otherwise due by maturity or acceleration, it will be considered reasonable for the Secured Party to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment which might otherwise be required to be given to the Debtor by applicable law is hereby irrevocably waived.

**PART 7**

**NOTICES**

**7.1 Notices.** In this Security Agreement:

- (a) Any notice or communication required or permitted to be given under this Security Agreement will be in writing and will be considered to have been given if delivered by hand, transmitted by facsimile transmission or mailed by prepaid



- 18 -

registered post in Canada, to the address or facsimile transmission number of each party set out below:

(i) if to Secured Party:

Realcor Mortgage Corp.  
c/o International Union of Operating Engineers, Local 115  
#402-4333 Ledger Avenue  
Burnaby, BC V5G 3T3

Attention: Mr. Lionel Railton  
Fax No.: 604-473-5236

(ii) if to Debtor:

Morningstar Golf Club Ltd.  
c/o 14238 - 134 Avenue  
Edmonton, AB T5L 5V8

Attention: Mr. Paul McCracken  
Fax No.: \_\_\_\_\_

or to such other address or facsimile transmission number as any party may designate in the manner set out above.

(b) Any notice or communication will be considered to have been received:

- (i) if delivered by hand during business hours, upon receipt by a responsible representative of the receiver, and if not delivery during business hours, upon the commencement of the next business day;
- (ii) if sent by facsimile transmission during business hours, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of the next business day; and
- (iii) if mailed by prepaid registered post in Canada, upon the fifth business day following posting; except that, in the case of a disruption or an impending or threatened disruption in postal services every notice or communication will be delivered by hand or sent by facsimile transmission.

(c) In this Security Agreement "business day" will mean a day which is not a Saturday or defined as a "holiday" under the *Interpretation Act* (British Columbia), as amended or replaced from time to time.

- 19 -

**PART 8****GENERAL**

- 8.1 **No Automatic Discharge.** This Security Agreement will not be or be considered to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Secured Party.
- 8.2 **Discharge.** If at any time there are no Obligations then outstanding then, at the request and at the expense of the Debtor, the Secured Party will cancel and discharge this Security Agreement and the security interests granted in this Security Agreement and the Secured Party will execute and deliver to the Debtor all such documents as are required to effect such discharge.
- 8.3 **No Obligation to Advance.** The Debtor acknowledges and agrees that none of the preparation, execution or registration of notice of this Security Agreement will bind the Secured Party to advance the monies hereby secured nor will the advance of a part of the monies hereby secured bind the Secured Party to advance any unadvanced portion thereof.
- 8.4 **Security Additional.** The Debtor agrees that the security interests created by this Security Agreement are in addition to and not in substitution for any other security now or hereafter held by the Secured Party.
- 8.5 **Realization.** The Debtor acknowledges and agrees that the Secured Party may realize upon various securities securing the Obligations or any part thereof in such order as it may be advised and any such realization by any means upon any security or any part thereof will not bar realization upon any other security or the security hereby constituted or parts thereof.
- 8.6 **No Merger.** This Security Agreement will not operate to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment concerning any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.
- 8.7 **Extensions.** The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests and otherwise deal with the Debtor, Account Debtors, sureties and others and with the Collateral and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold and realize on the security constituted by this Security Agreement.
- 8.8 **Provisions Reasonable.** The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those provisions respecting rights, remedies and powers of the Secured Party or any Receiver against the Debtor, its business and any Collateral are commercially reasonable.

- 20 -

8.9 **Assignment.** The Secured Party may, without notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests hereby granted. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Secured Party's rights and remedies under this Security Agreement and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due upon notice of such assignment or transfer.

8.10 **Appropriation of Payments.** Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

8.11 **No Representations.** The Debtor acknowledges and agrees that the Secured Party has made no representations or warranties other than those contained in this Security Agreement.

8.12 **Use of Collateral by Debtor.** Except as provided herein, until an Event of Default occurs the Debtor will be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms hereof.

8.13 **Modifications, Etc.** No modification or amendment of this Security Agreement will be effective unless in writing and executed by the Debtor and the Secured Party and no waiver of any of the provisions of this Security Agreement will be effective unless in writing and signed by the party waiving the provision.

8.14 **Disclosure of Information.** The Debtor consents to the Secured Party, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Debtor, this Security Agreement, the Collateral and the Obligations to any person the Secured Party believes is entitled to such information and the Debtor acknowledges and agrees that the Secured Party may charge and retain a reasonable fee and its costs incurred in providing such information.

8.15 **Statutory Waivers.** To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

## PART 9

### INTERPRETATION

9.1 **Incorporated Definitions.** In this Security Agreement words which are defined in the British Columbia *Personal Property Security Act* ("PPSA") or the British Columbia *Securities*

- 21 -

*Transfer Act* ("STA") which are not defined in this Security Agreement will have the respective meanings given to them in the PPSA or the STA.

9.2 **Headings.** The headings in this Security Agreement are inserted for convenience of reference only and will not affect the construction or interpretation of this Security Agreement.

9.3 **Generally Accepted Accounting Principles.** Where the Canadian Institute of Chartered Accountants includes a recommendation in its Handbook concerning the treatment of any accounting matter, such recommendation will be regarded as the only generally accepted accounting principle applicable to the circumstances that it covers and references in this Security Agreement to generally accepted accounting principles will be interpreted accordingly.

9.4 **Severability.** If any provision contained in this Security Agreement is invalid or unenforceable the remainder of this Security Agreement will not be affected thereby and each provision of this Security Agreement will separately be valid and enforceable to the fullest extent permitted by law.

9.5 **Laws of British Columbia.** This Security Agreement is governed by, and construed in accordance with, the laws of the Province of British Columbia and the Debtor submits to the non-exclusive jurisdiction of the courts of British Columbia concerning this Security Agreement.

