

FORBEARANCE AGREEMENT

THIS AGREEMENT dated for reference this ____ day of September, 2006.

BETWEEN:

WEST BAY SONSHIP YACHTS LTD.,

8295 River Road,
Delta, B.C. V_____

("West Bay")

AND:

**KPMG INC., in its capacity as Monitor pursuant to a certain
Court Order dated December 16, 2005 granted in SCBC
Action No. L053049 (the "Action")**

900 - 777 Dunsmuir Street,
Vancouver, B.C. V&Y 1K3

(the "Monitor")

AND:

PAUL AND NORMA HAWRAN,

_____, _____
USA _____

(the "Hawrans")

AND:

0745781 B.C. LTD.,

c/o 1500 - 570 Granville Street,
Vancouver, B.C. V6C 3P1

("BuildCo")

WHEREAS:

- A. On December 16, 2005, West Bay commenced proceedings in the Action pursuant to the Companies Creditors' Arrangement Act of Canada;
- B. At the time of the commencement of the Action, West Bay was under contract with the Hawrans to construct a yacht, which was partially completed as represented by hull 78-30 which is registered at the Ships Registry under BZH00301607 (the "Vessel");

C. In the context of the Action, West Bay and BuildCo entered into a Construction Completion Agreement dated February 14, 2006 whereby West Bay was to complete the Vessel for the Hawrans;

D. Prior to the completion of the Vessel, West Bay was authorized by Court Order granted in the Action on May 8, 2006 to loan the sum of \$300,000 (the "Loan") to BuildCo for the purpose of completion of the Vessel (the "Loan Authorization Order");

E. The Loan Authorization Order further provided that the Loan would be repaid by BuildCo on or before June 15, 2006 or delivery of the Vessel, whichever first occurs, and while the Loan remains outstanding, the Loan constituted a first charge against the Vessel (the "Charge");

F. The Loan was not repaid by BuildCo in accordance with the Loan Authorization Order;

G. Pursuant to the Plan of Arrangement filed in the Action by West Bay (the "Plan") the proceeds from the Loan (including all interest thereon) are to accrue to the creditors of West Bay, which proceeds are to be distributed by the Monitor pursuant to the Plan;

H. The Hawrans have filed a Proof of Claim dated May 9, 2006 in accordance with the Plan and will receive a distribution pursuant to the Plan (the "Hawran Distribution");

I. In addition, the Hawrans are parties to a settlement with _____ dated _____ by reason of which the Hawrans will receive a further amount in respect of their claims (the "Settlement Proceeds"); **[WE'LL NEED PARTICULARS OF THIS FOR THE ASSIGNMENT]**

J. The Vessel has been completed by West Bay and is ready for delivery to the Hawrans;

K. The Hawrans and BuildCo have requested that West Bay and the Monitor forbear from taking action to collect the Loan and enforce the Charge and West Bay and the Monitor have agreed to do so on the terms set out herein.

THE PARTIES HEREBY AGREE THAT IN CONSIDERATION OF THE SUM OF \$10.00 AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED:

1. The Hawrans and BuildCo acknowledge and agree that the Loan and the Charge are in default and that West Bay is presently entitled to take steps to collect the Loan and realize upon the Charge;

2. West Bay, BuildCo and the Hawrans acknowledge and agree that West Bay holds the Loan and Charge for the benefit of West Bay's creditors pursuant to the Plan and in accordance with paragraphs 10 and 13 of the Final Order dated June 23, 2006 granted in the Action (the "Final Order"). West Bay shall hold the legal title to the Loan and Charge in trust for the Monitor for the purposes of distribution by the Monitor of the proceeds of the Loan and Charge pursuant to the Plan;

3. West Bay and the Monitor agree that it will not to take steps to collect the Loan and realize upon the Charge until after December, 31, 2006, subject to any earlier default pursuant to this Agreement;

4. The Hawrans and BuildCo shall immediately make satisfactory arrangements for the placement of insurance on the Vessel which insurance shall provide for a first loss payee clause in favour of West Bay and the Monitor. These arrangements must be in place on or before _____, 2006;

5. In the event that the Hawrans and/or BuildCo fail to provide for the arrangements set out in paragraph 4 herein, the Monitor shall be at liberty to make such arrangements and the costs of doing so shall be added to the Loan and be charged by the Charge and shall bear interest from the date of disbursement at the prime rate of the Canadian Imperial Bank of Commerce plus 5%;

6. The Hawrans and BuildCo agree that all reasonable fees and disbursements incurred and paid by the Monitor to its solicitor and counsel (on the basis of complete indemnification on a solicitor and own client basis) in connection with advising the Monitor in relation to this Agreement, the Assignment (as defined below) and all actions contemplated herein (including all realization costs) shall be payable by the them jointly upon presentation of invoices. In default of same, the invoice amount may be paid by the Monitor and added to the Loan and shall bear interest at the rate of the Canadian Imperial Bank of Commerce plus 5% and be payable on demand and be secured by the Charge;

7. As further security for payment of the Loan, the Hawrans shall on or before _____, 2006, execute, in the form attached hereto as Schedule "A", an Assignment and Transfer (the "Assignment") of all monies due to them pursuant to the Hawran Distribution and the Settlement Proceeds. Such Assignment and Transfer will be registered in all jurisdictions (including the place of residency of the Hawrans) to ensure its enforceability against third parties.

8. The parties acknowledge and agree that upon the Monitor determining the entitlement of the Hawrans under the Plan, the Monitor intends to make an interim distribution of the Hawran Distribution as soon as reasonably possible with the intention of repaying the Loan in whole or in part, in accordance with Article 3.4 of the Plan and paragraph 8 of the Final Order.

