

THIS IS EXHIBIT " G "
to the Affidavit of

Rich Gauthier

Sworn before me this 20

day of November, 2008

[Signature]

A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

Lindsey R. Aufricht
Student-at-Law

Premiere Manufacturing Ltd.

Financial Statements
For the year ended September 30, 2007
(Unaudited)

000111

Premiere Manufacturing Ltd.
Financial Statements
For the year ended September 30, 2007
(Unaudited)

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BDO Dunwoody LLP
Chartered Accountants
and Advisors

200 Southland Terrace
220-3rd Avenue South
Lethbridge Alberta Canada T1J 0G9
Telephone: (403) 328-5292
Fax: (403) 328-9534
www.bdo.ca

Review Engagement Report

**To the Shareholders of
Premiere Manufacturing Ltd.**

We have reviewed the balance sheet of Premiere Manufacturing Ltd. as at September 30, 2007 and the statements of operations, deficit and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Lethbridge, Alberta
April 8, 2008

**Premiere Manufacturing Ltd.
Balance Sheet
(Unaudited)**

September 30 **2007** **2006**

Assets

Current

Cash	\$ 38,860	\$ -
Accounts receivable (Note 1)	616,533	54,161
Other receivables	17,541	-
Due from related parties (Note 2)	11,589,932	10,924,334
Inventories (Note 3)	2,462,201	2,542,489
Prepaid expenses	10,423	7,397
	14,735,490	13,528,381

Property, plant and equipment (Note 4) 3,303,690 4,388,042

\$ 18,039,180 **\$ 17,916,423**

Liabilities and Shareholders' Deficiency

Current

Bank indebtedness (Note 5)	\$ -	\$ 25,812
Accounts payable and accrued liabilities	275,249	83,751
Due to related parties (Note 2)	13,248,504	13,576,322
Demand loans (Note 6)	1,796,898	358,750
	15,320,651	14,044,635

Shareholder's interest (Note 7) 13,175,156 13,175,156

Future income tax liability 282,257 502,000

28,778,064 **27,721,791**

Shareholders' deficiency

Share capital (Note 7)	2	2
Deficit	(10,738,886)	(9,805,370)
	(10,738,884)	(9,805,368)

\$ 18,039,180 **\$ 17,916,423**

Contingent liabilities (Note 8)

On behalf of the Board:

_____ Director _____ Director

**Premiere Manufacturing Ltd.
Statement of Deficit
(Unaudited)**

<u>For the year ended September 30</u>	<u>2007</u>	<u>2006</u>
Retained earnings (deficit), beginning of year	\$ (9,805,370)	\$ 566,133
Net income (loss) for the year	<u>(933,516)</u>	<u>1,311,736</u>
	(10,738,886)	1,877,869
Adjustment per Section 85	<u>-</u>	<u>(11,683,239)</u>
<u>Deficit, end of year</u>	<u>\$ (10,738,886)</u>	<u>\$ (9,805,370)</u>

Premiere Manufacturing Ltd.
Statement of Operations
(Unaudited)

For the year ended September 30	2007	2006
Revenue	\$ 3,240,693	\$ 3,385,496
Cost of goods sold		
Inventory, beginning of year	2,542,489	1,183,970
Purchases	417,919	1,585,727
Manufacturing supplies	241,076	221,148
Wages and employee benefits	1,531,423	695,769
	<u>4,732,907</u>	<u>3,686,614</u>
Inventory, end of year	(2,462,201)	(2,542,489)
	<u>2,270,706</u>	<u>1,144,125</u>
Gross margin	<u>969,987</u>	<u>2,241,371</u>
Expenses		
Advertising and sales promotion	89,528	2,721
Amortization	1,331,937	177,421
Bad debts (recovered)	(125)	660
Bank charges and interest	4,293	1,345
Consulting fees	74,827	-
Equipment repairs and maintenance	17,195	29,600
Insurance	19,141	738
Interest on long-term debt and demand loans	103,211	28,653
Management fees	671,818	356,019
Office	39,913	8,378
Professional fees	2,176	170
Property tax	4,941	7,169
Telephone and utilities	85,793	46,191
Training and education	4,091	2,013
Travel	45,519	20,901
Vehicle	211,749	1,046
	<u>2,706,007</u>	<u>683,025</u>
Income (loss) from operations	<u>(1,736,020)</u>	<u>1,558,346</u>
Other income		
Gain on disposal of property, plant and equipment	13,216	2,761
Gain on disposal of rental bits	480,078	-
Other income	89,467	2,792
	<u>582,761</u>	<u>5,553</u>
Income (loss) before income taxes	<u>(1,153,259)</u>	<u>1,563,899</u>
Income taxes (Note 10)		
Future (recovery)	<u>(219,743)</u>	<u>252,163</u>
Net income (loss) for the year	<u>\$ (933,516)</u>	<u>\$ 1,311,736</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Premiere Manufacturing Ltd.
Statement of Cash Flows
(Unaudited)**