9.6 **Joint Obligations.** If more than one person is the Debtor, the agreements of, and all obligations and covenants to be performed and observed by, the Debtor hereunder will be the joint and several agreements, obligations and covenants of each of the persons comprising the Debtor and any request or authorization given to the Secured Party by any of the persons comprising the Debtor will be considered to be the joint and several requests or authorizations of each of the persons comprising the Debtor.

9.7 **Time of Essence.** Time will be of the essence hereof.

9.8 **Number and Gender.** In this Security Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

9.9 **Counterparts.** This Security Agreement may be signed by original or facsimile and, if applicable, executed in any number of counterparts, and each executed counterpart will be considered to be an original. All executed counterparts taken together will constitute one agreement.

9.10 **Enurement.** This Security Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

- 22 -

## PART 10

## ACKNOWLEDGMENT AND WAIVER


## 10.1 Acknowledgment and Waiver. The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Security Agreement or any amendments hereto.

10.2 Acknowledgment of Asset Purchase Agreement. The Secured Party and the Debtor acknowledge that, pursuant to the terms of an Asset Purchase Agreement respecting the purchase and sale of the assets of the Morningstar Golf Course, made between the Debtor and Eaglestar Golf Inc. and dated April 30, 2008, this Security Agreement is granted to secure the repayment of a portion of the Purchase Price thereunder and Eaglestar Golf Inc. has directed that its rights and obligations as Secured Party be transferred and assigned to Realcor Mortgage Corp. as the Secured Party hereunder. The Secured Party acknowledges and agrees that its rights hereunder are subject to the rights and obligations, equitable or otherwise, of Eaglestar Golf Inc. contained in the said Asset Purchase Agreement, including any Indemnity Claims pursuant to the terms of the said Asset Purchase Agreement, provided that for greater certainty the terms of section 9.2 of the Asset Purchase Agreement shall apply.

TO EVIDENCE ITS AGREEMENT the Debtor has executed this Security Agreement on the date appearing below.

MORNINGSTAR GOLF CLUB LTD.

By:   
\_\_\_\_\_  
Authorized Signatory

Print Name: Shayne McCracken

Dated: April 30, 2010

**SCHEDULE 1**  
**Prior Security Interests**

None.

**SCHEDULE 2**

**Debtor's Place(s) of Business**

525 Lowry's Road, Parksville, BC legally described as PID: 014-884-275, Lot A District Lots 29, 81, 83 and 126 Nanoose District Plan 49145 Except parts in Plans VIP51714, VIP52613, VIP76030 and VIP76051

**Location(s) of Collateral**

525 Lowry's Road, Parksville, BC legally described as PID: 014-884-275, Lot A District Lots 29, 81, 83 and 126 Nanoose District Plan 49145 Except parts in Plans VIP51714, VIP52613, VIP76030 and VIP76051

This is **Exhibit "F"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....*[Signature]*.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia



Page: 1

BC OnLine: PPRS SEARCH RESULT 2018/05/29  
 Lterm: XPSP0050 For: PI84000 DLA PIPER (CANADA) LLP 15:12:20

Index: BUSINESS DEBTOR

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: AUG 24, 2012 Reg. Length: 4 YEARS  
 Reg. Time: 08:43:49 Expiry Date: AUG 24, 2020  
 Base Reg. #: 917593G Control #: D1354319

\*\*\* Expiry date includes subsequent registered renewal(s).

Block#

S0001 Secured Party: NATIONAL LEASING GROUP INC.  
 1525 BUFFALO PLACE  
 WINNIPEG MB R3T 1L9

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD.  
 (Business) 525 LOWRY'S ROAD  
 PARKSVILLE BC V9P2R8

D0002 Ind. Debtor: MCCracken PAUL WILLIAM  
 525 LOWRY'S ROAD Birthdate: 48APR21  
 PARKSVILLE BC

## Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MV	311000326	2012	TORO GREENSMaster 4500D	
V0002 MV	11051600090653256	2012	SALSCO GREENS ROLLER	

## General Collateral:

ALL GOLFCOURSE MAINTENANCE EQUIPMENT DESCRIBED IN LEASE NUMBER 2588898  
 BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS LESSEE, AS  
 AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS,  
 ACCESSORIES  
 & SUBSTITUTIONS.

--- S U B S T I T U T I O N O F C O L L A T E R A L / P R O C E E D S ---

Reg. #: 997880I Reg. Date: DEC 08, 2015  
 Reg. Time: 08:55:01  
 Control #: D3485370

Base Reg. Type: PPSA SECURITY AGREEMENT  
 Base Reg. #: 917593G Base Reg. Date: AUG 24, 2012

## General Collateral:

\*\* DELETED \*\*

ALL GOLFCOURSE MAINTENANCE EQUIPMENT DESCRIBED IN LEASE NUMBER 2588898  
 BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS LESSEE, AS  
 AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS,  
 & SUBSTITUTIONS.

\*\*\* ADDED \*\*\*

ALL GOLFCOURSE MAINTENANCE EQUIPMENT OF EVERY NATURE OR KIND DESCRIBED  
 IN AGREEMENT NUMBER 2736889, BETWEEN THE SECURED PARTY AND THE DEBTOR,  
 AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS,

ACCESSORIES AND SUBSTITUTIONS.

