

DMD II MORTGAGE INVESTMENT CORPORATION – IN RECEIVERSHIP

25-094765

FIRST INTERIM REPORT OF RECEIVER

Subsection 246(2) of the *Bankruptcy and Insolvency Act*

BACKGROUND

Effective April 4, 2017, MNP Ltd. was appointed as receiver and manager (the "Receiver") of the assets, undertakings and properties of DMD II Mortgage Investment Corporation ("DMD II" or the "Company") pursuant to an order (the "Receivership Order") granted by the Court of Queen's Bench of Alberta (the "Court")

DMD II was a mortgage investment corporation. DMD II would use investor funds to purchase residential mortgages in Alberta. Various investment properties had been foreclosed on by DMD II and at the date of receivership, DMD II was a titled owner or co-owner of two properties, as well as registered second mortgage holder on two other properties.

ASSETS

The Receiver took possession and control of the Company's assets on April 4, 2017. The Receiver had engaged the services of a consulting company to assist in the management of the assets. That agreement was terminated in October 2017.

The Receiver settled the functioning second mortgages with the property owners and co mortgagees.

The Receiver has received claims from a related party against funds held in trust by Miles Davison LLP (the Miles Davison Funds"). The Miles Davison Funds are net sale proceeds held in trust for five properties sold prior to the Receivership Order. The Receiver has requested the Miles Davison Funds and to date has not received them, pending the resolution of those claims.

The Receiver has been working with the other titled owners of the remaining properties to resolve various claims and is currently working towards an agreement to list the properties for sale. This would eliminate or minimize costs, allowing the Receiver to conclude the receivership proceedings.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

The Receiver's Interim Statement of Receipts and Disbursements for the period April 4 to November 6, 2017 is attached as Appendix A.

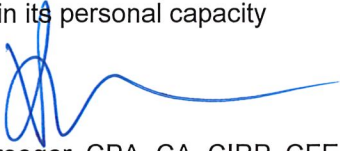
OTHER

Further information with respect to the receivership proceedings is available at the Receiver's website (www.mnpdebt.ca/dmdii).

Dated at Calgary, Alberta this 6th day of November, 2017

MNP Ltd.

In its capacity as Receiver and Manager of
DMD II Mortgage Investment Corporation.
and not in its personal capacity

A handwritten signature in blue ink, appearing to read 'Victor Kroeger', with a long horizontal flourish extending to the right.

Victor Kroeger, CPA, CA, CIRP, CFE
Senior Vice President

Appendix "A"

**DMD II MORTGAGE INVESTMENT CORPORATION
IN RECEIVERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD APRIL 4, 2017 TO NOVEMBER 6, 2017**

RECEIPTS

Cash on hand	\$ 217,425.21
Rental Income	\$ 2,329.36
Mortgage Payouts	\$ 30,000.00
Interest earned	92.08

TOTAL RECEIPTS

249,846.65

DISBURSEMENTS

Filing Fees	70.00
Insurance	888.20
Change of locks	255.00
Storage Fees	195.01
Utilities	1,313.94
Repairs and Maintenance	1,180.00
Consulting fees	22,437.50
Receiver's Fees	44,798.02
Legal Fees	41,819.72
GST Paid	5,526.81

TOTAL DISBURSEMENTS

118,484.20

EXCESS RECEIPTS OVER DISBURSEMENTS

131,362.45