For the year ended September 30 **2007** **2006**

Cash provided by (used in)				
Operating activities (Note 9)				
Net income (loss) for the year	\$	(933,516)	\$	1,311,736
Items not involving cash				
Amortization of property, plant and equipment		1,331,937		177,421
Future income tax liability (recovery)		(219,743)		252,163
Gain on disposal of property, plant and equipment		(13,216)		(2,761)
Gain on disposal of rental bits		(480,078)		-
		(314,616)		1,738,559
Changes in non-cash working capital balances				
Accounts receivable		(562,372)		(53,626)
Other receivables		(17,541)		-
Inventories		80,288		(1,358,519)
Prepaid expenses		(3,026)		1,409
Accounts payable and accrued liabilities		191,498		(32,572)
		(625,769)		295,251
Investing activities				
Purchase of property, plant and equipment		(182,339)		(4,096,417)
Purchase of bits		(328,655)		-
Proceeds on sale of property, plant and equipment		42,781		2,761
Proceeds on sale of rental bits		713,922		-
		245,709		(4,093,656)
Financing activities				
Repayment of demand loans		(358,750)		(106,260)
Proceeds from long-term debt and demand loans		1,796,898		-
Section 85 adjustment		-		(11,396,524)
Issuance of preferred shares		-		13,175,156
Due to/from related parties		(993,416)		2,083,857
		444,732		3,756,229
Increase (decrease) in cash during the year		64,672		(42,176)
Cash (bank indebtedness), beginning of year		(25,812)		16,364
Cash (bank indebtedness), end of year	\$	38,860	\$	(25,812)
Represented by				
Cash	\$	38,860	\$	-
Bank indebtedness		-		(25,812)
	\$	38,860	\$	(25,812)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Premiere Manufacturing Ltd.
Summary of Significant Accounting Policies
(Unaudited)

September 30, 2007

Nature of Business	The company is incorporated under the laws of Alberta and is engaged in the operations of manufacturing and repairing bits for the drilling industry.																		
Financial Instruments	<p>The company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, demand loans and amounts due to/from related parties. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.</p> <p>The fair values of these financial instruments approximate their carrying values, unless otherwise noted.</p>																		
Use of Estimates	The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.																		
Inventories	Raw materials and supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis. Work in progress and finished goods are stated at cost required to manufacture.																		
Property, Plant and Equipment	<p>Property, plant and equipment are stated at cost less accumulated amortization. In the year of acquisition one-half of the normal rate is applied. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Buildings</td><td>-</td><td>10 years straight line basis</td></tr><tr><td>Computer equipment</td><td>-</td><td>3 years straight line basis</td></tr><tr><td>Furniture and fixtures</td><td>-</td><td>4 years straight line basis</td></tr><tr><td>Manufacturing equipment</td><td>-</td><td>8 years straight line basis</td></tr><tr><td>Vehicles</td><td>-</td><td>3 years straight line basis</td></tr><tr><td>Rental bits</td><td>-</td><td>4 years straight line basis, to estimated salvage value</td></tr></table>	Buildings	-	10 years straight line basis	Computer equipment	-	3 years straight line basis	Furniture and fixtures	-	4 years straight line basis	Manufacturing equipment	-	8 years straight line basis	Vehicles	-	3 years straight line basis	Rental bits	-	4 years straight line basis, to estimated salvage value
Buildings	-	10 years straight line basis																	
Computer equipment	-	3 years straight line basis																	
Furniture and fixtures	-	4 years straight line basis																	
Manufacturing equipment	-	8 years straight line basis																	
Vehicles	-	3 years straight line basis																	
Rental bits	-	4 years straight line basis, to estimated salvage value																	