Continued on Page 2

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 2

Registering

Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

----- R E N E W A L -----

Reg. #: 997882I                      Reg. Date: DEC 08, 2015  
Reg. Life: 4 YEARS                      Reg. Time: 08:56:07  
Control #: D3485381

Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 917593G                      Base Reg. Date: AUG 24, 2012

Registering

Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

\*\*\*\*\* P P S A   S E C U R I T Y   A G R E E M E N T \*\*\*\*\*

Reg. Date: DEC 11, 2013                      Reg. Length: 6 YEARS  
Reg. Time: 10:20:33                      Expiry Date: DEC 11, 2019  
Base Reg. #: 705154H                      Control #: D2161889

Block#

S0001 Secured Party: ROYNAT INC.  
SUITE 1500, 4710 KINGSWAY ST.  
BURNABY BC V5H 4M2

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD.  
(Business) 525 LOWRY'S ROAD  
PARKSVILLE BC V9P2R8

General Collateral:

PHOTOCOPIER(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS  
REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND ALL  
PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND  
OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR  
OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO  
THE COLLATERAL OR PROCEEDS OF THE COLLATERAL

\*\*\*\*\* P P S A   S E C U R I T Y   A G R E E M E N T \*\*\*\*\*

Reg. Date: MAY 06, 2014                      Reg. Length: 5 YEARS  
Reg. Time: 12:07:26                      Expiry Date: MAY 06, 2022  
Base Reg. #: 940677H                      Control #: D2403327

\*\*\* Expiry date includes subsequent registered renewal(s).

Block#

S0001 Secured Party: NATIONAL LEASING GROUP INC.

1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD.  
(Business) 525 LOWRY'S RD  
PARKSVILLE BC V9P2R8

Continued on Page 3

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 3

D0002 Ind. Debtor: MCCRACKEN PAUL WILLIAM  
525 LOWRY'S RD Birthdate: 48APR21  
PARKSVILLE BC V9P2R8

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001	MV	314000129	2014 TORO GREENMASTER GR3150Q	
V0002	MV	313000311	2014 14 BLADE C/U NG DPE	
V0003	MV	313000424	2014 14 BLADE C/U NG DPE	
V0004	MV	313000426	2014 14 BLADE C/U NG DPE	
V0005	MV	313000923	2014 GM3500D KUBOTA	
V0006	MV	313000608	2014 SAND PRO 3040	
V0007	MV	314000149	2014 TOOTH RAKE	
V0008	MV	313000352	2014 PRO FORCE BLOWER	
V0009	MV	250000242T	2014 REAR ROLLER BRUSH GR3150	

General Collateral:

ALL MOWERS, SANDPRO, BLOWERS, RAKES, ROLLER BRUSH KITS, SPRAYERS, TURF BRUSH, UTILITY VEHICLE OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2659185 BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS LESSEE, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.

----- ADDITION OF COLLATERAL / PROCEEDS -----

Reg. #: 984802H Reg. Date: MAY 30, 2014  
Reg. Time: 06:52:16  
Control #: D2448641

Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 940677H Base Reg. Date: MAY 06, 2014

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0010	MV	1TC202ATKET075236	2014 JOHN DEERE 2020 PROGATOR	
V0011	MV	1TC300GXKET050016	2014 JOHN DEERE HD300 SPRAYER	
V0012	MV	1MOTURFJKEM090547	2014 JOHN DEERE GATOR TX	
V0013	MV	336	2013 DEMO TB 200 GREENS BROOM	

## Registering

Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

## ----- ADDITION OF COLLATERAL / PROCEEDS -----

Reg. #: 449050K                      Reg. Date: DEC 08, 2017  
Reg. Time: 09:57:33  
Control #: D4967138  
Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 940677H              Base Reg. Date: MAY 06, 2014

Continued on Page 4

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 4

## Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
*** ADDED ***				
V0014 MV	1TC202ATKET075236	2014	JOHN DEERE 2020 PROGATOR	
*** ADDED ***				
V0015 MV	1TC300GXKET050016	2014	JOHN DEERE HD 200 SPRAYER	
*** ADDED ***				
V0016 MV	1MOTURFJKEM090547	2014	JOHN DEERE GATOR TX TURF	
*** ADDED ***				
V0017 MV		336 2013	TB200 TURF BRUSH	

## General Collateral:

\*\*\* ADDED \*\*\*  
REFINANCE/REWRITE; AGREEMENT NUMBER CHANGED FROM 2659185 TO 2847047

## Registering

Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

## ----- R E N E W A L -----

Reg. #: 449061K                      Reg. Date: DEC 08, 2017  
Reg. Life: 3 YEARS                  Reg. Time: 09:58:48  
Control #: D4967181  
Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 940677H              Base Reg. Date: MAY 06, 2014

## Registering

Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

## \*\*\*\*\* P P S A   S E C U R I T Y   A G R E E M E N T \*\*\*\*\*

Reg. Date: APR 02, 2015              Reg. Length: 4 YEARS  
Reg. Time: 07:07:42                  Expiry Date: APR 02, 2019

Base Reg. #: 523550I Control #: D3000545

Block#

S0001 Secured Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD.  
(Business) 525 LOWRY'S RD  
PARKSVILLE BC V9P 2R8

D0002 Ind. Debtor: MCCRACKEN PAUL WILLIAM  
525 LOWRY'S RD Birthdate: 48APR21  
PARKSVILLE BC V9P 2R8

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MV	PH1039131919	2010	CLUB CAR PRECEDENT I2 ELE	
V0002 MV	PH1039131921	2010	CLUB CAR PRECEDENT I2 ELE	

