

O'NEILL, GOLDSTONE & CO.

LILLOOET LAKE ESTATES LTD.

Financial Statements

December 31, 2004

Unaudited - See Notice to Reader

LILLOOET LAKE ESTATES LTD.

**Index to Financial Statements
December 31, 2004**

Notice to Reader

Statement of Financial Position

Statement I

Statement of Changes in Net Assets

Statement II

Statement of Operations

Statement III

Statement of Cash Flows

Statement IV

Notes to Financial Statements

O'NEILL, GOLDSTONE & CO.
CERTIFIED GENERAL ACCOUNTANTS
A PARTNERSHIP OF INCORPORATED PROFESSIONALS
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NOTICE TO READER

We have compiled the statement of financial position of Lillooet Lake Estates Ltd. as at December 31, 2004 and the statements of changes in net assets, operations and cash flows for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

North Vancouver, BC

March 16, 2005



LILLOOET LAKE ESTATES LTD.

Statement of Financial Position
as at December 31, 2004
Unaudited - See Notice to Reader

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
CURRENT:		
Cash	\$ 46,458	\$ 87,168
Assessments due from lot owners (Note 3)	<u>27,166</u>	<u>31,573</u>
	73,624	118,741
WATER SYSTEM: (Note 4)	<u>122,916</u>	<u>103,768</u>
	<u>\$196,540</u>	<u>\$222,509</u>
<u>LIABILITIES</u>		
CURRENT:		
Accounts payable (Note 5)	\$ 2,559	\$ 8,997
Assessments prepaid by lot owners	14,923	2,184
Current portion of long term debt	<u>11,576</u>	<u>11,576</u>
	29,058	22,757
LONG TERM DEBT (Note 6)	<u>57,340</u>	<u>68,916</u>
	<u>86,398</u>	<u>91,673</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL: (Note 1)	152	152
NET ASSETS:		
Net assets invested in water system	122,916	103,768
Net assets - Statement II	<u>(12,926)</u>	<u>26,916</u>
	<u>109,990</u>	<u>130,684</u>
	<u>110,142</u>	<u>130,836</u>
	<u>\$196,540</u>	<u>\$222,509</u>

See accompanying notes to financial statements

Approved by the Directors.

LILLOQUET LAKE ESTATES LTD.

Statement of Changes in Net Assets
for the year ended December 31, 2004
Unaudited - See Notice to Reader

	<u>2004</u>	<u>2003</u>
BALANCE - beginning of year	\$ 26,916	\$(17,044)
Excess (deficiency) of Receipts over Expenditures	(14,590)	43,960
Investment in water system	<u>(25,252)</u>	<u>----</u>
	<u>(39,842)</u>	<u>43,960</u>
BALANCE - end of year	<u>\$(12,926)</u>	<u>\$ 26,916</u>

See accompanying notes to financial statements

LILLOOET LAKE ESTATES LTD.

Statement of Operations and Water System
for the year ended December 31, 2004
Unaudited - See Notice to Reader

	<u>2004</u>	<u>2003</u>
RECEIPTS:		
Assessments		
- Property taxes	\$ 36,778	\$ 38,383
- Interest and penalties	1,566	2,372
- Maintenance fees	<u>95,000</u>	<u>95,000</u>
	<u>133,344</u>	<u>135,755</u>
EXPENDITURES:		
Accounting fees and mailings	6,661	6,153
Amalgamation credits	4,400	4,400
Bank charges	333	238
Insurance	4,527	4,152
Legal fees	21,464	5,867
Licences	7,739	96
Meeting expenses	2,896	688
Postage and sundry	2,623	1,082
Property taxes	36,778	38,382
Trustee fees	5,056	6,061
Maintenance		
- Labour	3,230	----
- Materials and supplies	29,012	2,288
Water system		
- Depreciation	6,104	6,104
- Labour	14,414	----
- Materials and supplies	<u>8,801</u>	<u>22,388</u>
	<u>154,038</u>	<u>97,899</u>
EXCESS (DEFICIENCY) RECEIPTS OVER EXPENDITURES:	<u>\$(20,694)</u>	<u>\$ 37,856</u>