**Premiere Manufacturing Ltd.
Summary of Significant Accounting Policies
(Unaudited)**

September 30, 2007

Future Income Taxes	Future income taxes arise from the company claiming deductions for income tax purposes which differ from those claimed for accounting purposes. Future income taxes are a result of claiming capital cost allowance for tax purposes in excess of amortization of property, plant and equipment.
Foreign Currency Translation	Foreign currency accounts are translated into Canadian dollars as follows: At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.
Revenue Recognition	Revenue on the sale of bits is recognized upon delivery to the customer. Rental revenue is recognized upon the return of bits by the customer and based on the assessment of usage.

**Premiere Manufacturing Ltd.
Notes to Financial Statements
(Unaudited)**

September 30, 2007

1. Accounts Receivable

A significant portion of the company's trade accounts receivable are to customers in the oil and gas industry and, as such, the company is exposed to all the risks of that industry.

2. Due to Related Parties

During the year, the company entered into transactions with related parties as follows:

The company paid management fees of \$687,868 (2006 - \$356,019) to it's parent company.

The company purchased \$81,650 of assets from Hat Bit Supply Ltd. (related by virtue of a common shareholder). Loans corresponding with these assets have also been transferred over; a GMAC finance loan for \$9,451 and a Toyota finance loan for \$7,575.

The company purchased materials of \$330,523 (2006 - \$886,161), from REnvironmental Labs Ltd. (related by virtue of a common shareholder of the company's parent company) as well as paid them facility rent of \$23,271 (2006 - \$0).

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value.

At the end of the year, the amounts due from (to) related parties are as follows:

	<u>2007</u>	<u>2006</u>
Hat Bit Supply Ltd.	\$ 11,098,155	\$ 10,892,121
Diamond Bullet International	<u>491,777</u>	<u>32,213</u>
	\$ 11,589,932	\$ 10,924,334
Diamond Bullet Corporation - Parent Company	\$ (12,364,828)	\$ (12,399,237)
REnvironmental Labs Ltd.	<u>(883,676)</u>	<u>(1,177,085)</u>
	\$ (13,248,504)	\$ (13,576,322)

Premiere Manufacturing Ltd.
Notes to Financial Statements
(Unaudited)

September 30, 2007

2. Due to Related Parties (continued)

The amount due to REnvironmental Labs Ltd. is secured by a General Security Agreement covering all the assets of the Corporation. This balance is interest-free and due on demand.

The other loans are interest-free, payable on demand and have risen from the sales and purchase of products and provision of services referred to above.

3. Inventories

	2007	2006
Raw materials and supplies	\$ 668,164	\$ 698,007
Work in process	486,880	441,280
Finished goods	1,307,157	1,403,202
	\$ 2,462,201	\$ 2,542,489

4. Property, Plant and Equipment

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 5,047	\$ -	\$ 5,047	\$ 5,047
Buildings	187,167	116,316	70,851	86,450
Computer equipment	51,566	45,132	6,434	5,946
Furniture and fixtures	38,737	38,108	629	2,072
Manufacturing equipment	1,239,651	1,090,024	149,627	199,155
Vehicles	211,442	84,070	127,372	1,690
Rental bits	13,604,854	10,661,124	2,943,730	4,087,682
	\$ 15,338,464	\$ 12,034,774	\$ 3,303,690	\$ 4,388,042

**Premiere Manufacturing Ltd.
Notes to Financial Statements
(Unaudited)**

September 30, 2007

5. Bank Indebtedness

The bank overdraft and the operating loans are due on demand and bear interest at the bank's prime rate. The bank overdraft is secured by a general floating assignment over all company assets. The operating loan is secured by all of the company assets, those of Diamond Bullet Corporation and its subsidiaries and personal guarantees of the principals of the shareholders. The maximum available credit for all related entities is capped at \$2,000,000.