Continued on Page 5

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 5

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0003 MV	PH1039131922	2010	CLUB CAR PRECEDENT I2 ELE	
V0004 MV	PH1039131924	2010	CLUB CAR PRECEDENT I2 ELE	
V0005 MV	PH1039131925	2010	CLUB CAR PRECEDENT I2 ELE	
V0006 MV	PH1039131927	2010	CLUB CAR PRECEDENT I2 ELE	
V0007 MV	PH1039131928	2010	CLUB CAR PRECEDENT I2 ELE	
V0008 MV	PH1039131929	2010	CLUB CAR PRECEDENT I2 ELE	
V0009 MV	PH1039131931	2010	CLUB CAR PRECEDENT I2 ELE	
V0010 MV	PH1039131932	2010	CLUB CAR PRECEDENT I2 ELE	
V0011 MV	PH1039131933	2010	CLUB CAR PRECEDENT I2 ELE	
V0012 MV	PH1039131935	2010	CLUB CAR PRECEDENT I2 ELE	
V0013 MV	PH1039131936	2010	CLUB CAR PRECEDENT I2 ELE	
V0014 MV	PH1039131937	2010	CLUB CAR PRECEDENT I2 ELE	
V0015 MV	PH1039131941	2010	CLUB CAR PRECEDENT I2 ELE	
V0016 MV	PH1039131942	2010	CLUB CAR PRECEDENT I2 ELE	
V0017 MV	PH1039131946	2010	CLUB CAR PRECEDENT I2 ELE	
V0018 MV	PH1039131948	2010	CLUB CAR PRECEDENT I2 ELE	
V0019 MV	PH1039131949	2010	CLUB CAR PRECEDENT I2 ELE	
V0020 MV	PH1039131952	2010	CLUB CAR PRECEDENT I2 ELE	
V0021 MV	PH1039131954	2010	CLUB CAR PRECEDENT I2 ELE	
V0022 MV	PH1039131956	2010	CLUB CAR PRECEDENT I2 ELE	
V0023 MV	PH1039131959	2010	CLUB CAR PRECEDENT I2 ELE	
V0024 MV	PH1039131962	2010	CLUB CAR PRECEDENT I2 ELE	
V0025 MV	PH1039131967	2010	CLUB CAR PRECEDENT I2 ELE	
V0026 MV	PH1039131971	2010	CLUB CAR PRECEDENT I2 ELE	
V0027 MV	PH1039131974	2010	CLUB CAR PRECEDENT I2 ELE	
V0028 MV	PH1039131975	2010	CLUB CAR PRECEDENT I2 ELE	
V0029 MV	PH1039131982	2010	CLUB CAR PRECEDENT I2 ELE	
V0030 MV	PH1039131984	2010	CLUB CAR PRECEDENT I2 ELE	
V0031 MV	PH1039131987	2010	CLUB CAR PRECEDENT I2 ELE	

V0032	MV	PH1039131990	2010	CLUB CAR PRECEDENT I2 ELE
V0033	MV	PH1039131991	2010	CLUB CAR PRECEDENT I2 ELE
V0034	MV	PH1039131993	2010	CLUB CAR PRECEDENT I2 ELE
V0035	MV	PH1039131997	2010	CLUB CAR PRECEDENT I2 ELE
V0036	MV	PH1039131999	2010	CLUB CAR PRECEDENT I2 ELE
V0037	MV	PH1039132003	2010	CLUB CAR PRECEDENT I2 ELE
V0038	MV	PH1039132005	2010	CLUB CAR PRECEDENT I2 ELE
V0039	MV	PH1039132007	2010	CLUB CAR PRECEDENT I2 ELE
V0040	MV	PH1039132010	2010	CLUB CAR PRECEDENT I2 ELE
V0041	MV	PH1039132013	2010	CLUB CAR PRECEDENT I2 ELE
V0042	MV	PH1039132015	2010	CLUB CAR PRECEDENT I2 ELE
V0043	MV	PH1039132043	2010	CLUB CAR PRECEDENT I2 ELE
V0044	MV	PH1039132045	2010	CLUB CAR PRECEDENT I2 ELE
V0045	MV	PH1039132046	2010	CLUB CAR PRECEDENT I2 ELE
V0046	MV	PH1039132047	2010	CLUB CAR PRECEDENT I2 ELE
V0047	MV	PH1039132048	2010	CLUB CAR PRECEDENT I2 ELE
V0048	MV	PH1039132050	2010	CLUB CAR PRECEDENT I2 ELE
V0049	MV	PH1039132051	2010	CLUB CAR PRECEDENT I2 ELE
V0050	MV	PH1039132052	2010	CLUB CAR PRECEDENT I2 ELE
V0051	MV	PH1039132055	2010	CLUB CAR PRECEDENT I2 ELE
V0052	MV	PH1039132058	2010	CLUB CAR PRECEDENT I2 ELE
V0053	MV	PH1039132059	2010	CLUB CAR PRECEDENT I2 ELE
V0054	MV	PH1039132061	2010	CLUB CAR PRECEDENT I2 ELE
V0055	MV	PH1039132062	2010	CLUB CAR PRECEDENT I2 ELE
V0056	MV	PH1050157245	2010	CLUB CAR PRECEDENT I2 ELE
V0057	MV	PH1050157250	2010	CLUB CAR PRECEDENT I2 ELE

Continued on Page 6

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 6

## Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0058	MV	PH1050157266	2010	CLUB CAR PRECEDENT I2 ELE
V0059	MV	PH1050157350	2010	CLUB CAR PRECEDENT I2 ELE
V0060	MV	PH1050157374	2010	CLUB CAR PRECEDENT I2 ELE

## General Collateral:

ASSETS ARE ELECTRIC GOLF CARTS.

