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O'NEILL, GOLDSTONE & CO.
CERTIFIED GENERAL ACCOUNTANTS
A PARTNERSHIP OF INCORPORATED PROFESSIONALS
DALE S. GOLDSTONE INC.
KRIS FREZELL INC.

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NOTICE TO READER

On the basis of information provided by management, we have compiled the statement of financial position of Lillooet Lake Estates Ltd. as at December 31, 2009 and the statements of changes in net assets and operations for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Prior to compiling the financial statements of Lillooet Lake Estates Ltd., this accounting firm performed accounting services, which included the preparation of entries that have a significant effect on these financial statements.

North Vancouver, BC

February 16, 2010



O'NEILL, GOLDSTONE & CO.

Statement I

LILLOET LAKE ESTATES LTD.

Statement of Financial Position

as at December 31, 2009

Unaudited - See Notice to Reader

	<u>2009</u>	<u>2008</u> Restated
ASSETS		
CURRENT:		
Cash	\$ 67,053	\$ 104,053
Short term investments held as security	3,313	3,240
Assessments due from members	<u>56,972</u>	<u>100,468</u>
	<u>127,338</u>	<u>207,761</u>
CAPITAL ACQUISITIONS: (Note 1)	<u>1,111,723</u>	<u>951,024</u>
	<u>\$1,239,061</u>	<u>\$1,158,785</u>
LIABILITIES		
CURRENT:		
Accounts payable	\$ 47,093	\$ 3,964
Assessments prepaid by members	26,406	7,929
Current portion of long-term debt	<u>32,250</u>	<u>32,791</u>
	<u>105,749</u>	<u>44,684</u>
LONG TERM DEBT:		
Due to Heather Jean Development	---	11,036
Due to Bobcat Country	<u>8,570</u>	<u>29,785</u>
	<u>8,570</u>	<u>40,821</u>
	<u>114,319</u>	<u>85,505</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL:		
Shares issued	<u>152</u>	<u>152</u>
NET ASSETS - Statement II		
Net assets from operations	53,687	99,990
Net assets invested in water system	909,525	770,383
Net assets invested in Lot 93	55,000	55,000
Net assets invested in maintenance building	82,967	40,266
Net assets invested in tool cat	23,411	11,764
Net assets in restricted fund	<u>---</u>	<u>95,725</u>
	<u>1,124,590</u>	<u>1,073,128</u>
	<u>1,124,742</u>	<u>1,073,280</u>
	<u>\$1,239,061</u>	<u>\$1,158,785</u>

Approved by the Directors.

O'NEILL, GOLDSTONE & CO.

Statement II

LILLOOET LAKE ESTATES LTD.

Statement of Changes in Net Assets
for the year ended December 31, 2009
Unaudited - See Notice to Reader

	<u>2009</u>	<u>2008</u> Restated
NET ASSETS FROM OPERATIONS:		
Surplus - beginning of year	\$ 99,990	\$ 55,653
Operating surplus - Statement III	51,462	219,421
Transfer amortization to capital fund	15,672	11,715
Transfer amount to water system	(92,222)	11,576
Transfer amount to tool cat	(21,215)	(17,375)
Transfer amount to restricted funds	<u>—</u>	<u>(181,000)</u>
Surplus - end of year	<u>\$ 53,687</u>	<u>\$ 99,990</u>
NET ASSETS INVESTED IN WATER SYSTEM:		
Balance - beginning of year	\$ 770,383	\$ 719,902
Transfer amortization from operating fund	(6,104)	(6,104)
Amount invested during the year from Restricted Funds	53,024	45,009
Amount invested during the year from Operating Funds	<u>92,222</u>	<u>11,576</u>
Balance - end of year	<u>\$ 909,525</u>	<u>\$ 770,383</u>
NET ASSETS INVESTED IN LOT 93:		
Balance - beginning of year	\$ 55,000	\$ 55,000
Amount invested in current year	<u>—</u>	<u>—</u>
Balance - end of year	<u>\$ 55,000</u>	<u>\$ 55,000</u>
NET ASSETS INVESTED IN MAINTENANCE BUILDING:		
Balance - beginning of year	\$ 40,266	\$ —
Amount invested during the year from Restricted Funds	42,701	40,266
Amount invested in current year	<u>—</u>	<u>—</u>
Balance - end of year	<u>\$ 82,967</u>	<u>\$ 40,266</u>
NET ASSETS INVESTED IN TOOL CAT:		
Balance - beginning of year	\$ 11,764	\$ —
Transfer amortization from operating fund	(9,568)	(5,611)
Amount invested during the year from Operating Fund	<u>21,215</u>	<u>17,375</u>
Balance - end of year	<u>\$ 23,411</u>	<u>\$ 11,764</u>
NET ASSETS IN RESTRICTED FUNDS:		
Balance - beginning of year	\$ 95,725	\$ —
Special assessment during the year	—	151,000
Squamish Regional District Grant	—	30,000
Amount invested in water system	(53,024)	(45,009)
Amount invested in maintenance building	<u>(42,701)</u>	<u>(40,266)</u>
Balance - end of year	<u>\$ NIL</u>	<u>\$ 95,725</u>