6. Demand Loans

	2007	2006
HSBC Bank of Canada non-revolving loan, monthly payments of \$30,778 plus interest at bank's prime rate plus 1.5% ending April 2012.	\$ 1,692,749	\$ 200,560
GMAC Finance Loan, 24 monthly payments of \$918 per month, includes principal and interest at 9.24%, ending July 2009. Secured by a receivable from Ross Mather for \$17,738.	17,738	-
GMAC Finance Loan, 60 monthly payments of \$1,221, 0.00% interest, ending July 2012. Secured by a specific asset with a carrying value of \$64,781.	69,385	-
GMAC Finance Loan, 60 monthly payments of \$859, 0.00% interest, ending Sept 2008. Secured by a specific asset with a carrying value of \$13,141.	9,451	-
Toyota Finance Loan, 60 monthly payments of \$342. includes principal and interest at 3.9%, ending August 2009. Secured by a specific asset with a carrying value of \$6,834.	7,575	-
HSBC Bank of Canada.	-	158,190
	\$ 1,796,898	\$ 358,750

**Premiere Manufacturing Ltd.
Notes to Financial Statements
(Unaudited)**

September 30, 2007

6. Demand Loans (continued)

Security for the HSBC loans includes a general security agreement over property and a floating charge over land; \$300,000 demand mortgage over land and building in Taber; assignment of all risk insurance; unlimited guarantees from Diamond Bullet Corporation, Hat Bit Supply Ltd., and REnvironmental Labs Ltd., and a \$1,000,000 guarantee from a shareholder of the parent company. Security for the vehicle loans are the corresponding assets.

The agreement with respect to the HSBC Bank of Canada loans contains certain covenants regarding i) debt to net worth of 2.00:1 and ii) a current ratio of 1.25:1 which is to be calculated on an consolidated basis. The company was not in compliance with either covenant as at September 30, 2007.

In accordance with Canadian generally accepted accounting principles, the long-term debt of a demand nature has been classified as a current liability. Arrangement for payment of these loans have been made and accepted by the lenders as stated above.

Principal repayments for the next five years are estimated as follows if the loans are not demanded prior to maturity and/or are renegotiated at similar terms to the present loan agreements:

2008	\$	409,416
2009		407,238
2010		383,988
2011		383,988
2012		<u>212,268</u>
	\$	<u>1,796,898</u>

7. Share Capital

The authorized share capital of the company is as follows:

Unlimited Class A,B,C and D common shares
Unlimited Class E,F,G and H common non-voting shares
Unlimited Class I preferred redeemable voting shares
Unlimited Class J preferred redeemable non-voting share

Premiere Manufacturing Ltd.
Notes to Financial Statements
(Unaudited)

September 30, 2007

7. Share Capital (continued)

The company has adopted the new recommendations on financial instruments by the Canadian Institute of Chartered Accountants. Accordingly, the preferred shares have been reclassified from share capital to shareholder's interest a long-term liability. 13,175,156 class J preferred shares have been issued with a redemption value of \$13,175,156.

The issued share capital is as follows:

	<u>2007</u>	<u>2006</u>
2 Class A common shares	<u>\$ 2</u>	<u>\$ 2</u>

8. Contingent Liabilities

The company has guaranteed loans from the HSBC Bank of Canada to Diamond Bullet Corporation in the amount of \$1,531,473 at year end (2006 - \$2,578,620).

The company has guaranteed an unlimited amount in regards to any advances or loans owing from Dunn Trucking Ltd. to The Diamond Bullet Corporation. As at September 30, 2007 there are no amounts owing to Diamond Bullet Corporation from Dunn Trucking Ltd.

9. Statement of Cash Flows

	<u>2007</u>	<u>2006</u>
Interest paid	<u>\$ 103,211</u>	<u>\$ 28,653</u>

Premiere Manufacturing Ltd.
Notes to Financial Statements
(Unaudited)

September 30, 2007

10. Income Taxes

Income tax losses

As of September 30, 2007, the company has non-capital losses of approximately \$674,902 which have been recognized against future income tax liabilities in the amount of \$102,465. These losses expire as follows

2014	\$ 238
2015	20,529
2016	120,853
2017	533,282
	<hr/>
	\$ 674,902

THIS IS EXHIBIT " H "
to the Affidavit of

Rich Souther

Sworn before me this 20

day of November, 20 08

[Signature]
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

Lindsey R. Aufricht
Student-at-Law

DBC International

Financial Statements
For the year ended September 30, 2007
(Unaudited - see Notice to Reader)

000126

DBC International
Financial Statements
For the year ended September 30, 2007
(Unaudited - see Notice to Reader)

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BDO Dunwoody LLP
Chartered Accountants
and Advisors

200 Southland Terrace
220-3rd Avenue South
Lethbridge Alberta Canada T1J 0G9
Telephone: (403) 328-5292
Fax: (403) 328-9534
www.bdo.ca

Notice to Reader

On the basis of information provided by management, we have compiled the balance sheet of DBC International as at September 30, 2007 and the statement of operations and retained earnings 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.