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: MAR 28, 2017	Reg. Length: 5 YEARS
Reg. Time: 11:40:29	Expiry Date: MAR 28, 2022
Base Reg. #: 905500J	Control #: D4413022

Block#

S0001 Secured Party: CANADIAN WESTERN BANK  
UNIT 100 - 12230 JASPER AVENUE  
EDMONTON AB T5N 3K3

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD.  
(Business) 14238 - 134 AVENUE  
EDMONTON AB T5L 5V8

General Collateral:

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Registering

Party: WEBSTER HUDSON & COOMBE LLP  
510-1040 WEST GEORGIA STREET  
VANCOUVER BC V6E 4H1

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: OCT 04, 2017                      Reg. Length: 5 YEARS  
Reg. Time: 16:29:40                      Expiry Date: OCT 04, 2022  
Base Reg. #: 315787K                      Control #: D4831086

Block#

S0001 Secured Party: REALCOR MORTGAGE CORP.  
4333 LEDGER AVENUE, SUITE 402  
BURNABY BC V5G 3T3

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD  
(Business) 14238 - 134 AVENUE  
EDMONTON AB T5L 5V8

General Collateral:

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.  
FULL ADDRESS OF SECURED PARTY S0001 IS C/O INTERNATIONAL UNION OF  
OPERATING ENGINEERS, LOCAL 115, 4333 LEDGER AVENUE, SUITE 402  
BURNABY, BC V5G 3T3.

Continued on Page 7

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 7

Registering

Party: DLA PIPER (CANADA) LLP/DAVIS  
MANAGEMENT LTD.  
2800 PARK PLACE 666 BURRARD ST  
VANCOUVER BC V6C 2Z7

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: NOV 03, 2017                      Reg. Length: 1 YEAR  
Reg. Time: 13:08:04                      Expiry Date: NOV 03, 2018  
Base Reg. #: 380410K                      Control #: D4897110

Block#

S0001 Secured Party: ICE CUBE LEASING LTD.  
P.O. BOX 1311  
ALDERGROVE BC V4W 2V1

D0001 Base Debtor: MORNINGSTAR GOLF COURSE - RESTAURANT  
(Business) 525 LOWRY'S ROAD  
PARKSVILLE BC V9P 2R8

=D0002 Bus. Debtor: MORNINGSTAR GOLF CLUB LTD  
525 LOWRY'S ROAD  
PARKSVILLE BC V9P 2R8

D0003 Bus. Debtor: GRILL ON THE GREEN, MORNINGSTAR GOLF  
CLUB  
525 LOWRY'S ROAD  
PARKSVILLE BC V9P 2R8

General Collateral:  
HOSHIZAKI M#KM-451MWH-HOS S# F03495E  
HOSHIZAKI M#B-250PF- HOS S# F59005D

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

\*\*\* DISCHARGED \*\*\*

Reg. Date: MAY 14, 2018

Reg. Length: 6 YEARS

Reg. Time: 14:51:23

Expiry Date: MAY 14, 2024

Base Reg. #: 757403K

Control #: D5281168

Block#

S0001 Secured Party: REALCOR MORTGAGE CORP.  
4333 LEDGER AVENUE, SUITE 402  
BURNABY BC V5G 3T3

=D0001 Base Debtor: MORNINGSTAR GOLF CLUB LTD  
(Business) 14238 - 134 AVENUE  
EDMONTON AB T5L 5V8

General Collateral:  
ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY, AND THE PROPERTY  
OF THE DEBTOR. FULL ADDRESS OF SECURED PARTY S0001 IS C/O  
INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 115, 4333 LEDGER  
AVENUE, SUITE 402, BURNABY, BC V5G 3T3.

Continued on Page 8

Search Criteria: MORNINGSTAR GOLF CLUB LTD.

Page: 8

Registering

Party: DLA PIPER (CANADA) LLP/DAVIS  
MANAGEMENT LTD.  
2800 PARK PLACE 666 BURNARD ST  
VANCOUVER BC V6C 2Z7

----- T O T A L D I S C H A R G E -----

Reg. #: 757488K

Reg. Date: MAY 14, 2018

Reg. Time: 15:06:14

Control #: D5281402

Base Reg. Type: PPSA SECURITY AGREEMENT

Base Reg. #: 757403K

Base Reg. Date: MAY 14, 2018





This is **Exhibit "G"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....*[Signature]*.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

Clerk's Stamp

COURT FILE NUMBER 1703 12327  
 COURT COURT OF QUEEN'S BENCH OF ALBERTA  
 JUDICIAL CENTRE EDMONTON

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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD. and 1371047 ALBERTA LTD.

DOCUMENT CCAA INITIAL ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
 Stephanie A. Wanke  
 Spencer Norris  
 DLA Piper (Canada) LLP  
 1201 Scotia Tower 2  
 10060 Jasper Avenue  
 Edmonton AB T5J 4E5  
 T 780.429.6822  
 F 780.702.4379



DATE ON WHICH ORDER WAS PRONOUNCED: July 5, 2017  
 NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice K.G. Nielsen  
 LOCATION OF HEARING: Edmonton, Alberta

**UPON** the application of Canada North Camps Inc., D.J. Catering Ltd., Campcorp Structures Ltd., Canada North Group Inc., 816956 Alberta Ltd. and 1371047 Alberta Ltd. (the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of Shayne McCracken sworn June 28, 2017, filed, the Confidential Supplemental Affidavit of Shayne McCracken, unfiled, the Affidavit of Jessie Taha sworn June 29, 2017, the Affidavit of Russell French, sworn June 29, 2017, the Supplemental Affidavit of Shayne McCracken sworn July 4, 2017, the Affidavit of Service sworn by Lynnette Goodwin, filed, and the Pre-filing Report of the proposed Monitor, filed July 4, 2017; **AND UPON** reading the filed consent of Ernst & Young Inc. to act as Monitor; **AND UPON NOTING** that the Court of Queen's Bench in Bankruptcy granted orders in each of the following bankruptcy proceedings commenced under Part III of the *Bankruptcy and Insolvency Act*: 24-2266739, 24-2266736, 24-2266726, and 24-2266743 that those proceedings may be taken up and continued under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-35 ("**CCAA**"); **AND UPON** hearing from counsel for the Applicants, counsel for Canadian Western Bank, counsel for Business Development Bank of Canada, counsel for Ernst & Young Inc., **IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

