

THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD.,  
DBC INTERNATIONAL INC., HAT BIT SUPPLY LTD., AND R ENVIRONMENTAL LABS LTD.  
IN RECEIVERSHIP  
(COLLECTIVELY, THE "COMPANY")  
Estate # 25-093756

FINAL REPORT OF RECEIVER  
(Subsection 246(3) of the *Bankruptcy and Insolvency Act*)

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### Background

On October 27, 2008, the Company filed Notices of Intention to Make a Proposal and MNP Ltd. (formerly Meyers Norris Penny Limited) consented to act as Trustee. On November 25, 2008, an Order was granted to extend the time for the Company to file Proposals to January 9, 2009. On December 4, 2008, MNP Ltd. was appointed as Interim Receiver of all of the current and future assets, undertakings and properties of Premiere Manufacturing Ltd. ("Premiere") On January 9, 2009, an Order was granted to extend the time for the Company to file Proposals to February 23, 2009. On February 20, 2009, an Order was granted to extend the time for the Company to file Proposals to March 2, 2009.

Pursuant to an Order of the Court of Queen's Bench of Alberta granted February 26, 2009, MNP Ltd. was appointed as Receiver (the "Receiver") of all of the current and future assets, undertakings and properties of the Company.

### Final Statements of Receipts and Disbursements

The Receiver's Final Statements of Receipts and Disbursements for the period February 26, 2009 to June 24, 2011, are attached as Appendix 1.

### Statement of Property

All of the Companies' assets have been realized upon except for the following:

- Certain drill bit inventory (approximately 55 drill bits) located in the United States;
- R Environmental Labs Ltd.'s 37% interest in Sleawzone (2005) Inc.; and
- The pro-rata distribution, if any, due to DBC International Inc. from the bankrupt Estate of Rick Walter Souther (any distribution received is to be assigned by the Receiver to the secured creditor).

The Receiver has determined that there will not be any realizations from the Companies' prepaids and deposits, inter-company accounts receivable, investments in related companies or the accounts receivable due from Sleawzone (2005) Inc.

### Discharge

Subject to the completion of matters relating to the wind up of the administration of the receivership, the Receiver was discharged on February 14, 2011. A copy of the Order Discharging Receiver is attached as Appendix 2.

Dated at Calgary, Alberta, this 24th day of June, 2011.

MNP Ltd.

In its capacity as Receiver of The Diamond Bullet Corporation,  
Premiere Manufacturing Ltd., DBC International Inc.,  
Hat Bit Supply Ltd., and R. Environmental Labs Ltd.  
And not in its personal or corporate capacity



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Verne Wood, CA · CIRP  
Senior Vice President

## Appendix 1(a)

**The Diamond Bullet Corporation - In Receivership  
Final Statement of Receipts and Disbursements  
For the Period February 26, 2009 to June 24, 2011**

	<b>Feb. 26/09 to June 24/11</b>
<b>Receipts</b>	
Sale of Machinery, Vehicles and Equipment	\$ 7,357.38
GST Collected	367.87
<b>Total Receipts</b>	<u>7,725.25</u>
<b>Disbursements</b>	
General and Administrative	70.00
Auction/Liquidation Expenses:	
Commissions	735.74
GST on Commissions	36.79
Garbage Removal	85.23
Rental Expense	8.85
Auctioneer Expenses	51.41
GST Remitted	331.08
Transfer to Bankrupt Estate	5,702.55
Receiver's Fees and Disbursements (Note 1)	-
<b>Total Disbursements</b>	<u>7,725.25</u>
<b>Excess of Receipts over Disbursements</b>	<u>\$ -</u>

**Note:** For ease of administration, the Receiver's fees and disbursements with respect to the Diamond Bullet group of companies have been paid by Premiere Manufacturing Ltd. As there are no funds available for distribution to unsecured creditors there is no need to allocate these amounts amongst the various Diamond Bullet entities.