BDO Dunwoody LLP

Chartered Accountants

Lethbridge, Alberta
December 19, 2007

DBC International
(Incorporated under the laws of Alberta)
Balance Sheet
(Unaudited - See Notice to Reader)

September 30	2007	2006
Assets		
Current		
Accounts receivable	\$ 248,025	\$ 37,967
Due from shareholder	-	100
Inventories	-	22,500
	\$ 248,025	\$ 60,567
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness	\$ 1,157	\$ -
Accounts payable and accrued liabilities	2,482	35,881
Due to related parties	208,509	24,609
	212,148	60,490
Due to shareholder	35,800	-
	247,948	60,490
Shareholder's equity		
Share capital	100	100
Deficit	(23)	(23)
	77	77
	\$ 248,025	\$ 60,567

DBC International
Statement of Operations and Deficit
(Unaudited - See Notice to Reader)

For the year ended September 30	2007	2006
Revenue	\$ -	\$ 124,782
Cost of goods sold	-	71,986
Gross margin	-	52,796
Expenses		
Advertising and sales promotion	-	10,689
Bad Debts	-	156
Bank charges and interest	-	86
Membership dues and subscriptions	-	180
Printing, stationery and office supplies	-	140
Professional fees	-	542
Salaries and benefits	-	37,621
Travel	-	3,325
	-	52,739
Income from operations	-	57
Other income (loss)		
Gain (loss) on foreign exchange	-	(80)
Net income (loss) for the year	-	(23)
Retained earnings (deficit), beginning of year	(23)	-
Deficit, end of year	\$ (23)	\$ (23)

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THIS IS EXHIBIT " I "
to the Affidavit of

Rich Cothel

Sworn before me this 20

day of November, 2008

[Signature]
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

Lindsey R. Aufricht
Student-at-Law

REnvironmental Labs Ltd.

-Financial Statements
For the year ended September 30, 2007
(Unaudited)

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REnvironmental Labs Ltd.
Financial Statements
For the year ended September 30, 2007
(Unaudited)

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Chartered Accountants
and Advisors

200 Southland Terrace
220-3rd Avenue South
Lethbridge Alberta Canada T1J 0G9
Telephone: (403) 328-5292
Fax: (403) 328-9534
www.bdo.ca

Review Engagement Report

**To the Shareholder of
REnvironmental Labs Ltd.**

We have reviewed the balance sheet of REnvironmental Labs Ltd. as at September 30, 2007 and the statements of operations, retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Lethbridge, Alberta
June 5, 2008

**REnvironmental Labs Ltd.
Balance Sheet
(Unaudited)**

September 30 **2007** **2006**
(As restated)

Assets

Current

Accounts receivable	\$ 157,251	\$ 88
Due from related parties (Note 1)	1,077,901	1,371,116
Inventories	116,687	167,882
Prepaid expenses	5,702	4,636
Income taxes receivable	6,094	6,075
	1,363,635	1,549,797

Property, plant and equipment (Note 2)

540,945 **566,711**

\$ 1,904,580 **\$ 2,116,508**

Liabilities and Shareholder's Equity

Current

Cheques issued in excess of cash on deposit	\$ 8,281	\$ 7,983
Accounts payable and accrued liabilities	108,238	101,803
Bonus payable	-	137,557
Due to related parties (Note 1)	925,294	922,076
Demand loan (Note 3)	-	149,500
	1,041,813	1,318,919

Due to shareholder (Note 4)

613,956 **542,110**

Deferred income taxes

2,406 **3,265**

1,658,175 **1,864,294**

Shareholder's equity

Share capital (Note 5)	100	100
Retained earnings	246,305	252,114
	246,405	252,214

