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CMR Lot Sale Package

Preface

This Lot Sales Package is to inform interested parties how to submit a bid to purchase one or both of the available lots at Castle Mountain Resort (CMR). CMR currently has two single family lots available for sale. Interested parties can bid on one lot with the intention to build a one family unit or they can bid on both lots with the intention to build a multi-family unit. The type of building must be outlined in the bid on these lots. In the package there is information regarding the purchase process, description of the lots, background information about CMR, CMR corporate structure, yearly costs, rental pools and upon request, Comprehensive Site Plans for the different phases of development and Architectural Guidelines can be provided.

Lot Sale Process and Prices

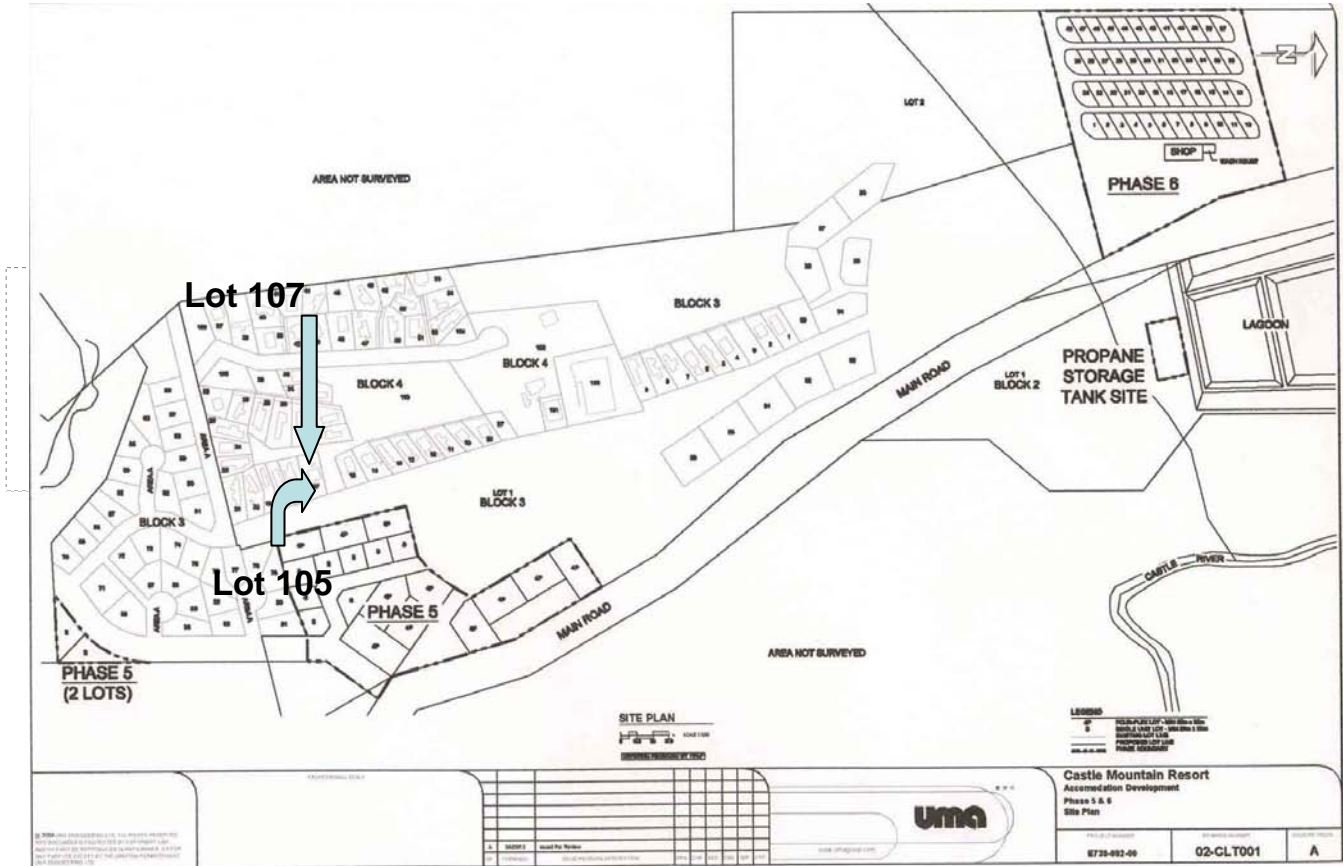
All bids must be submitted to the CMR Office in a hard copy. The Lot Purchase Form, included in this package, must be completed in its entirety or the bid will not be accepted. Bids will be collected by CMR Management and presented to the Board of Directors at the next Board meeting. Included in the bid must be the completed Lot Purchase Form, a cheque for \$5,000 to CMR and any other information the interested parties feel pertinent. The cheque will only be deposited once a purchase offer is accepted and will then be non-refundable should that party decide to rescind their offer.

