

S-067722



Affidavit #1 - Elaine Uribe
Sworn: November 29, 2006

No.
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

AFFIDAVIT

I, ELAINE URIBE, Legal Secretary, of 1400 - 510 Burrard Street, Vancouver, British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am legal secretary to Scott Turner, and as such, I have personal knowledge of the matters hereinafter deposed to.
2. Now shown to me and marked as Exhibit "A" to this my Affidavit is a true copy of an Affidavit of Guy W.L. Odhams, which was delivered to our office in pdf format earlier today.

SWORN BEFORE ME at the City of)
Vancouver , in the Province of British)
Columbia, this 29th day of November, 2006.)

A Commissioner for Taking Affidavits for)
the Province of British Columbia)

Elaine Uribe

ELAINE URIBE

SCOTT A. TURNER
Barrister & Solicitor
1400-510 BURRARD STREET
VANCOUVER, B.C. V6C 3A8

This is Exhibit A referred to in the
 affidavit of ELAINE URIBE
 sworn before me this 29 day of
NOVEMBER A.D. 2006

Affidavit #1 - Guy W. L. Odhams
 Sworn November 29, 2006

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 Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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PETITIONERS

AFFIDAVIT

I, GUY W. L. ODHAMS, Chartered Accountant, of 400, 602 - 11 Avenue SW, Calgary, Alberta, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Partner of Alger & Associates Inc., licensed trustees in bankruptcy and, as such, I have personal knowledge of the facts deposed to in this Affidavit, except where stated to be based upon information and belief, in which case I believe the statements I make to be true.
2. The Petitioners filed Notices of Intention to Make a Proposal under Part III of the *Bankruptcy and Insolvency Act* on October 12, 2006. Alger & Associates Inc. consented to act as Trustee under the Proposal (the "Proposal Trustee").
3. I have read the affidavit of Dennis Besler, sworn November 27, 2006, in this proceeding. In his affidavit, Mr. Besler says that the Petitioners indebtedness to HSBC Bank Canada has been repaid. I have reviewed the financial statements of the Petitioners, and can confirm that no current indebtedness to HSBC is shown in those statements. The financial statements show that the indebtedness to HSBC was repaid in 2003.
4. I have reviewed the Alberta DIP Financing Order (as defined in Mr. Besler's affidavit).

Paragraph 12 of that Order permits the Petitioners to serve only those creditors who have requested service or notice of applications in these proceedings and any creditors who are particularly affected by the application in question. To my knowledge, no creditors have requested that they be provided with notice of applications.

5. At the time the Petitioners applied for the Alberta DIP Financing Order, the Petitioners had not obtained an updated appraisal of the Lands, as defined in Mr. Besler's affidavit. The Petitioners have now done that, and I have reviewed the same. The appraisal shows that the value of the Lands is significantly more than the amount outstanding under the first mortgage registered in favour of Inveridge Mortgage (Invermere) Ltd. (By significantly, I mean more than the \$275,000 the Petitioners are proposing to borrow from the DIP Lender). The appraisal indicates that the value of the Lands is less than the total indebtedness currently outstanding and charged against title to the Lands.
6. The Petitioners wish to keep the contents of the appraisal confidential, so as not to taint the market for the Lands when they are offered for sale on the open market - which is the Petitioners plan at this time. I agree that the appraisal should be kept confidential, for that reason.
7. I am informed by Doug Nishimura, counsel for the Petitioners in Alberta, that the two mortgagees were served with notice of the DIP Financing application in Alberta, but that neither appeared or requested further delivery of materials. The mortgagees act as trustees for the individual investors, each of whom was served with the Alberta application.
8. Because the Petitioners had not obtained a current appraisal, the Alberta Court limited the amount the Petitioners could borrow under the DIP Financing to \$75,000, although the Petitioners had asked for permission to borrow up to \$275,000, the limit of the commitment by the DIP Lender. Having now obtained a current appraisal, the Petitioners are in the process of applying to the Alberta Court for an increase to the amount of the available DIP Financing, from \$75,000 to \$275,000.

**McCONNAN
BION
O'CONNOR &
PETERSON†**
**BARRISTERS &
SOLICITORS**

BRUCE R. McCONNAN, q.c.†
MICHAEL JAMES O'CONNOR †
KINNETH P. GUSTAFSON †
GRANT N. SMITH †
MICHAEL J. LAWLESS †
CHARLOTTE A. SALOMON
THOMAS J. CORSI *

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FAX TRANSMITTAL

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To: Vanessa Grant
Walger & Associates Inc.
Fax: 403-296-2988
Pages 1

From: Michael James O'Connor
Assistants: Constance Sinclair/Lisa Williams
Our File: 44952-Hann/Forster
Date: November 24, 2006

Re: Inveridge Development Corp. & 844712 Alberta Ltd.

Many thanks for your email of this afternoon.

I would like to immediately invoke the process wherein the writer's clients' deposit will be returned once a waiver is received. Can you please email or fax me a waiver on Monday morning, November 27th, 2006, such that I can have the same signed to have the deposit returned to our clients bringing this matter to a conclusion, as under the circumstances, our clients will not be proceeding with their litigation.

Sincerely yours,

McCONNAN BION O'CONNOR & PETERSON
LAW CORPORATION
per:

Michael James O'Connor
MJO/cs

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THIS IS EXHIBIT "A"
referred to in the Affidavit of
Guylaine Odjams
Sworn before me this 29th
day of November 2006.

Commissioner In and for the Province of Alberta

VANESSA GRANT
my contact
2006-11-24 08