\$ 1,904,580 **\$ 2,116,508**

Contingencies (Note 6)

On behalf of the Board:

Director

REnvironmental Labs Ltd.
Statement of Retained Earnings
(Unaudited)

<u>For the year ended September 30</u>	2007	2006 (As restated)
Retained earnings, beginning of year as previously reported	\$ 255,379	\$ 238,194
Correction of prior period error	<u>(3,265)</u>	<u>(2,503)</u>
Retained earnings, as restated	252,114	235,691
Net income (loss) for the year	<u>(5,809)</u>	<u>16,423</u>
<u>Retained earnings, end of year</u>	<u>\$ 246,305</u>	<u>\$ 252,114</u>

REnvironmental Labs Ltd.
Statement of Operations
(Unaudited)

<u>For the year ended September 30</u>	<u>2007</u>	<u>2006</u> (As restated)
Revenue	\$ 426,668	\$ 561,632
Cost of goods sold	<u>94,629</u>	<u>89,788</u>
Gross margin	<u>332,039</u>	<u>471,844</u>
Expenses		
Advertising and sales promotion	1,140	500
Amortization	40,030	43,989
Bank charges and interest	1,281	1,196
Bad debt	-	656
Insurance and memberships	525	923
Interest on long-term debt	7,184	9,158
Printing, stationery and office supplies	718	-
Professional fees	5,702	16,437
Property tax	2,351	6,986
Repairs and maintenance	18,038	30,072
Salaries and benefits	209,081	304,590
Training	11,044	423
Travel	4,314	2,480
Utilities	12,889	16,827
Vehicle	<u>26,630</u>	<u>14,703</u>
	<u>340,927</u>	<u>448,940</u>
Income (loss) from operations	<u>(8,888)</u>	<u>22,904</u>
Other income (loss)		
Loss on disposal of property, plant and equipment	-	(2,864)
Gain on foreign exchange	<u>2,220</u>	<u>529</u>
	<u>2,220</u>	<u>(2,335)</u>
Income (loss) before income taxes	<u>(6,668)</u>	<u>20,569</u>
Income taxes		
Current	-	3,384
Deferred (recovery)	<u>(859)</u>	<u>762</u>
	<u>(859)</u>	<u>4,146</u>
Net income (loss) for the year	\$ (5,809)	\$ 16,423

REnvironmental Labs Ltd.
Statement of Cash Flows
(Unaudited)

<u>For the year ended September 30</u>	<u>2007</u>	<u>2006</u>
		(As restated)
Cash provided by (used in)		
Operating activities	\$ (5,809)	\$ 16,423
Net income (loss) for the year		
Item not involving cash	40,030	43,989
Amortization of property, plant and equipment	(859)	762
Deferred income taxes (recovery)	-	2,864
Loss on disposal of property, plant and equipment		
	<u>33,362</u>	<u>64,038</u>
Changes in non-cash working capital balances	(157,163)	568
Accounts receivable	51,195	2,994
Inventories	(1,066)	3,253
Prepaid expenses	6,435	19,543
Accounts payable and accrued liabilities	(19)	(27,509)
Income taxes payable (net)	(137,557)	115,837
Bonus payable		
	<u>(204,813)</u>	<u>178,724</u>
Investing activities	(25,742)	(11,476)
Purchase of property, plant and equipment	11,478	4,000
Proceeds on sale of property, plant and equipment		
	<u>(14,264)</u>	<u>(7,476)</u>
Financing activities	(149,500)	(16,250)
Repayment of long-term debt	296,433	(102,459)
Related parties	71,846	(50,051)
Due to shareholder		
	<u>218,779</u>	<u>(168,760)</u>
Increase (decrease) in cash during the year	(298)	2,488
Bank indebtedness, beginning of year	(7,983)	(10,471)
Bank indebtedness, end of year	\$ (8,281)	\$ (7,983)
Interest paid	\$ 7,165	\$ 9,158

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

REnvironmental Labs Ltd.
Summary of Significant Accounting Policies
(Unaudited)