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

**APPLICATION**

2. The Applicants are companies to which the CCAA applies.

**PLAN OF ARRANGEMENT**

3. The Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

**POSSESSION OF PROPERTY AND OPERATIONS**

4. The Applicants shall:
  - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
  - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property; and
  - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
  - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
  - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.
6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in

the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
  - (i) employment insurance,
  - (ii) Canada Pension Plan, and
  - (iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
  - (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.
8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the

period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

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

#### **RESTRUCTURING**

10. The Applicants shall subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 33), have the right to:
- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
  - (b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and
  - (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

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

11. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such

landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
- (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
  - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

13. Until and including **August 3, 2017**, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants, the parties listed in Schedule "**A**" attached hereto, or the Monitor (collectively, the "**Stay Parties**"), or affecting the Business or the Property, arising out of or in connection with any right, remedy or claim of any person against the Applicants in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of the Applicants under contract, statute or otherwise, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by indemnity, guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any person to advance a claim for contribution, indemnity or otherwise, with respect to any matter, action cause or chose in action, whether existing at present or commenced in future, which indebtedness, indemnity, liability or obligation is derivative of the primary liability of the Applicants, except with leave of this Court, and any and all such Proceedings currently under way against or in respect of

the Stay Parties or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

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

**NO INTERFERENCE WITH RIGHTS**

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

**CONTINUATION OF SERVICES**

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



Page 7

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

**NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT**

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

**PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 16 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

**DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

20. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of **\$150,000**, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs **44** and **46** herein.
22. Notwithstanding any language in any applicable insurance policy to the contrary:

- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
- (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

#### **APPOINTMENT OF MONITOR**

23. Ernst & Young, Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants (defined below) with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
  - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
  - (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a monthly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;
  - (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, as agreed by the Interim Lender;
  - (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
  - (f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

## Page 9

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

28. The Monitor, counsel to the Monitor, the CRO, its counsel, if any, and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings including the costs incurred by them in the commencement of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on at least a monthly basis.
29. The Monitor and its legal counsel shall pass their accounts from time to time.
30. The Monitor, counsel to the Monitor, the CRO (defined below) and its counsel, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of **\$500,000**, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs **44** and **46** hereof.

#### **INTERIM FINANCING**

31. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Business Development Bank of Canada (the "**Interim Lender**") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed **\$1,000,000** unless permitted by further order of this Court.
32. Such credit facility shall be on the terms and subject to the conditions set forth in the letter of offer between the Applicants and the Interim Lender dated June 29, 2017 (the "**Letter of Offer**") attached as Exhibit "A" to the Supplemental Affidavit of Shayne McCracken sworn July 4, 2017.
33. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Letter of Offer or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Letter of Offer and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
34. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Definitive

Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof.

35. Notwithstanding any other provision of this Order:
- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
  - (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge or upon the Maturity Date (as defined in the Letter of Offer), the Interim Lender, upon 3 days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Letter of Offer, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Letter of Offer, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
  - (c) except for the charges provided in paragraphs 44 and 46 hereof, the Applicants are prohibited from granting any additional liens, charges, security interests or any other encumbrances upon any of the assets, property or undertakings of the Applicants, without the prior written consent of the Interim Lender;
  - (d) the Applicants are prohibited from any further borrowing, without the prior written consent of the Interim Lender;
  - (e) the Interim Lender is authorized (but not obligated) to effect such registrations, filings and recordings wherever the Interim Lender in its discretion deems appropriate the Letter of Offer and Definitive Documents;
  - (f) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
36. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act of Canada* (the "BIA").

**CHIEF RESTRUCTURING OFFICER**

37. The Applicants are directed to immediately hire R.e.I. group inc., as Chief Restructuring Officer (the "CRO") substantially in accordance with the terms of the draft engagement letter attached as Exhibit "C" to the Affidavit of Shayne McCracken sworn July 4, 2017.
38. The CRO shall:
- (a) oversee and advise the Applicants with respect to the restructuring of the Applicants;
  - (b) evaluate potential restructuring, sale, refinancing and capitalization alternatives that may be available to the Applicants;
  - (c) assist the Applicants, as necessary, with respect to the marketing and sale of any assets or parts of the business of the Applicants;
  - (d) assist the Applicants in negotiating and implementing potential refinancing and capitalization alternatives;
  - (e) provide general commercial advice with respect to the Applicants' long term strategic planning, as requested;
  - (f) develop of strategies to manage the current liquidity issues facing the Applicants including a review of the current 13 week cash projections and any periodic updates together with supporting information as required;
  - (g) assist the Applicants as necessary, or, at the request of the Applicants, represent the Applicants in negotiations and discussions with third parties, including creditors, suppliers, customers and other stakeholders, in respect of the restructuring;
  - (h) assist with the provision of information to and communications with the Monitor, secured lenders, the Interim Lender and other stakeholders, including with respect to ongoing financial reporting;
  - (i) develop a communications strategy for the Applicants in connection with the restructuring and assist in the management of communications with the secured lenders, unsecured creditors and other key stakeholders;
  - (j) in conjunction with the Monitor, advise the Applicants in their development of the Plan and any amendments to the Plan;
  - (k) in conjunction with the Monitor, assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a monthly basis of financial

## Page 13

and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;

- (l) in conjunction with the Monitor, advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender;
  - (m) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;
  - (n) report to this Court at such times and intervals as the CRO may deem appropriate; and
  - (o) perform such other duties as are required to carry out the powers and obligations conferred upon the CRO by this Order or any further Order of this Court.
39. The Applicants and its shareholders, officers, directors, employees, agents, representatives and former shareholders, officers, employees, agents and representatives, shall co-operate fully with the CRO in the exercise of its powers and discharge of its duties and obligations.
40. Notwithstanding anything in this Order, the CRO shall not be considered an officer or director of the Applicants, as those terms are used in the *Business Corporation Act* (Alberta), and shall only have the obligations and liabilities as expressly set out in this Order or subsequent order of the Court in this proceeding.
41. The CRO shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its party. Nothing in this Order shall derogate from the protections afforded the CRO by the CCAA or any applicable legislation.