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Statement III

LILLOET LAKE ESTATES LTD.

Statement of Operations
for the year ended December 31, 2009
Unaudited - See Notice to Reader

	<u>2009</u>	<u>2008</u> Restated
ASSESSMENTS:		
Maintenance fund	\$ 199,091	\$ 193,318
Special assessment - water system	—	151,000
Squamish Regional District Grant	—	30,000
Interest charged to owners	7,750	7,836
Collection fees	<u>10,502</u>	<u>—</u>
	<u>217,343</u>	<u>382,154</u>
EXPENDITURES:		
Accounting	10,454	11,124
Amortization	15,672	11,715
Banking	343	389
Communication	1,777	1,896
Director's expenses	2,817	1,809
Insurance and WCB	7,467	6,470
Legal - annual filings, opinions and fees	8,714	7,490
Legal - collections	10,502	584
Legal - contingencies	10,647	26,269
Local improvements	10,142	6,148
Maintenance - common property	4,033	6,749
Property taxes	41,910	38,930
Waterworks operations	<u>41,403</u>	<u>43,160</u>
	<u>165,881</u>	<u>162,733</u>
EXCESS ASSESSMENT OVER EXPENDITURES:	<u>\$ 51,462</u>	<u>\$ 219,421</u>

O'NEILL, GOLDSTONE & CO.

LILLOOET LAKE ESTATES LTD.

Notes to Financial Statements
as at December 31, 2009
Unaudited - See Notice to Reader

Note 1 - CAPITAL ACQUISITIONS:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2009</u>	<u>2008</u>
Water System	\$ 853,416	\$ —	\$ 853,416	\$ 719,746
Water System - old	122,080	54,936	67,144	73,248
Lot 93	55,000	—	55,000	55,000
Tool Cat	68,375	15,179	53,196	62,764
Maintenance Building	<u>82,967</u>	<u>—</u>	<u>82,967</u>	<u>40,266</u>
	<u>\$1,181,838</u>	<u>\$ 70,115</u>	<u>\$1,111,723</u>	<u>\$ 951,024</u>

Note 2 - MAINTENANCE BUILDING:

The cost of the maintenance building was partially financed by way of a grant in the amount of \$30,000 from the Squamish Regional District. The building is comprised of the following:

	<u>2009</u>	<u>2008</u>
- Engineering and permits	\$ —	\$ 2,037
- Materials and supplies	21,742	24,410
- Labour	<u>20,959</u>	<u>13,819</u>
	<u>42,701</u>	<u>40,266</u>

Note 3 - WATER SYSTEM:

Additions to the water systems are as follows:

	<u>2009</u>	<u>2008</u>
Engineering and permits	\$ 6,631	\$ 6,262
Materials and supplies	2,737	13,452
Labour	8,294	19,163
Legal fees	35,293	6,131
Source to tap survey	<u>80,715</u>	<u>—</u>
	<u>\$ 133,670</u>	<u>\$ 45,008</u>