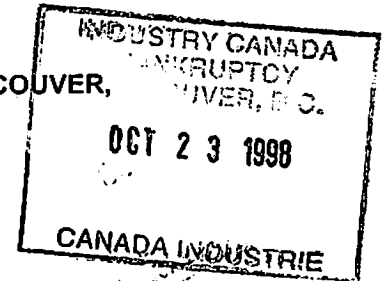IN THE MATTER OF THE PROPOSAL OF
RICHARD WILLIAM WARKE
BUSINESSMAN, OF THE MUNICIPALITY OF WEST VANCOUVER,
IN THE PROVINCE OF BRITISH COLUMBIA,
AN INSOLVENT PERSON

Barnes & Kissack, Trustee

Minutes of the First Meeting with the Creditors of Richard William Warke, held on Tuesday, September 29, 1998, at 2:00 PM in the offices of the Trustee, Barnes & Kissack Inc., #1650 - 1177 West Hastings Street, Vancouver, BC.

PRESENT:	W. Bil	-	Official Receiver, Chairman
	Steve Barnes	-	Barnes & Kissack Inc. ("BKI")
	Greg Best	-	Barnes & Kissack Inc.
	Richard Warke	-	Proponent
	John McLean	-	Davis & Company representing Proponent
	Jef Poulsen	-	Poulsen & Company representing Royal Bank of Canada
	Dean Nontell	-	Revenue Canada, Taxation
	Miguel Guardado	-	Revenue Canada, Taxation

W. Bil called the meeting to order at 2:00 PM. He advised that he was chairing the meeting pursuant to Section 51(3) of the Bankruptcy and Insolvency Act. He had reviewed claims and was able to declare that the meeting was properly called, a quorum was present and the meeting was duly constituted.

The following documents were tabled:

- Proposal
- Statement of Affairs
- Trustee's Preliminary Report to Creditors
- Proof of Mailing of Notices

Bil advised that the purpose of the meeting was to consider the Proposal of Mr. Warke and to vote thereon. However, he understood that at least one of the creditors would be asking for an adjournment of the meeting to further review of the affairs of the Proponent.

The meeting was opened to discussion.

In response to a question from Poulsen, Warke and Barnes explained in general terms the financing, security and disposition of proceeds in respect of the Proposal and the new mortgage on Mrs. Warke's residence.

		Appraisal		$2,200,000
a)	New First CIBC Mortgage	$975,000		
b)	Second CIBC Mortgage	375,00		
c)	New Third BKI Mortgage	300,000	1,650,000	
	Equity		$ 550,000	

The $975,000 first mortgage will be used to pay off the existing first in favour of CIBC in the approximate amount of $345,000 for Warke. That leaves $630,000. $530,000 of that amount will be paid to Revenue Canada on account of Mrs. Warke's liability. The remaining $100,000 approximately will be used for personal expenses and to fund Warke's monthly cash shortfall.

The existing second mortgage will remain in place. This is made up of $275,000 as a contingent liability of Augusta Financial Corp. and $100,000 in respect of Warke's direct loan from CIBC. On the Statement of Affairs this is shown as unsecured because in Warke's estate there is no security. The security is that of Mrs. Warke's.

There were further questions regarding Warke's transfer of the residence to Mrs. Warke, the valuation of the residence, the purchase price and the date of Warke's insolvency. Revenue Canada also had a number of questions. McLean indicated that the information had been previously provided and suggested the creditors put their questions in writing, following which he and Warke would attempt to deal with them.

The meeting then discussed an adjournment for either 2 or 4 weeks. McLean and Warke asked for the shorter period as the matter had already been under consideration for over 6 months. Poulsen and Revenue Canada both requested 30 days but it was agree to adjourn for 2 weeks, and if all parties agreed, the matter could be put forward an additional 2 weeks without the necessity of meeting to formally defer the adjourned meeting.

The meeting was adjourned until 2:00 PM Tuesday, October 13, 1998.

W. (Bill) Bil, Chairman

ATTENDANCE LIST / LISTE DES PRÉSENCES

Estate Number - N° de l'actif
185674/VA98

Debtor and Representatives - Débiteur et Représentants

Richard William Warke

Trustee and Representatives - Syndic et Représentants

Barnes & Kissack Inc.

Creditors present or represented - Créanciers présents ou représentés

NAME - NOM	REPRESENTING - REPRÉSENTE	AMOUNT Proven Claim MONTANT Réclamation prouvée
John McLean	MIR WIRNE	
JEF POULSEN	ROYAL BANK OF CANADA	68,399
W. (BILL) BIL	OFFicial Receiver - Chair	
MIGUEL GUALDADO	REVENUE CANADA	$822,140
Dean Nontell	Revenue Canada	
STEJo BARNED	Gnorv ron WALSH KING.	674⁰⁰

IC 3184 (10/95)