CMR has set the asking price for each lot at \$250,000. Terms for payment should be included in the appropriate section of the Lot Purchase Form. CMR will give consideration to the offering price and the terms of payment when accepting a bid. For example, a cash offer of \$250,000 may be accepted where as an offer of \$250,000 with payments over 2 year may not be accepted. Interested parties should note that lot sales are for a 40 year leasehold title. Conventional financing may be difficult to obtain using leasehold title as security. Alternative loan and security arrangements may be required for parties requiring financing.

Description of Lots

As mentioned before, there are two single family lots available. The single family lots can only have one household unit built on each. All lots will have propane, electrical, water and sewer services provided to the property line. A propane distribution system was installed throughout Castle Mountain properties to provide metered propane to each lot. It will be a requirement that all properties connect to the above distribution systems. It will be the owner's responsibility and expense to connect all services to their buildings.

The enclosed map gives an overview of the resort base area with the location of the lots 105 & 107 that are available for sale at Castle Mountain Resort.



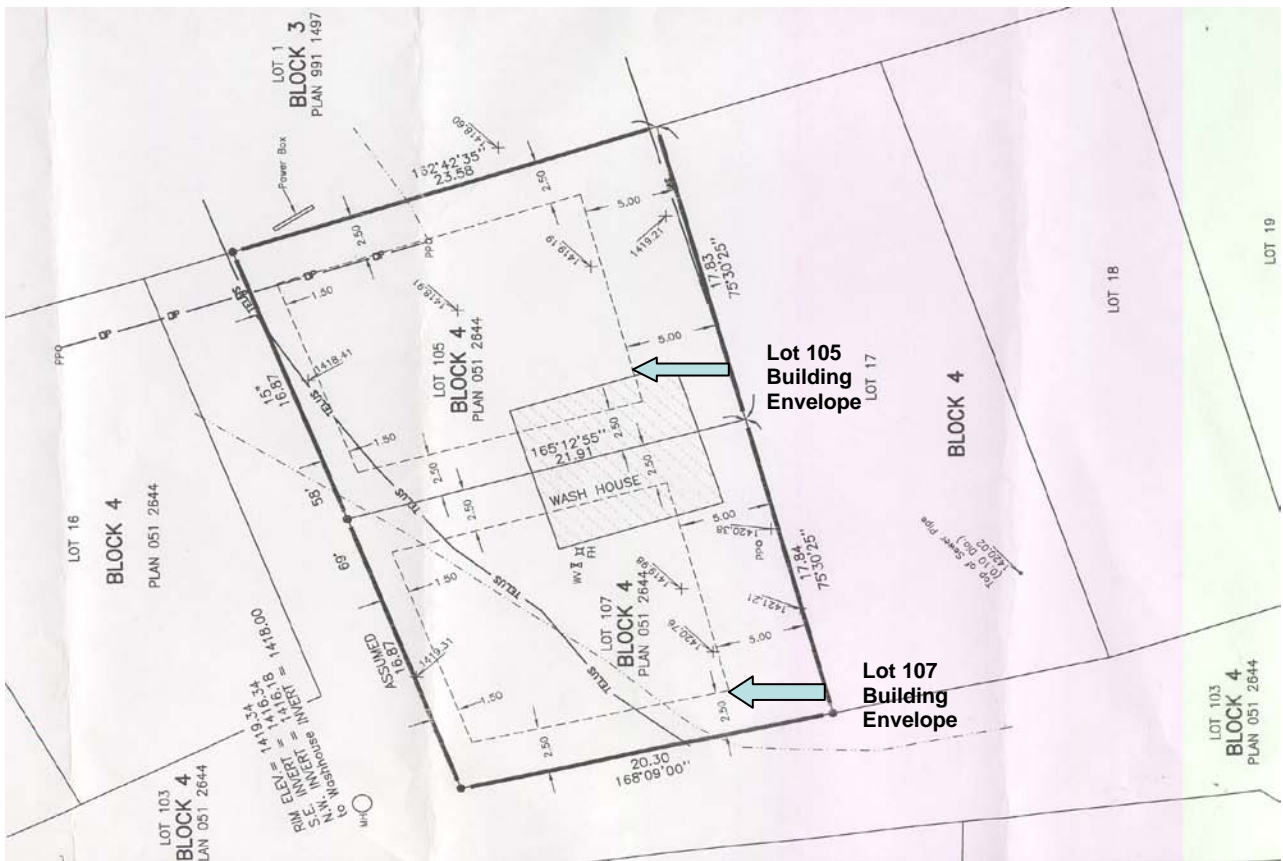
Location of lots on Castle Mountain Resort Property
Note – Phase 5 and 6 are tentative plans, final layout and development may vary