See accompanying notes to financial statements

LILLOOET LAKE ESTATES LTD.Statement of Cash Flows
for the year ended December 31, 2004
Unaudited - See Notice to Reader

	<u>2004</u>	<u>2003</u>
CASH PROVIDED BY (USED FOR):		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from assessments	\$ 150,490	\$ 133,992
Cash paid for expenditures	(154,372)	(95,182)
Cash paid to reduce long term debt	(11,576)	(11,576)
Cash paid to current cost of water upgrade	<u>(25,252)</u>	<u>----</u>
NET INCREASE (DECREASE) IN CASH:	(40,710)	27,234
CASH - beginning of year	<u>87,168</u>	<u>59,934</u>
CASH - end of year	<u>\$ 46,458</u>	<u>\$ 87,168</u>

See accompanying notes to financial statements

LILLOOET LAKE ESTATES LTD.

Notes to Financial Statements
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Note 1 - CORPORATE INFORMATION:

The purpose of the Company is to act as manager of the common property associated with various recreational lots on Lillooet Lake.

The Company was incorporated under the laws of the Province of British Columbia to amalgamate various "Heather Jean Estate" companies as a not-for-profit organization but not a registered charity under the Income Tax Act. Such amalgamation to be effective January 1, 1999.

The authorized capital of the company consists of One Million (1,000,000) shares divided as follows:

- 400,000 - Class "A" Voting Common shares without par value
- 600,000 - Non-Voting Common shares without par value divided equally into Classes ("B-1" through "B-6")

	<u>2004</u>	<u>2003</u>
Issued - 152 Class "A" Voting Common shares	<u>\$ 152</u>	<u>\$ 152</u>

In accordance with the amalgamation proposal, assets of HJE #1, #2 and #3, consisting of cash and accounts receivable, after payment of amalgamation costs, are to be credited towards future assessments as determined by the Board of Directors. Only lot owners whose accounts at December 31, 1998 were fully paid will participate in their respective company's credits. HJE#1 and HJE#3 lot owners have fully utilized all their credits. Forty-four fully paid lot owners of HJE#2 have credits towards future assessments of \$216 each to be applied as follows:

2005	\$ 4,400
2006	<u>704</u>
	<u>\$ 5,104</u>

Note 2 - CHANGES IN ACCOUNTING POLICY:

Financial presentations have been changed to reflect the directors' desire to show the water system as an asset depreciated on a straight line basis over twenty years..

Note 3 - ASSESSMENTS DUE FROM LOT OWNERS:

Overdue accounts accrue interest penalties at Lillooet Lake Estates Ltd.'s bank prime lending rate plus 4%, compounded monthly. Overdue tax payments also accrue Government imposed penalties.

LILLOOET LAKE ESTATES LTD.

Notes to Financial Statements
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Note 4 - WATER SYSTEM:

	<u>2004</u>	<u>2003</u>
The water system, parts, water license and taxes purchased from HJ Development in 2001	\$ 122,080	\$ 122,080
Less: Accumulated depreciation	<u>24,416</u>	<u>18,312</u>
	<u>97,664</u>	<u>103,768</u>
Current cost of water upgrade	<u>25,252</u>	<u>----</u>
	<u>\$ 122,916</u>	<u>\$ 103,768</u>

Note 5 - ACCOUNTS PAYABLE:

	<u>2004</u>	<u>2003</u>
Heather Jean Developments Ltd	\$ ----	\$ 637
Canada Trust	----	4,535
O'Neill, Goldstone & Co.	1,873	1,498
T. Symons	576	1,022
Various Board Members	110	1,090
Various Bailiff Fees	<u>----</u>	<u>315</u>
	<u>\$ 2,559</u>	<u>\$ 9,097</u>

Note 6 - LONG TERM DEBT:

	<u>2004</u>	<u>2003</u>
HJ Development	\$ 68,916	\$ 80,492
Less: Current portion	<u>11,576</u>	<u>11,576</u>
	<u>\$ 57,340</u>	<u>\$ 68,916</u>