

July 30, 2013

**Sent by Email**

Special Committee of the Board of Directors  
Genesis Land Development Corp.  
7315 8 Street NE, Calgary, Alberta  
T2E 8X2

Attention: Bill Pringle, Chairman of the Special Committee

Dear Mr. Pringle:

**Improper Defensive Tactics**

We are writing in connection with yesterday's press release announcing the disappointing and improper defensive tactics deployed by the board of directors of Genesis Land Development Corp. ("Genesis").

Shareholder Rights Plan ("SRP")

Your press release contains disclosure to the effect that the SRP was purportedly put in place to encourage a "permitted bid". We believe this is misleading disclosure as it is clear and transparent that the SRP was adopted directly in response to what has now become a hostile proxy fight, where the record date for voting had passed, and accumulations of additional securities between now and the date of the shareholders meeting on August 12, 2013 would not assist Smoothwater in winning the proxy contest.

The basis put forward by Genesis for the adoption of the SRP is misleading as it is obvious that the SRP was implemented solely to threaten or intimidate Smoothwater in its entirely legitimate campaign to effect change to the board of directors, and not to prevent it or anyone else from acquiring additional shares in the capital of Genesis.

In the context of a proxy contest, shareholders of a public corporation are legally entitled to agree on the appropriate directors to serve on their corporation's board without fear of the massive and punitive dilution of a rights plan. Far from encouraging a permitted bid or preventing a take-over bid, the Genesis form of SRP is solely aimed at penalizing any shareholder who seeks to exercise its fundamental rights as shareholders.

In short, your SRP is an egregious poison pill that seeks to entrench a subset of your board of directors at all costs and does not protect the interests of shareholders.

Advance Notice By-law

Despite the rationale suggested by your press release, the by-law unilaterally adopted by the board of Genesis serves no proper purpose, having been adopted *after* Genesis, on its own initiative, provided advance notice of a possible, prospective, proxy contest on July 24, 2013; and *after* Smoothwater announced that it would be proposing an alternate slate of directors for election to the board in a press release dated July 26, 2013.

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Moreover, Smoothwater's dissident proxy circular was filed and sent on July 29, 2013, well in advance of the August 2, 2013 deadline for providing "advance notice" to the secretary of Genesis. Accordingly, it is difficult to understand what possible purpose your by-law serves other than to thwart Smoothwater in the exercise of its legitimate shareholder rights and is clearly designed to harm the interests of all shareholders.

In a clear effort to further entrench the Board, these by-law amendments simply make it more difficult for an already frustrated shareholder base to have its voice heard. In particular, the by-law contains onerous notification provisions that shareholders must now comply with that extend beyond the disclosure requirements for dissident proxy solicitations prescribed by the Canadian securities regulators.

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If the directors genuinely believe they are serving shareholder interests in good faith and have their support, why is the board resorting to improper defensive tactics that make it more difficult for shareholders to have their say on the governance of their company? These tactics appear to represent a clear effort to entrench the board and we struggle to see how such legal manoeuvres could possibly benefit your shareholders. We have instructed our legal counsel to pursue any and all rights and remedies available to Smoothwater against Genesis and its directors.

Accordingly, we strongly caution the board against taking these and any other oppressive actions and breaching its fiduciary duty by taking deliberate actions that interfere with the proper functioning of shareholder democracy and prejudice shareholder rights at Genesis.

Yours truly,

*"Stephen Griggs"*

Stephen J. Griggs  
Chief Executive Officer