Lot 107:

Lot 107 is a single family lot located south of the village center with easy access to the Huckleberry chair. Currently Lot 107 is the site of the Castle Mountain RV wash-house that will be removed upon sale of the lot. Lot 107 is 0.036 hectares with walking access on the north and west boundary. This lot is true ski-in / ski-out with walk in winter access only. A Legal survey of this lot will be provided with a building envelope incorporated into the survey (an example is shown below).

Lot 105:

Lot 105 is a single family lot located south of the village center with ski-in / ski-out access to & from the Huckleberry chair. The Lot also has direct drive to access just off the south end of the main parking lot. Currently Lot 105 is the site of the Castle Mountain RV wash-house that will be removed upon sale of the lot. Lot 105 is 0.039 hectares with access from the Phase 2 access road on the east side with a walking / ski way on the north side. Legal survey of this lot will be provided with a building envelope incorporated into the survey (an example is shown below).



Lots 105 & 107

The lots that are available for sale will be required to follow the guidelines laid out in the Comprehensive Siting Plan and the Municipal District of Pincher Creek Land Use Bylaws which are available for review. All lots are required to follow the Architectural Guidelines, which will provide the parameters for the construction possible on these lots.

All lots at CMR are Leasehold Title lots and include a 40 year lease. The leases are with CMR Inc., a private corporation with over 224 shareholders, the majority of whom are also leaseholders. Lease renewal terms will be at the discretion of CMR. The purchaser of the single family lots will be recommended to buy shares when they come available as part of their purchase. Share offerings are made available on a limited basis from time to time at the direction of the corporation or from existing shareholders. Securities Act restrictions must be satisfied to qualify as a purchaser of shares. Copies of the Lease terms, architectural controls, land use bylaw, rules and regulations are available from the Resort office.

Lots available for sale will require approval of the sale by Castle Mountain Resort Inc. and may be subject to being removed from the inventory of available lots for sale at the discretion of Castle Mountain Resort Inc.

Castle Mountain Resort - Mission Statement

Castle Mountain Resort is dedicated to providing a quality alpine experience in an aesthetic, family-oriented atmosphere. Our community will strive to maintain accessibility and viability for future generations.

Executive Summary

Castle Mountain Resort (CMR) is a special community occupying an exceptional location in the Westcastle Valley of the Southwestern Alberta Rocky Mountains. Through the Area Structure Plan document, CMR has outlined a sustainable development plan for the community that is intended to ensure its viability for the next 10 to 20 years.

After two years of consultation with numerous stakeholders and much internal considerations, CMR has made a commitment to maintain a small scale development and a family oriented atmosphere at the resort. This will be accomplished by balancing the economic and recreational needs of the ski hill with the environmental needs of the surrounding area.

CMR is addressing economic and recreational needs by:

- Developing terrain on Haig Ridge that will meet the needs of beginner, novice and intermediate visitors
- Preserving the current off-piste expert terrain that CMR is known for
- Providing on-hill, multi-family style accommodation and support services to develop mid-week and multi-day skiing
- Developing sufficient housing to finance the infrastructure and capital improvements critical for economic stability.

CMR is addressing environmental and wilderness concerns by:

- confining resort core development to that required for long term sustainability
- developing only on the west side of the Westcastle River
- developing soft or low impact summer activities
- maintaining a compact development footprint and limiting commercial development
- utilizing appropriate environmental planning for the Resort.

In dealing with the technical aspect of the plan, CMR has utilized the services of a number of specialized consultants in the areas of: ski terrain development, environmental issue identification and mitigation, water use (domestic, fire fighting and snow making), waste water disposal, land use and soils.

At build out, 225 equivalent housing units are contemplated for the resort (including the current 138 units). This will consist of a possible lodge style hotel for the upper end market, a hostel for more affordable accommodations and numerous multi-family housing units. These units will be included in a rental pool that will allow the resort to develop the mid-week and multi-day skier market. Single family units may also be included on an in-fill basis.

Brent Harley and Associates Inc, a resort planning group, has been engaged to complete a master plan layout of the village to design the best integration of the housing units and commercial buildings located throughout the Resort property. As part of the plan the maintenance shops, work and storage units will be moved north of the Resort into a treed area west of the entrance road. This will help to create a more aesthetically pleasing village at the center of the Resort and reduce conflicts from varying land uses.