**VALIDITY AND PRIORITY OF CHARGES**

42. The priorities of the Directors' Charge, the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:
- First – Administration Charge (to the maximum amount of **\$500,000**);
  - Second – Interim Lender's Charge (to the maximum amount of **\$1,000,000**); and
  - Third – Directors' Charge (to the maximum amount of **\$150,000**).
43. The filing, registration or perfection of the Directors' Charge, Administration Charge or the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be

## Page 14

valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

44. Each of the Directors' Charge, Administration Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.
45. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, Administration Charge or the Interim Lender's Charge, unless the Applicants also obtains the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Directors' Charge and Administration Charge, or further order of this Court.
46. The Directors' Charge, Administration Charge, the Letter of Offer, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
  - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Letter of Offer or the Definitive Documents, shall create or be deemed to



constitute a new breach by the Applicants of any Agreement to which they are a party;

- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicants entering into the Letter of Offer, or execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by the Applicants pursuant to this order, including the Letter of Offer or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

#### **ALLOCATION**

47. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Directors' Charge amongst the various assets comprising the Property.

#### **SERVICE AND NOTICE**

48. The Monitor shall (i) without delay, publish in the National Post and the Edmonton Journal for one (1) business day a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
49. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at [www.documentcentre.eycan.com](http://www.documentcentre.eycan.com) and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publically available; and

- (b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

#### SEALING ORDER


50. The Confidential Supplemental Affidavit of Shayne McCracken sworn on June 28, 2017 (the "Sealed Documents") shall be sealed on the Court file until the termination of the proceedings, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Sealed Documents shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

#### GENERAL

51. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.
52. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, both the CRO and the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
53. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
54. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
55. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

Page 17

56. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
57. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.



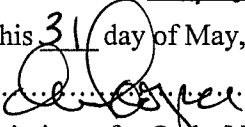
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Justice of the Court of Queen's Bench of Alberta

## Schedule "A"

1995708 Alberta Ltd.  
Campcorp USA Inc.  
Canada North Group LP Holdings Ltd.  
Heart Lake Canada North Group GP Ltd.  
Pease River Lodge Limited Partnership  
Bonnyville Lodge GP Ltd.  
Bonnyville Lodge Limited Partnership  
Canada North Group Inc.  
HML Lodge GP Ltd.  
HML Lodge Limited Partnership  
Heart Lake CNC Limited Partnership  
Kilometer 147 GP Ltd.  
Kilometer 147 Limited Partnership  
Peace River Lodge GP Ltd.  
1919209 Alberta Ltd.  
Carma Software Systems Inc.  
McCracken Group Inc.  
0790528 B.C. Ltd.  
Spallumcheen Estates Ltd.  
Morningstar Golf Club Ltd.  
Bigstone Tansi GP Inc.  
Bigstone Tansi LP  
Paul McCracken  
Shayne McCracken



This is **Exhibit "H"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....  
  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

88532 90002

**REALCOR MORTGAGE CORP.  
4333 Ledger Avenue, Burnaby BC, V5G 3T3**

TO: MORNINGSTAR GOLF CLUB LTD.

**RE: STATEMENT OF MORTGAGE BALANCE AND NOTICE OF DEMAND - MORNINGSTAR GOLF CLUB LTD.  
- IN DEFAULT**

TAKE NOTICE THAT the outstanding balance as of July 21, 2017 under the Mortgage registered in favour of Realcor Mortgage Corp against the Morningstar Golf Club Ltd. golf course under No. CA 1545577, modified by No. CA4484571 is as follows:

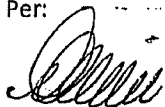
Principal: \$1,547,891.41  
Accrued and unpaid interest: \$22,182.63  
Overdue and unpaid instalments: \$190,474.80  
Total: \$1,572,509.67 (the "Mortgage Balance" plus per diem interest after July 21, 2017 of \$243.56)

The Mortgage is in default and there are currently 12 unpaid overdue instalments for \$15,872.90 each, for a total overdue instalments of \$190,474.80 as at July 21, 2017.

**TAKE FURTHER NOTICE THAT** Realcor Mortgage Corp. hereby makes demand upon Morningstar Golf Course Ltd. for immediate payment in full of the Mortgage Balance plus per diem interest to the date of receipt of payment.

Realcor Mortgage Corp.

Per:



Dennis Van den Hooff  
Director

This is **Exhibit "I"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....[Signature].....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

**Sabatini Warren, Antoinette**

---

**From:** Sabatini Warren, Antoinette  
**Sent:** May-30-2018 10:09 AM  
**To:** Sabatini Warren, Antoinette  
**Subject:** FW: Morningstar [MTDMS-Legal.FID7419743]  
**Attachments:** MStar Dec - Apr 2018.pdf; MStar Dec - May 5 2018.pdf; MStar AP to May 5.18.pdf

**Importance:** High

---

**From:** Wanke, Stephanie [mailto:swanke@millerthomson.com]  
**Sent:** May-10-18 5:18 PM  
**To:** Cooper, Donald; 'Chuck Russell'  
**Cc:** Matt McCulloch; Darren Bieganek  
**Subject:** Morningstar [MTDMS-Legal.FID7419743]  
**Importance:** High

Hi Chuck and Don,

As you know, I act for Paul and Shayne McCracken.

