

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY



No. *SO67722*
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3

AND

IN THE MATTER OF THE PROPOSALS OF
844712 ALBERTA LTD.

and

INVERIDGE DEVELOPMENT CORP.

PETITIONERS

ORDER

BEFORE THE HONOURABLE)

WEDNESDAY, THE 29TH

~~MR.~~/MADAM JUSTICE *KOENIGSBERG*)

DAY OF NOVEMBER, 2006.

THE EX PARTE APPLICATION of the Petitioners having come on for hearing before me this day at Vancouver, British Columbia; AND ON HEARING Scott A. Turner, counsel for the Petitioners; AND ON READING the Affidavits of Dennis Besler, sworn November 27, 2006, Elaine Uribe, sworn November 29, 2006, and Guy Odhams, sworn November 29, 2006; NOW THEREFORE

THIS COURT ORDERS:

1. That that certain Order of the Honourable Mr. Justice Wilkins of the Alberta Court of Queen's Bench (the "Alberta Court") dated October 27, 2006, in Court/Estate Files No. 25-093465 and 25-093464, a copy of which is annexed hereto as Schedule "A", be, and the same hereby is, recognized and enforced in British Columbia;

2. That the Petitioners be authorized to borrow funds from 1245174 Alberta Ltd., or its nominee or assignee (the DIP Lender”), on the terms set out in that certain Term Sheet attached as an Exhibit to the Affidavit of Dennis Besler (the “DIP Financing”), with the proviso that such borrowing be limited to \$75,000, subject to further Order of the Alberta Court.
3. That if the Alberta Court increases the Petitioners’ borrowing limit to an amount greater than \$75,000, but not more than \$275,000, the same increase will apply in British Columbia, *mutatis mutandis*.
4. That the repayment of the DIP Financing, together with all interest, fees, charges and other amounts payable in respect thereof, shall be secured by security against all of the Petitioners’ present and future property including, without limitation, that certain real property located in Invermere, British Columbia, and legally described as:

PID: 025-523-678
Lot 1
District Lot 216
Kootenay District
Plan NEP72228
except Strata Plan NES2500 (Phase 1)

and

PID: 025-523-694
Lot 3
District Lot 216
Kootenay District
Plan NEP72228

(collectively, the “Lands”), together with such further or other mortgages, charges, security interests, hypothecs, liens or other encumbrances from the Petitioners as may be required by the DIP Lender (collectively, the “DIP Security”), and that the DIP Security shall have priority over all other encumbrances against the said property, including the Lands.

5. That the Petitioners be authorized and directed to execute and deliver to the DIP Lender, with the consent of Alger & Associates Inc. (the "Proposal Trustee"), such credit documents as the DIP Lender may require in connection with the DIP Financing, including the Dip Security.
6. That the DIP Security shall rank prior to any and all other liens, charges, encumbrances or security of whatever nature or kind which may at any time exist with respect to the property of the Petitioners, including, without limitation, those certain mortgages registered in favour of Inveridge Mortgage (Invermere) Ltd. and Inveridge Mortgage II Ltd., under Nos. KP98159 and KT94495, respectively, and that certain Certificate of Pending Litigation registered by Michael Hann and Nate Forster under No. LA102790, but excluding any permitted encumbrances contemplated in respect of the DIP Financing.
7. That, subject to the foregoing priority of the DIP Security, all liens in favour of the Crown, federal and provincial, and all mortgages, liens, charges or security interests in favour of any person created or granted before the date of the Order for advances made or obligations incurred to the date of the Order shall retain the same priorities as if the Order had not been made and any person whose security is affected by the foregoing provisions of this Order is at liberty to seek an Order of the Court applying the doctrine of marshalling.
8. That notwithstanding:
 - a) The pendency of these proceedings and the declarations of insolvency made herein;
 - b) The pendency of any Petitions for Receiving Orders heretofore or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* in respect of the Petitioners and any Receiving Order issued pursuant to any such Petitions; and

- c) The provisions of any federal or provincial statute,
- the obligations of the Petitioners pursuant to the DIP Financing, the DIP Security and any documents delivered pursuant thereto shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof and any payments made by the Petitioners to the DIP Lender pursuant to the DIP Financing and the DIP Security do not and shall not be construed to constitute a fraudulent preference or other challengeable or reviewable transaction under any applicable law.
9. That the security in favour of the DIP Lender in respect of the DIP Financing and the DIP Security shall be deemed to be valid and effective notwithstanding any negative covenant, prohibition or any other provision with respect to incurring debt or the creation of liens or security contained in any existing agreement between the Petitioners and other lenders.
10. That the DIP Lender shall be treated as an unaffected creditor in these proceedings, but that the exercise of any remedy by the DIP Lender upon default by the Petitioners under the terms of the DIP Financing or any document delivered pursuant thereto shall be stayed pursuant to the provisions of the *Bankruptcy and Insolvency Act*.
11. That the Petition in this proceeding, this Order, and the materials filed by the Petitioners in this Court, be posted on the Proposal Trustee's website and all future materials in these proceedings may be served on or delivered to creditors in the same manner as prescribed by the Alberta Court.
12. That all parties affected by this Order may make application to vary this Order on seven (7) days' notice to the Petitioners and the Proposal Trustee.

13. That the Petitioners be at liberty to apply to the Court for further directions, at any time

BY THE COURT

DEPUTY DISTRICT REGISTRAR

APPROVED AS TO FORM:

Scott A. Turner

ENTERED
NOV 3 0 2006
VANCOUVER REGISTRY
VOL. 51426 FOL 107

SCHEDULE "A"

Court/Estate No. 25-093465

Court/Estate No. 25-093464

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
844712 ALBERTA LTD.