**Premiere Manufacturing Ltd. - In Receivership  
Final Statement of Receipts and Disbursements  
For the Period February 26, 2009 to June 24, 2011**

	<b>Feb. 26/09 to June 24/11</b>
<b>Receipts</b>	
Cash in Bank	\$ 19,102.19
Sale of Assets:	
Real Property and Buildings	950,000.00
Machinery, Vehicles and Equipment	313,708.57
Inventory	659,774.67
Miscellaneous Refunds	5,809.86
Collection of Accounts Receivable:	
Pre-Receivership Accounts Receivable	181,704.60
Post-Receivership Accounts Receivable	26,198.75
Insurance Proceeds	16,192.90
Interest Income	2,210.70
GST Collected	49,981.10
<b>Total Receipts</b>	<u>2,224,683.34</u>
<b>Disbursements</b>	
General and Administrative	315.65
Stocktaking, Possession and Security	7,468.81
Operating Expenses:	
Insurance	24,834.53
Computer Services	57.60
Telephone and Utilities	36,803.42
Courier	125.81
Lease Payments and Operating Expenses	4,557.18
Payroll and Benefits	10,716.68
Source Deductions and Remittances	3,486.60
Building Maintenance and Repairs	22,261.65
GST Paid	2,190.67
Supplies and Materials	1,427.00
Auctioneer/Liquidator/Realtor Expenses:	
Commissions	111,859.59
GST on Commissions	3,217.98
Garbage Removal	5,189.24
Rental Expense	377.71
Auctioneer Expenses	2,511.02
Courier and Storage	12,250.00
Destruction of Books and Records	2,000.00
Property Taxes	18,712.35
GST Paid	42,261.03
Payment of Deemed Trust Claims:	
Service Canada (WEPPA)	448.22
Canada Revenue Agency	31,195.97
Professional Fees and Disbursements:	
Receiver's Fees and Disbursements (Note 1)	206,578.94
Interim Receiver's Fees and Disbursements (Note 2)	52,237.35
Legal Fees and Disbursements	53,379.47
Transfer to Bankrupt Estates	11,495.77
Transfer to Interim Receivership (Note 3)	48,018.82
<b>Total Disbursements</b>	<u>715,979.06</u>
<b>Excess of Receipts over Disbursements</b>	<u>\$ 1,508,704.28</u>
<b>Represented by:</b>	
Payment to HSBC Bank of Canada	1,508,704.28
Cash on Hand	-
	<u>\$ 1,508,704.28</u>

**Premiere Manufacturing Ltd. - In Receivership  
Final Statement of Receipts and Disbursements  
For the Period February 26, 2009 to June 24, 2011**

**NOTES:**

Note 1: For ease of administration, the Receiver's fees and disbursements with respect to the Diamond Bullet group of companies have been paid by Premiere Manufacturing Ltd. A schedule of these amounts is attached as Schedule 1. As there are no funds available for distribution to unsecured creditors there is no need to allocate these amounts amongst the various Diamond Bullet entities.

Note 2: Pursuant to paragraph 12 of the Order of the Court of Queen's Bench of Alberta granted December 4, 2008, the fees of the Interim Receiver form a first charge on the property.

Note 3: Represents certain accounts receivable generated by sales that occurred during the period of the interim receivership but payment was received after the appointment of the Receiver.

Premiere Manufacturing Ltd. - In Receivership  
 Schedule of Receiver's Fees and Disbursements  
 For the Period February 26, 2009 to June 24, 2011