In the summer of 2006 CMR installed a new chairlift onto the north end of Haig Ridge. This area has been identified by numerous ski industry experts as the only true source of beginner and intermediate terrain that is in close proximity to the existing base facilities. A trail lay out has been designed, which includes six runs covering 26 hectares. The lift was tied into the current base area to keep a compact resort core and to eliminate duplicating facilities to service the new runs.

Improvements to the beginner terrain and a more logical progression from beginner to novice and intermediate runs has been achieved by the replacement of the beginner T-Bar with a double chairlift and run modifications in the beginner area.

A key component to the economic viability of the resort is to ensure that there is sufficient snow to open at Christmas time. CMR is working on three initiatives to ensure adequate snow coverage early in the year. Haig Ridge receives approximately 50% more snow and is better protected from the wind. Improved snow fencing has been installed and is continually being improved. Finally, snow making is in the planning stages to be installed in the near future. This system will be designed to enhance snow cover early in the year in order to set a proper base for the rest of the winter.

The infrastructure has been upgraded significantly since the current owners took over the Resort. The Resort operates an approved sewage system that has been in operation since 2000 and has sufficient capacity to handle the Resort's output for the build out anticipated under the Area Structure Plan (ASP). The water system is currently being improved to accommodate the domestic water use, firefighting and snowmaking demands of the ASP. Studies have shown that the valley's aquifer can sustain the water requirements contemplated in the ASP.

The Resort has stabilized at 80,000 skier visits in a good snow year. Upon completion of this expansion, the Resort will accommodate up to 125,000 skiers per season with a maximum of 2,400 skiers per day. This is based on consultant's estimates that the Resort will attract 20-30,000 additional skier visits with the addition of beginner and intermediate terrain on Haig. With the additional on hill accommodation the skier visits are expected to be spread out over the week, which will minimize the effect of weekend crowds.

Parking will be accommodated by better utilization of the existing parking lot and improvement to the overflow parking lot that is currently just north of the Resort. In total 886 cars will be accommodated which will fulfill the parking requirements on the busiest days.

Castle Mountain Resort believes that the business plan presented in its Area Structure Plan will facilitate the transition from a struggling to an economically viable regional ski resort. The small size of the Resort, coupled with the strong commitment of CMR and its community to maintain an environmentally sustainable development, are key elements in minimizing the impact on the environment.

Company Structure & Shares

Castle Mountain Resort Inc. is currently composed of 224 shareholders. CMR currently owns 104 acres of developed and developable lands in the base area. The ski runs are all contained within a License of Occupation that CMR holds with the Alberta Government. The structure of the Resort is a community owned operation. It is CMR's desire that all lot owners have shares in the corporation, so that the concept of a community owned resort is maintained. Shares may be available in the future to individual purchasers who can satisfy Securities Act qualification requirements

Yearly Costs

Lot owners are responsible for property taxes and other assessments as levied by the Municipal District of Pincher Creek.

CMR currently owns and operates the water distribution system and the waste water management system at the Resort. There are a number of animal proof garbage bins in the base area that are rented and maintained by CMR and the Municipal District of Pincher Creek. Snow removal in the parking lots and along with fire fighting equipment & routes are maintained by dedicated CMR staff. These services are provided to lot owners for a current maintenance fee of \$215.00 per month. These fees are paid directly to CMR. In addition, CMR also owns and operates a propane distribution system that supplies propane to all permanent resident homes and commercial facilities on the Resort property and propane consumption is metered and billed monthly.

Rental Pool

The need for an active and well marketed rental pool for accommodations, CMR has created a Central reservation system and property Management Company to provide services to existing as well as new single or multi-family units which are built in the base area. CMR reserves the right to approve all commercial property management agencies that operate at the resort.

Castle Mountain Resort – Owned by Albertans, operated by Albertans, for the enjoyment of Alberta Snowsports Recreation

Now is the time to become part of our vibrant mountain community.



Castle Mountain Resort

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Lot(s) Sale Offer Form – Lot(s) # _____, _____

NAME:	
COMPANY NAME (IF APPLICABLE):	
ADDRESS:	
CITY:	
PROVINCE:	POSTAL CODE:
PHONE:	CELL PHONE:
EMAIL ADDRESS:	
LOT(s) NUMBER FOR THIS OFFER:	
DEPOSIT \$5,000.00 INCLUDED: Cheques will only be deposited for a successful bid	
OFFER PRICE:	
TERMS OF OFFER:	
CONDITION OF OFFER (This offer is subject to the following conditions for the benefit of the offeror which must be satisfied by the condition removal date or the offer shall be revoked):	
CONDITION REMOVAL DATE :	