September 30, 2007

Nature of Business	The company is incorporated under the laws of Alberta and is engaged in the operation of recycling materials for drilling bits.												
Financial Instruments	<p>The company's financial instruments consist of accounts receivable, bank indebtedness, accounts payable and accrued liabilities, amounts due to (from) related parties, and demand loans. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, or currency risks arising from these financial instruments. However, a credit risk exists as more than 50% of the companies assets are from related parties.</p> <p>The fair values of these financial instruments approximate their carrying values, unless otherwise noted.</p>												
Use of Estimates	The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.												
Revenue Recognition	Revenue is recognized when the product is delivered to the customer.												
Inventories	Raw materials and supplies are stated at the lower of cost and net realizable value. Finished goods are stated at the lower of average cost and net realizable value.												
Property, Plant and Equipment	<p>Property, plant and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows (one half is taken in the year of acquisition):</p> <table><tr><td>Building</td><td>-</td><td>4 % diminishing balance basis</td></tr><tr><td>Machinery and equipment</td><td>-</td><td>20 % diminishing balance basis</td></tr><tr><td>Automotive equipment</td><td>-</td><td>30 % diminishing balance basis</td></tr><tr><td>Computer equipment</td><td>-</td><td>30 % diminishing balance basis</td></tr></table>	Building	-	4 % diminishing balance basis	Machinery and equipment	-	20 % diminishing balance basis	Automotive equipment	-	30 % diminishing balance basis	Computer equipment	-	30 % diminishing balance basis
Building	-	4 % diminishing balance basis											
Machinery and equipment	-	20 % diminishing balance basis											
Automotive equipment	-	30 % diminishing balance basis											
Computer equipment	-	30 % diminishing balance basis											

**REnvironmental Labs Ltd.
Notes to Financial Statements
(Unaudited)**

September 30, 2007

1. Related Party Transactions

During the year, the company entered into transactions with related parties as follows:

The company sold materials of \$330,523 (2006 - \$514,255) to Premiere Manufacturing Ltd. (a related party related by virtue of a common shareholder), and received rent in the amount of \$42,177.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

At the end of the year, the amounts due from (to) related parties are as follows:

	<u>2007</u>	<u>2006</u>
Premiere Manufacturing Ltd.	\$ 883,676	\$ 1,177,085
Dunn Trucking Ltd.	167,687	167,687
DBC International Inc.	23,022	23,022
Shelby Recycling Ltd.	3,516	3,322
	<u>\$ 1,077,901</u>	<u>\$ 1,371,116</u>
Hat Bit Supply Ltd.	\$ (237,032)	\$ (247,103)
Diamond Bullet Corporation	(688,262)	(674,973)
	<u>\$ (925,294)</u>	<u>\$ (922,076)</u>

These balances are interest-free, payable on demand and have arisen from the sales and purchases of products and provision of services referred to above. The companies listed above are related to REEnvironmental Labs Ltd. by virtue of a common shareholder.

REnvironmental Labs Ltd.
Notes to Financial Statements
(Unaudited)

September 30, 2007

2. Property, Plant and Equipment

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 78,000	\$ -	\$ 78,000	\$ 78,000
Buildings	424,085	65,985	358,100	354,168
Machinery and equipment	263,318	163,744	99,574	115,534
Automotive equipment	18,713	14,656	4,057	17,274
Computer equipment	6,751	5,537	1,214	1,735
	\$ 790,867	\$ 249,922	\$ 540,945	\$ 566,711

3. Demand Loan

	2007		2006	
HSBC Bank of Canada non-revolving loan, monthly payments of \$1,625 plus interest at bank's prime rate plus 1.5%.		\$ -		\$ 149,500

REnvironmental Labs Ltd.
Notes to Financial Statements
(Unaudited)

September 30, 2007

4. Due to Shareholder

This amount is non-interest bearing, unsecured and has no fixed terms of repayment. The shareholder has indicated that he does not intend to materially reduce the balance over the next year, therefore it has been classified as a non current liability.

The authorized share capital of the company is as follows:

Unlimited Class A,B,C and D common voting shares
Unlimited Class E and F common non-voting shares
Unlimited Class G and H preferred redeemable voting shares
Unlimited Class I preferred redeemable non-voting shares
Unlimited Class J and K preferred non-redeemable voting shares

The issued share capital is as follows:

	<u>2007</u>	<u>2006</u>
100 Class A common shares	<u>\$ 100</u>	<u>\$ 100</u>

5. Economic Dependence

This company's sales are derived from one customer (company related by a common shareholder). Should this customer curtail its dealings with the company, management is of the opinion that continued viable operations would be questionable.