9. The Hawrans and BuildCo agree that in the event that (a) the terms and conditions are not met as set out in paragraphs 4 and 7 above, (b) the Loan and all related interest and costs are not paid by reason of the Assignment by December 31, 2006 or (c) and West Bay and the Monitor's agreement to forbear has come to an end, the Monitor shall have the immediate right, without further notice or demand to the Hawrans and BuildCo, to collect the Loan, realize upon the Charge and in that event, the Hawrans and BuildCo:

- (a) Consent and agree to the immediate listing of the Vessel with _____ (broker) at the list price of US\$_____ for a period of _____ months; and

- (b) To take immediate steps to dispose of the Vessel in a commercially reasonable manner whether by Court Order or otherwise;
- 10. Time shall be of the essence of this Agreement;.
- 11. The laws of the Province of British Columbia and Canada as applicable shall govern this Agreement;
- 12. The parties agree that this Agreement shall be binding upon each of them and their successors and assigns;
- 13. This Agreement may be executed in counterpart and fax copies of signatures are sufficient;

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT.

WEST BAY SONSHIP YACHTS LTD.,

Per:

Authorized Signatory

KPMG INC., in it capacity as Monitor

Per:

Authorized Signatory

PAUL HAWRAN

NORMA HAWRAN

0745781 B.C. LTD.,

Per:

Authorized Signatory

SCHEDULE "A"

ASSIGNMENT AGREEMENT

BETWEEN:

WEST BAY SONSHIP YACHTS LTD.,
8295 River Road,
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("West Bay")

AND:

**KPMG INC., in its capacity as Monitor pursuant to a certain
Court Order dated December 16, 2005 granted in SCBC
Action No. L053049 (the "Action")** 900 - 777 Dunsmuir Street,
Vancouver, B.C. V

(the "Monitor")

AND:

PAUL AND NORMA HAWRAN,

_____, _____
USA _____

(the "Hawrans")

WHEREAS:

- A. The Hawrans are currently indebted to West Bay (as legal holder) and the Monitor (as beneficial holder on behalf of creditors of West Bay) in the amount of \$300,000 plus interest and costs (the "Loan");

- B. The parties have entered in a certain Forbearance Agreement dated for reference the ____ day of September, 2006 (the “Forbearance Agreement”);
- C. The Forbearance Agreement provides that the Hawrans will provide certain security to West Bay and the Monitor for the purpose of securing payment of the Loan;
- D. The Hawrans will be entitled to:
- (a) as creditors having filed a Proof of Claim, a distribution which will be made by the Monitor pursuant to a certain Plan of Arrangement filed by West Bay in SCBC Action No. L053049 (the “Plan”), as approved by the Final Order granted in that Action on June 23, 2006 (the “Hawran Distribution”); and
 - (i) a payment pursuant to a certain settlement agreement dated June ____, 2006 between the Hawrans, West Bay Sonship Yachts Inc., a Barbados company (“West Bay Barbados”), and others, which payment will be made subsequent to a distribution to West Bay Barbados by the Monitor pursuant to the Plan (the “Settlement Proceeds”).
- E. The Hawrans have agreed to assign the Hawran Distribution and the Settlement Proceeds to West Bay and the Monitor, as security for payment of the Loan, and in accordance with the terms of the Forbearance Agreement.

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

1. In consideration of payment to it of the sum of \$10.00 now paid by West Bay and the Monitor to the Hawrans (the receipt and adequacy of which is hereby acknowledged), the Hawrans hereby sell, assign and transfer to West Bay and the Monitor all of the Hawran’s right, title and interest in and to the Hawran Distribution and the Settlement Proceeds, with full power and authority to demand, collect, sue for, recover, receive and give receipts therefor and to enforce payment thereof or performance of all covenants to pay

contained therein and to exercise any and all rights or remedies of the Hawrans contained therein, all in the name of West Bay and the Monitor.

2. The Hawrans represent and warrant to West Bay and the Monitor, all of which representations and warranties shall survive the execution of this Assignment, that they:
 - (i) have good right, title and authority to assign the Hawran Distribution and the Settlement Proceeds as contemplated herein;
 - (ii) have not previously assigned the Hawran Distribution and the Settlement Proceeds;
 - (iii) are not aware of any fact, agreement or circumstance which would prevent the assignment of the Hawran Distribution and the Settlement Proceeds by them to West Bay and the Monitor; and
 - (iv) are not aware of any fact, agreement or circumstance between them and West Bay Barbados which would limit, qualify or restrict in any way the ability or rights of the Hawrans to obtain the Settlement Proceeds subsequent to the distribution by the Monitor to West Bay Barbados.
3. The parties will, at the request of the other party, execute and deliver, to the extent it is commercially reasonable to do so, all other appropriate supplemental agreements and other instruments and take, to the extent it is commercially reasonable to do so, other action necessary, to give full effect to this Assignment and to make this Assignment legally effective, binding, and enforceable as between them and as against third parties.
4. This Assignment will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.
5. Time will be of the essence of this Assignment.
6. This Assignment may be executed in counterparts, and by electronic transmission, each of which, including electronic transmissions, will be deemed to be an original and all of which, taken together, will constitute one and the same instrument.

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Assignment as of September _____, 2006.

WEST BAY SONSHIP YACHTS LTD.

By:

Authorized Signatory

**KPMG INC., in it capacity as Monitor
pursuant to a certain Court Order dated
December 16, 2005 granted in SCBC
Action No. L053049**

By:

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PAUL HAWRAN

NORMA HAWRAN