

December 16, 2010

To the Creditors of Federal Mortgage Corporation Ltd.

Dear Creditors:

PricewaterhouseCoopers Inc.
TD Tower
10088 102 Avenue NW, Suite 1501
Edmonton, Alberta
Canada T5J 3N5
Telephone +1 780 441 6730
Facsimile +1 780 441 6776
www.pwc.com/car-pfkandfmc

Federal Mortgage Corporation Ltd. - In Bankruptcy

On December 9, 2010, Federal Mortgage Corporation Ltd. (the "Company") filed an assignment in bankruptcy and PricewaterhouseCoopers Inc. was appointed as Trustee.

We enclose for your consideration the following documents:

- Notice of Bankruptcy and First Meeting of Creditors;
- List of all known creditors with a claim of \$25 or more in the estate;
- Proof of Claim;
- Proxy; and,
- The first page of the Statement of Affairs.

The First Meeting of Creditors ("Meeting") will be held on January 12, 2011 at 3:00 PM MST at the Mayfield Inn and Suites located at 16615 – 109 Avenue in Edmonton, Alberta.

In order to participate in the voting at the Meeting, you are required to have submitted a duly completed Proof of Claim prior to the commencement of the meeting and a properly executed Proxy as necessary. We encourage creditors to have your Proof of Claim and Proxy, as applicable, submitted to the Trustee well in advance of the Meeting.

The Meeting will begin promptly at 3:00 PM MST. Only creditors who have filed a Proof of Claim will be able to vote at the Meeting.

We have set up a website for posting administration on the estate and it can be viewed at www.pwc.com/car-pfkandfmc. This website will be updated regularly with available information.

We trust the above and enclosed are satisfactory.

Yours very truly,

PricewaterhouseCoopers Inc.

Trustee of the estate of Federal Mortgage Corporation Ltd.


for: Donald A. MacLean

District of: Alberta
Division No. 01 - Edmonton
Court No. 24-1440761
Estate No. 24-1440761

FORM 67
Notice of Bankruptcy and First Meeting of Creditors
(Subsection 102(1) of the Act)

In the matter of the Bankruptcy of
Federal Mortgage Corporation Ltd.

Take notice that:

1. Federal Mortgage Corporation Ltd. filed (or was deemed to have filed) an assignment on the 9th day of December 2010, and the undersigned, PricewaterhouseCoopers Inc., was appointed as trustee of the estate of the bankrupt by the official receiver (or the Court), subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on the 12th day of January 2011, at 3:00 o'clock PM, at the office of Mayfield Inn & Suites, at 16615 - 109 Avenue, Edmonton, Alberta.
3. To be entitled to vote at the meeting, a creditor must lodge with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.
4. Enclosed with this notice is a proof of claim form, proxy form, and list of creditors with claims amounting to \$25 or more showing the amounts of their claims.
5. Creditors must prove their claims against the estate of the bankrupt in order to share in any distribution of the proceeds realized from the estate.

Dated at the City of Edmonton in the Province of Alberta, this 16th day of December 2010.

PricewaterhouseCoopers Inc. - Trustee
Per:
Donald A. MacLean
Suite 1501, 10088 - 102 Avenue
Edmonton AB T5J 3N5
Phone: (780) 441-6730

District of: Alberta
Division No. 01 - Edmonton
Court No. 24-1440761
Estate No. 24-1440761

FORM 31
Proof of Claim
(Section 50.1, subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the Bankruptcy of
Federal Mortgage Corporation Ltd.

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the bankruptcy of Federal Mortgage Corporation Ltd. of the City of Edmonton in the Province of Alberta and the claim of _____, creditor.
I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____ creditor).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy, namely the 9th day of December 2010, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

- A. UNSECURED CLAIM OF \$ _____
(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

- Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.
 Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

- D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ _____

That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____

That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,

G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments and credits.)

(Applicable only in the case of the bankruptcy of an individual.)

I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____.

Witness

Creditor

Phone Number: _____

Fax Number : _____

E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Alberta
Division No. 01 - Edmonton
Court No. 24-1440761
Estate No. 24-1440761

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the Bankruptcy of
Federal Mortgage Corporation Ltd.

I, _____, of _____, a creditor in the above matter,
hereby appoint the trustee identified below or _____,
of _____, to be my proxy in the above matter,
except as to the receipt of dividends, _____ (with or without) power to appoint another proxy
in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

PricewaterhouseCoopers Inc. - Trustee
Suite 1501, 10088 - 102 Avenue
Edmonton AB T5J 3N5
Phone: (780) 441-6730

District of: Alberta
 Court No. 01 - Edmonton
 Court No.
 Estate No.

Original Amended

-- FORM 78 --
 Statement of Affairs (Business Bankruptcy) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the Bankruptcy of
 Federal Mortgage Corporation Ltd.

To the bankrupt

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of your bankruptcy, on the _____ day of _____, _____ . When completed, this Form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES	
(As stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	42,450,044.26
Balance of claims unsecured as per list "A" ..	1.00
Total unsecured creditors	42,450,045.26
2. Secured creditors value of security as per list "B"	3,911,343.93
3. Preferred creditors as per list "C"	5.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00
Total liabilities	46,361,394.19
Surplus	NIL

ASSETS	
(as stated and estimated by the officer)	
1. Inventory	0.00
2. Trade fixtures, etc.	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good	28,928.58
Doubtful	0.00
Bad	100.00
Estimated to produce	28,928.58
4. Bills of exchange, promissory note, etc., as per list "F"	0.00
5. Deposits in financial institutions	0.00
6. Cash	0.00
7. Livestock	0.00
8. Machinery, equipment and plant	0.00
9. Real property or immovables as per list "G"	1.00
10. Furniture	0.00
11. RRSPs, RRIFFs, life insurance, etc.	0.00
12. Securities (shares, bonds, debentures, etc.)	0.00
13. Interests under wills	0.00
14. Vehicles	0.00
15. Other property, as per list "H"	11,782,317.57

If bankrupt is a corporation, add:

Amount of subscribed capital	0.00
Amount paid on capital	0.00
Balance subscribed and unpaid	0.00
Estimated to produce	0.00

Total assets	11,811,247.15
Deficiency	34,550,147.04

I, Jay Peers, of the City of ~~Edmonton~~ ^{Calgary} in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 12 day of December, 2010 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

J. Peers
 Calgary

SWORN (or SOLEMNLY DECLARED)
 before me at the City of ~~Edmonton~~ in the Province of Alberta,
 on this 7th day of December 2010.

[Signature]

[Signature]
 Jay Peers

ROBERT DAVID PEERS
 A COMMISSIONER FOR OATHS
 FOR THE PROVINCE OF ALBERTA
 Commission Expires Nov. 11, 2011