6. Contingencies

The company has unlimited guarantees over the bank indebtedness and bank loans of Diamond Bullet Corporation, Hat Bit Supply Ltd. and Premiere Manufacturing Ltd. Amounts outstanding are \$3,328,372.

THIS IS EXHIBIT " J "
to the Affidavit of

Rich Souther

Sworn before me this 20

day of November, 2008

[Signature]
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

Lindsey R. Aufricht
Student-at-Law

Hat Bit Supply Ltd.

Financial Statements
For the year ended September 30, 2007
(Unaudited - see Notice to Reader)

Draft

000142

Hat Bit Supply Ltd.
Financial Statements
For the year ended September 30, 2007
(Unaudited - see Notice to Reader)

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Statement of Retained Earnings	4
Statement of Operations	5

Draft

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Notice to Reader

On the basis of information provided by management, we have compiled the balance sheet of Hat Bit Supply Ltd. as at 2007 and the statement of operations and retained earnings 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.

Chartered Accountants

Lethbridge, Alberta
March 5, 2008

Hat Bit Supply Ltd.
Balance Sheet
(Unaudited - See Notice to Reader)

September 30	2007	2006
Assets		
Current		
Cash	\$ 6,466	\$ 63,365
Accounts receivable	4,700	739,199
Due from related parties	12,012,485	11,858,320
Prepaid expenses	-	1,781
	12,023,651	12,662,665
Long-term investments	1,491,916	1,491,916
Property, plant and equipment	-	64,815
	\$ 13,515,567	\$ 14,219,396

Liabilities and Shareholder's Equity

Current		
Accounts payable and accrued liabilities	\$ 2,907	\$ 184,622
Due to related parties	11,098,155	10,892,121
Demand loans	-	752,040
	11,101,062	11,828,783
Long-term debt	-	50,828
Future income tax liability	-	(12,004)
	11,101,062	11,867,607
Shareholder's equity		
Share capital	190	190
Retained earnings	2,414,315	2,351,599
	2,414,505	2,351,789
	\$ 13,515,567	\$ 14,219,396

Draft

Hat Bit Supply Ltd.
Statement of Retained Earnings
(Unaudited - See Notice to Reader)

<u>For the year ended September 30</u>	<u>2007</u>	<u>2006</u>
Retained earnings, beginning of year	\$ 2,351,599	\$ 2,932,477
Net income (loss) for the year	<u>62,716</u>	<u>(580,878)</u>
<u>Retained earnings, end of year</u>	<u>\$ 2,414,315</u>	<u>\$ 2,351,599</u>

Draft

Hat Bit Supply Ltd.
Statement of Operations
(Unaudited - See Notice to Reader)

For the year ended September 30	2007	2006
Revenue		
Rentals	\$ -	\$ 2,898,848
Sales	-	1,014,168
Repairs	-	54,533
	-	3,967,549
Cost of goods sold (Schedule)	-	2,048,910
Gross margin	-	1,918,639
Expenses		
Advertising and sales promotion	-	67,275
Amortization	18,569	1,195,408
Bad debts (recovery)	(72,148)	(25,565)
Bank charges and interest	1,067	2,293
Delivery	-	6,081
Insurance	-	46,738
Interest on long-term debt and demand loans	-	37,035
Management fees	8,107	356,019
Membership dues and subscriptions	-	2,137
Printing, stationery and office supplies	-	7,971
Professional fees	18,230	5,865
Property tax	-	1,538
Rent	-	24,939
Repairs and maintenance	-	107,023
Salaries and benefits	-	1,055,100
Shop supplies	-	(1,925)
Travel	-	28,953
Utilities	-	56,113
Vehicle	-	194,463
	(26,175)	3,167,461
Income (loss) from operations	26,175	(1,248,822)
Other income (loss)		
Gain (loss) on foreign exchange	-	18,355
Gain on disposal of rental assets	48,545	467,030
Other income	-	63,762
	48,545	549,147
Income (loss) before income taxes	74,720	(699,675)
Income taxes		
Future (recovery)	12,004	(118,797)
Net income (loss) for the year	\$ 62,716	\$ (580,878)

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