AND IN THE MATTER OF THE PROPOSAL OF
INVERIDGE DEVELOPMENT CORP.

BEFORE THE HONOURABLE) At the Court House, in the City of Calgary, in the
JUSTICE WILKINS IN CHAMBERS) Province of Alberta, on October 27, 2006.

ORDER

UPON THE APPLICATION of 844712 Alberta Ltd. ("844") and Inveridge Development Corp. ("Inveridge"); AND UPON HEARING READ the Affidavit of Dennis Besler, filed; AND UPON HEARING SUBMISSIONS of Counsel for 844, Inveridge and other parties present at the application; AND UPON HEARING that Alger & Associates Inc. in its capacity as the trustee under the proposal ("Proposal Trustee") supports the application;

IT IS HEREBY ORDERED AS FOLLOWS:

1. Service of the Notice of Motion and supporting materials for this application is hereby deemed good and sufficient.
2. The within proceedings with respect to 844 and Inveridge, being Court/Estate Numbers 25-093465 and 25-093464 are hereby consolidated.
3. 844 and Inveridge are hereby authorized to borrow funds as set out in the term sheet attached as Exhibit "B" to the Affidavit of Dennis Besler from the lender identified therein (the "DIP Lender") in accordance with the terms set out in the term sheet (the

"DIP Financing") with the proviso that such borrowing is limited to \$75,000.00, subject to further order of this Court.

4. The repayment of the DIP Financing, together with all interest, fees, charges and other amounts payable in respect thereof, shall be secured by security against all of 844 and Inveridge's present and future property, including, without limitation, such further or other mortgages, charges, security interest, hypotecs, liens or other encumbrances from Inveridge or 844 as may be required by the DIP Lender (collectively, the "DIP Security"), and the DIP Security shall have priority over all other encumbrances against the said property.
5. 844 and Inveridge are hereby authorized and directed to execute and deliver to the DIP Lender, with the consent of the Proposal Trustee, such credit documents as the DIP Lender may require in require in connection with the DIP Financing, including the DIP Security.
6. The DIP Security shall rank prior to any and all other liens, charges, encumbrances or security of whatever nature or kind which may at any time exist with respect to the property of 844 and Inveridge other than any permitted encumbrances contemplated in respect to the DIP Financing.
7. Subject to the foregoing, all liens in favor of the Crown, federal and provincial, and all mortgages, liens, charges, or security interests in favor of any person created or granted before the date of this Order for advances made or obligations incurred prior to the date of this Order shall retain the same priorities as if this Order had not been made and any person whose security is effected by the foregoing provisions of this Order is at liberty to seek an order of this Court applying the doctrine of marshalling.
8. Notwithstanding:
 - (a) The pendency of these proceedings and the declarations of Insolvency made herein;
 - (b) The pendency of any petitions for receiving orders here to fore or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* in respect of 844 or Inveridge and any receiving order issued pursuant to any such petitions, and
 - (c) The provisions of any federal or provincial statute;

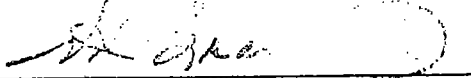
The obligations of 844 and Inveridge pursuant to the DIP Financing, the DIP Security and any documents delivered pursuant thereto shall constitute legal, valid and binding obligations of 844 and Inveridge enforceable against them in accordance with the terms thereof and any payments made by 844 and Inveridge to the DIP Lender herein or pursuant to the DIP Financing and the DIP Security do not and shall not be construed to constitute a fraudulent preference or other challengeable or reviewable transaction under any applicable law.
9. The security in favor of the DIP Lender in respect of the DIP Financing and the DIP Security shall be deemed to be valid and effective notwithstanding any negative covenant, prohibition or any other provision with respect to incurring debt or the creation

of liens or security contained in any existing agreement between 844 and Inveridge and other lenders.

10. The DIP Lender shall be treated as an unaffected creditor in these proceedings, but the exercise of any remedy by the DIP Lender upon default by 844 or Inveridge under the terms of the DIP Financing or any document delivered pursuant thereto shall be stayed pursuant to the provisions of the *Bankruptcy and Insolvency Act*.
11. This Order and all future materials in these proceedings may be served on creditors by regular mail, fax or e-mail according to the records of Inveridge and 844, unless such creditors retain counsel in which case service may be effected on their counsel.
12. Subsequent to this Order, 844 and Inveridge are permitted to serve only any creditors who have requested service or notice of applications in these proceedings and any creditors particularly effected by the application in question, subject to the proviso that all creditors must be served with any materials relating to a meeting of creditors or a proposal put to creditors must be served on all creditors and subject to the further proviso that all materials shall be posted on the website of the Proposal Trustee.
13. Parties affected by this Order may make application to vary this Order on seven days notice to 844 and Inveridge and the Proposal Trustee.

" L.D. Wilkins "
J.C.Q.B.A.

ENTERED this 31 day of October, 2006.



Court/Estate No. 25-093465

Court/Estate No. 25-093464

IN THE COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN BANKRUPTCY AND INSOLVENCY

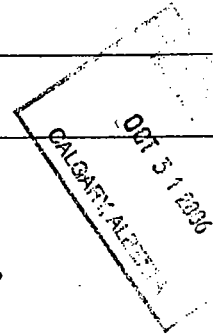
IN THE MATTER OF THE PROPOSAL OF

844712 ALBERTA LTD.

AND IN THE MATTER OF THE PROPOSAL OF

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ORDER



Burnet, Duckworth & Palmer LLP
Barristers and Solicitors
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Calgary, Alberta T2P 3N9

Attention: Douglas S. Nishimura
Phone: (403) 260-0269
Fax: (403) 260-0332

File No. 63592-1

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