Schedule 1

	Invoice #	Fees	Disbursements	Total
For the period February 26, 2009 to May 25, 2009	5846950	\$ 37,030.50	\$ 2,505.52	\$ 39,536.02
For the period March 26, 2009 to May 26, 2009	5902224	52,334.25	3,524.70	55,858.95
For the period May 27, 2009 to July 6, 2009	5917675	11,835.00	638.79	12,473.79
For the period July 7, 2009 to August 7, 2009	5925847	10,765.50	538.28	11,303.78
For the period August 8, 2009 to October 22, 2009	5946071	13,411.60	685.81	14,097.41
For the period October 23, 2009 to November 24, 2009	5956537	5,114.10	277.95	5,392.05
For the period November 25, 2009 to December 18, 2009	5965320	4,898.00	257.10	5,155.10
For the period December 19, 2009 to January 27, 2010	5976228	9,208.60	499.77	9,708.37
For the period January 28, 2010 to March 11, 2010	5997967	7,985.00	460.19	8,445.19
For the period March 12, 2010 to May 7, 2010	6061567	7,840.00	392.00	8,232.00
For the period May 8, 2010 to June 11, 2010	6078977	9,646.00	491.73	10,137.73
For the period June 12, 2010 to August 8, 2010	6095593	4,238.00	236.54	4,474.54
For the period August 9, 2010 to October 6, 2010	6117162	4,131.00	223.71	4,354.71
For the period October 7, 2010 to January 31, 2011	6166185	9,072.50	453.63	9,526.13
For the period February 1, 2011 to the Close of Administration		7,505.00	378.17	7,883.17
<b>Total</b>		<b>\$ 195,015.05</b>	<b>\$ 11,563.89</b>	<b>\$ 206,578.94</b>

Note: For ease of administration, the Receiver's fees and disbursements with respect to the Diamond Bullet group of companies have been paid by Premiere Manufacturing Ltd. As there are no funds available for distribution to unsecured creditors there is no need to allocate these amounts amongst the various Diamond Bullet entities.

**DBC International Inc. - In Receivership**  
**Final Statement of Receipts and Disbursements**  
**For the Period February 26, 2009 to June 24, 2011**  
**USD Account**

	<b>Feb. 26/09 to June 24/11</b>
<b>Receipts</b>	
Cash in Bank	\$ 705.20
Collection of Accounts Receivable:	
Pre-Receivership Accounts Receivable	38,205.00
Post-Receivership Accounts Receivable	<u>52,435.00</u>
<b>Total Receipts</b>	<u>91,345.20</u>
<b>Disbursements</b>	
Bank Charges	57.25
Transfer to DBC International Inc. CDN Account	<u>91,287.95</u>
<b>Total Disbursements</b>	<u>91,345.20</u>
<b>Excess of Receipts over Disbursements</b>	<u>\$ -</u>

**DBC International Inc. - In Receivership**  
**Final Statement of Receipts and Disbursements**  
**For the Period February 26, 2009 to June 4, 2011**  
**CDN Account**

	<b>Feb. 26/09 to June 4/11</b>
<b>Receipts</b>	
Cash in Bank	\$ 6,263.50
Pre-Receivership Accounts Receivable	10,445.29
Transfer from DBC International Inc. USD Account	99,777.57
GST Refund	<u>8,091.60</u>
<b>Total Receipts</b>	<u>124,577.96</u>
<b>Disbursements</b>	
General and Administrative	70.00
Operating Expenses:	
Bank Charges	179.63
Supplies and Materials	19,598.75
Freight and Brokerage	545.06
GST Paid	1,625.21
Transfer to Bankrupt Estate	5,702.55
Receiver's Fees and Disbursements (Note 1)	<u>-</u>
<b>Total Disbursements</b>	<u>27,721.20</u>
<b>Excess of Receipts over Disbursements</b>	<u>\$ 96,856.76</u>
<b>Represented by:</b>	
Payment to Secured Creditor	95,280.97
Cash Retained by Receiver	<u>-</u>
	<u>\$ 95,280.97</u>

**Note:** For ease of administration, the Receiver's fees and disbursements with respect to the Diamond Bullet group of companies have been paid by Premiere Manufacturing Ltd. As there are no funds available for distribution to unsecured creditors there is no need to allocate these amounts amongst the various Diamond Bullet entities.

