



December 21, 2017

To all lot lease holders

Castle Mountain Resort, and our community are very excited to be working with ATCO, to explore the supply of natural gas for our residents and commercial operations. Switching from propane to natural gas will generate annual cost savings for all users. Natural gas is safer, more reliable and more environmentally friendly than the propane system that we presently have. This is also an opportunity for CMR Inc. to completely remove ourselves from one utility. Having a 3rd party business such as ATCO committing to taking over this utility is a step forward. ATCO is proposing to supply natural gas via a gas line that would continue from Beaver Mines to connect to our existing infrastructure to supply all the homes and businesses.

For ATCO to provide natural gas to CMR, ATCO will install a new pipeline to feed our current distribution system to have the required volume and pressure for our existing and future requirements. To complete this project we will be sharing the cost with ATCO. The total cash contribution required from the home owners and commercial facilities amounts to \$326,000. To calculate how this cost will be shared, we have reviewed the historical volumes of propane as delivered through the propane meters and determined that the residential units account for 81% of propane consumed and the commercial users account for 19% of propane consumed. This formula will be used to share the cost of this improvement with each lot lease holder paying an equal amount of the 81%. We are estimating that there will be a 3-5 year payback for residents on their contribution to the supply of natural gas based on the monthly savings from the current propane charges. After this period there will be continued savings moving forward.

CMR is currently working on financing options for this project. These options will include a single payment up front of \$2,300* or monthly payments of \$72.50*/month that includes interest charges and must be paid by Pre-Authorized payments through your bank over a 3-year period (*subject to revisions based on final costs). The complete details are expected to be available prior to the end of January 2018. The payment option would commence once the ATCO gas meters are installed, immediately offsetting the costs of propane.

CASTLE MOUNTAIN RESORT

PINCHER CREEK, AB., CANADA

SKICASTLE.CA

INFO@SKICASTLE.CA

403.627.5101



Other costs to the homeowner will be the conversion of all appliances that are currently supplied with propane. ATCO will help coordinate the individual conversions. A rough estimate for conversion of appliances to Natural Gas is approximately \$138 + parts per appliance. Parts could vary from \$10 for an orifice to \$200 for a full conversion kit depending on what is required. In rare instances an appliance may need to be replaced if the conversion cannot be completed. ATCO is planning to provide a more detailed, formal quote for this work. To do this they would bring a crew out to complete this estimate and would require access to individual homes. We will pick a date and try to coordinate this with home owners.

Bringing natural gas to Castle is a big improvement for residents and CMR over the existing propane system. The supply of natural gas has strategic benefits for CMR and their residents/shareholders. Not only will natural gas give us some future cost savings, it is also removing a liability from the corporation, with respect to regulation, maintenance, safety, reliability and future capital requirements. Natural gas is more favorable to the environment as it is clean burning and has a significantly lower carbon footprint. As well, there may be future opportunity for natural gas power generation. Supplying through a pipeline gives both residents and the business a constant supply that is not dependent on delivery trucks navigating our road and the large propane tank in the north parking lot would be removed. Overall, natural gas will benefit the residents, commercial operations and the corporation.

Brad Brush
General Manager, CMR Inc.

CASTLE MOUNTAIN RESORT

PINCHER CREEK, AB., CANADA

SKICASTLE.CA

INFO@SKICASTLE.CA

403.627.5101