Attached are the income statements for December 2017 – April 2018 and December 2017 – May 2018, as well as the current AP.

Although the income statements show that the course is presently operating at a small surplus, the existing AP means that the course does not have sufficient liquidity to continue in operations without an injection of funds, or, possibly, a formal insolvency proceeding.

The McCrackens are not able to inject the necessary cash to continue the course in operations. If the course is shuttered, it may limit the value of the property on resale as restarting the course is an expensive proposition as the greens decay, etc.

The McCrackens have resigned as directors and intend to advise the staff that the course is closing this weekend unless your clients advise that they wish to proceed in a manner that keeps the golf course going as a going concern by end of day tomorrow – i.e., your clients wish to appoint a receiver or something of that nature.

The McCrackens believe the current staff would stay in place and continue the operations in the ordinary course if a receiver were appointed and there were funds for payroll, etc.

I appreciate that we are providing a short timeline but my understanding is that Morningstar does not have enough funds to make the next payroll next week, so time is unfortunately short.

Regards,

Stephanie

**STEPHANIE WANKE**



## Partner

Miller Thomson LLP  
 2700 Commerce Place  
 10155 - 102 Street  
 Edmonton, Alberta T5J 4G8  
 Direct Line: +1 780.429.9722  
 Cell: +1 587.921.8926  
 Fax: +1 780.424.5866  
 Email: [swanke@millerthomson.com](mailto:swanke@millerthomson.com)  
[millerthomson.com](http://millerthomson.com)



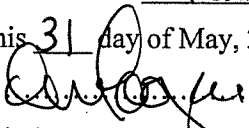
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This is **Exhibit "J"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
..........  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

**FORM 115**  
**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(SUBSECTION 244(1)) BANKRUPTCY AND INSOLVENCY ACT**

TO: Morningstar Golf Club Ltd. (the "Corporation")

TAKE NOTICE THAT:

1. Realcor Mortgage Corp (the "Lender"), a secured creditor, intends to enforce its security (the "Security") against all present and after acquired personal property of the Corporation and the proceeds thereof, (the "Personal Property") for the recovery of all outstanding indebtedness payable now or in the future by the Corporation to the Lender (the "Debt").
2. The Security to be enforced is in the form of the following:
  - (a) General Security Agreement that grants a fixed charge and security interest in all of the Corporation's Personal Property as registered at the British Columbia Personal Property Registry;
  - (b) Mortgage dated April 30, 2010, registered in the Victoria Land Title Office under No. CA1545577 as modified by a Modification Agreement registered in the Victoria Land Title Office on June 24, 2015 under No. CA4484571.
3. The Debt secured by the Security totals the aggregate of the following amounts:
  - (a) Loan in the principal amount of \$1,547,891.41 plus interest accrued to July 21, 2017 in the amount \$190,474.80, plus interest accruing from July 21, 2017 at the per diem rate of \$243.56 and;
  - (b) all present and future Lender costs and expenses, including without limitation the Lender's solicitor and own client costs on a full indemnity basis, appraisal fees, the fees and disbursement of any Receiver that may appointed under the Security, now or hereafter incurred by the Lender to enforce the Security for the recovery of Debt.
4. The Lender will not have the right to enforce the Security for the recovery of the Debt to the expiry of the 10-day period following the sending of this Notice, unless the Corporation consents to an earlier enforcement.

DATED at the City of Vancouver, this 18th day of May, 2018

**REALCOR MORTGAGE CORP.**, by its Solicitor  
and Agent, DLA Piper (Canada) LLP

Per: \_\_\_\_\_

  
Don Cooper

- 2 -

**CONSENT AND WAIVER**

The undersigned hereby acknowledges receipt of the notice herein, and waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* and consents to the immediate enforcement by the Lender of the Security referred to herein.

Dated this \_\_\_\_ day of May 2018

**Morningstar Golf Club Inc.**

Per: \_\_\_\_\_  
Name and Position

This is **Exhibit "K"**  
referred to in the Affidavit of  
DENNIS VAN DEN HOOFF  
sworn before me at Vancouver, BC  
This 31 day of May, 2018  
.....  
A Commissioner for Oaths/Notary Public  
in and for the Province of British Columbia

NO. \_\_\_\_\_  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.  
CANADIAN WESTERN BANK.  
NATIONAL LEASING GROUP INC.  
ROYNAT INC.  
ICE CUBE LEASING INC.

RESPONDENTS

**CONSENT TO ACT AS RECEIVER**

G. POWROZNIK GROUP INC., OF G-FORCE GROUP. hereby consents to act as Receiver and Manager of MORNINGSTAR GOLF CLUB INC.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th<sup>d</sup> day of May, 2018.

**G. POWROZNIK GROUP INC. of G-FORCE  
GROUP**

Per: 

\_\_\_\_\_  
GARY POWROZNIK, FCPA, CIRP, LIT

NO. \_\_\_\_\_  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.  
CANADIAN WESTERN BANK.  
NATIONAL LEASING GROUP INC.  
ROYNAT INC.  
ICE CUBE LEASING INC

RESPONDENTS

---

**CONSENT TO ACT AS RECEIVER**

---

**DLA PIPER CANADA LLP**  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.643-6363  
Fax No. 604.687.1612

File No. 085532-00002

NO. \_\_\_\_\_  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.  
CANADIAN WESTERN BANK  
NATIONAL LEASING GROUP INC.  
ROYNAT INC.  
ICE CUBE LEASING INC.

RESPONDENTS

---

**AFFIDAVIT #1 OF DENNIS VAN DEN HOOFF**

---

DLA PIPER (CANADA) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.643.6363  
Fax No. 604.687.1612

Client Matter No. 085532-00002 DWC/ats