Appendix 1(d)

Hat Bit Supply Ltd. - In Receivership  
Final Statement of Receipts and Disbursements  
For the Period February 26, 2009 to June 24, 2011

Feb. 26/09 to  
June 24/11

**Receipts**

Sale of Vehicle

\$ 4,502.43

**Total Receipts**

4,502.43

**Disbursements**

Filing Fees

70.00

Transfer to Bankrupt Estate

4,432.43

Receiver's Fees and Disbursements (Note 1)

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**Total Disbursements**

4,502.43

**Excess of Receipts over Disbursements**

\$ -

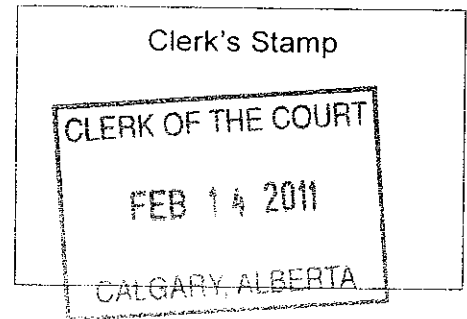
**Note:** For ease of administration, the Receiver's fees and disbursements with respect to the Diamond Bullet group of companies have been paid by Premiere Manufacturing Ltd. As there are no funds available for distribution to unsecured creditors there is no need to allocate these amounts amongst the various Diamond Bullet entities.

**R Environmental Labs Ltd. - In Receivership  
Final Statement of Receipts and Disbursements  
For the Period February 26, 2009 to June 24, 2011**

	<b>Feb. 26/09 to June 24/11</b>
<b>Receipts</b>	
Cash in Bank	\$ 4,481.75
Sale of Machinery, Vehicles and Equipment	87,099.05
GST Collected	4,354.95
Pre-Receivership Accounts Receivable	15,891.75
Pre-Receivership Income Tax Refund	5,185.99
Miscellaneous Refunds	1,258.76
<b>Total Receipts</b>	<b>118,272.25</b>
<b>Disbursements</b>	
General and Administrative	146.65
Stocktaking, Possession and Security	677.30
Operating Expenses:	
Utilities	17,250.15
Payroll and Benefits	6,184.78
Source Deductions and Remittances	2,298.68
Lease Payments, Insurance and Operating Expenses	6,470.23
GST Paid	823.90
Auction/Liquidation Expenses:	
Commissions	8,709.90
GST on Commissions	435.50
Garbage Removal	1,008.97
Rental Expense	104.87
Auctioneer Expenses	608.56
Property Taxes	18,774.39
GST Remitted	3,625.46
Transfer to Bankrupt Estate	7,322.70
Payment of Deemed Trust Claims:	
Service Canada (WEPPA)	-
Canada Revenue Agency	9,451.16
Receiver's Fees and Disbursements (Note 1)	-
<b>Total Disbursements</b>	<b>83,893.20</b>
<b>Excess of Receipts over Disbursements</b>	<b>\$ 34,379.05</b>
<b>Represented by:</b>	
Payment to Secured Creditor	34,379.05
Cash Retained by Receiver	-
	<b>\$ 34,379.05</b>

**Note:** For ease of administration, the Receiver's fees and disbursements with respect to the Diamond Bullet group of companies have been paid by Premiere Manufacturing Ltd. As there are no funds available for distribution to unsecured creditors there is no need to allocate these amounts amongst the various Diamond Bullet entities.

COURT FILE NO. 0901-02934  
COURT Court of Queen's Bench of Alberta  
JUDICIAL CENTRE Calgary



PLAINTIFF **HSBC BANK CANADA**

DEFENDANTS **THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD., HAT BIT SUPPLY LTD., DBC INTERNATIONAL INC., R ENVIRONMENTAL LABS LTD. and RICK SOUTHER**

DOCUMENT **ORDER DISCHARGING RECEIVER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**mccarthy  
tétrault**

McCarthy Tétrault LLP  
3300, 421-7<sup>th</sup> Avenue S.W.  
Calgary AB T2P 4K9  
Attention: Sean F. Collins  
Telephone: 403-260-3531  
Facsimile: 403-60-3501

I hereby certify this to be a true copy of the original order  
Dated this 14 day of Feb, 2011  
CPA  
for Clerk of the Court

Date on which Order was Pronounced: **February 14, 2011**

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Name of Judge who made this Order: **The Honourable Madam Justice K.M. Horner**

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## ORDER

**UPON THE APPLICATION** of Meyers Norris Penny Limited in its capacity as the court appointed receiver and manager of The Diamond Bullet Corporation, Premiere Manufacturing Ltd., Hat Bit Supply Ltd., DBC International inc. and R Environmental Labs Ltd. (the "Receiver"); **AND UPON HEARING** counsel for the Applicant; **AND UPON HEARING** read the Third Report of the Receiver; **IT IS HEREBY ORDERED THAT:**

1. Service of the Application and the Receiver's Third Report on the Service List in the manner described in the Affidavit of Service is good and sufficient and no persons other than the Served Parties are entitled to service of the Application or the Receiver's Second Report.
2. Notwithstanding Rule 6.11 of the Alberta Rules of Court, the Receiver's Third Report is not required to be in Affidavit form and shall be considered by this Honourable Court as evidence.
3. The Receiver's Statements of Receipts and Disbursements (collectively, the "SRD") attached as Exhibits "A-1", "A-2", "A-3", "A-4" and "A-5" to the Receiver's Third Report be and the same are hereby approved.
4. The accounts of the Receiver and its legal counsel attached as Exhibits "B" and "C" to the Receiver's Third Report be and the same are hereby approved and the Receiver is authorized to pay its final accounts and the accounts of its counsel.
5. The Receiver is hereby authorized to pay any unpaid amounts reflected in the SRD and to distribute the balance of funds to HSBC Bank Canada.
6. As of the date of the Receiver's Third Report and based on the evidence that is currently before this Honourable Court:
  - (a) the Receiver has acted honestly and in good faith, and has dealt with the Property (as that term is defined in the Receivership Order granted in the within proceedings on February 26, 2009) in a commercially reasonable manner;
  - (b) the actions and conduct of the Receiver are approved and the Receiver has satisfied all of its duties and obligations as receiver and manager of the Property;
  - (c) the Receiver shall not be liable for any act or omission including, without limitation, any act or omission pertaining to the discharge of the Receiver's duties as receiver and manager of the Property, save and except for any liability arising out of fraud, gross negligence or wilful misconduct on the part of the Receiver; and

- (d) any and all claims against the Receiver arising from, relating to or in connection with the performance of the Receiver's duties and obligations as receiver and manager of the Property, save and except for claims based on fraud, gross negligence or wilful misconduct on the part of the Receiver, shall be forever barred and extinguished.

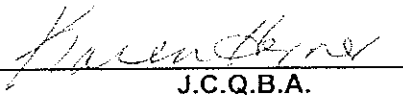
7. No action or proceeding arising from, relating to or in connection with the performance of the Receiver's duties and obligations as receiver of the Property may be commenced or continued without the prior leave of this Honourable Court, on notice to the Receiver and on such terms as this Honourable Court may direct.

8. The Receiver be and is hereby authorized to take such steps as are necessary to finalize the administration of the receivership, including, without limitation, preparing its final report to the Official Receiver, closing the receivership accounts and filing gst returns.

9. The Clerk of the Court is hereby authorized to unseal the Confidential Addendum to the Receiver's Second Report dated May 21, 2010.

10. Upon the steps outlined in paragraph 9 being undertaken, Meyers Norris Penny Limited, shall be discharged as Receiver of the assets and property of The Diamond Bullet Corporation, Premiere Manufacturing Ltd., Hat Bit Supply Ltd., DBC International Inc. and R Environmental Labs Ltd. and relieved of all further duties and obligations in respect of the companies.

11. Service of this Order on the persons listed on the Service List shall be by any of email, facsimile, courier, registered mail, regular mail or personal delivery and such service shall constitute good and effective service of this Order on the Served Parties, and no persons other than the Served Parties are entitled to be served with a copy of this Order.

  
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J.C.Q.B.A.