



MEYERS NORRIS PENNY LIMITED

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

RECEIVER'S INTERIM REPORT
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

Interim Statement of Receipts and Disbursements

The Receiver's Interim Statements of Receipts and Disbursements for the period February 26, 2009 to August 21, 2009, are attached.

Statement of Property

Pursuant to an Order granted by the Court of Queen's Bench of Alberta on May 7, 2009, the Companies' fixed assets (equipment, vehicles, computer hardware, furniture and fixtures and certain drill bit inventory) were sold via auction. The Receiver has not yet realized upon the following assets:

- Land and buildings located in Taber, Alberta;
- Certain drill bit inventory (approximately 2,050 drill bits remaining as at July 31, 2009);
- Two accounts receivable totaling approximately \$448,000;
- Inter-company accounts receivable; and
- Companies' investments in related companies including Diamond's investment in Premiere and Hat Bit, Premiere's investment in Hat Bit and Labs' 37% interest in Sleawzone (2005) Inc.

The Receiver has determined that there will not be any realizations from the Companies' prepaids and deposits.


Any federal scientific research and experimental development credit to which the Companies' may be entitled will be collected by the Companies' bankruptcy Trustee.

Status of Administration

Once all of the assets of the Companies have been disposed of, the receivership will be summarily wound up.

Dated at Calgary, Alberta, this 24th day of August 2009.

Meyers Norris Penny Limited
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



Katherine Bujold, CIRP
Vice President

**The Diamond Bullet Corporation - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009**

Receipts

Sale of Machinery, Vehicles and Equipment	\$ 7,357.38
GST Collected	367.87
Total Receipts	<u>7,725.25</u>

Disbursements

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	<u>51.41</u>	918.02
Receiver's Fees and Disbursements (Note 1)		<u>-</u>
Total Disbursements		<u>988.02</u>

Excess of Receipts over Disbursements	<u><u>\$ 6,737.23</u></u>
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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. These amounts will be allocated amongst the various Diamond Bullet entities prior to any distribution to unsecured creditors.

Premiere Manufacturing Ltd. - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009

Receipts		
Cash in Bank		\$ 19,102.19
Sale of Assets:		
Machinery, Vehicles and Equipment	\$ 313,708.57	
Inventory	<u>131,214.29</u>	444,922.86
Miscellaneous Refunds		4,752.43
Collection of Accounts Receivable:		
Pre-Receivership Accounts Receivable	181,704.60	
Post-Receivership Accounts Receivable	<u>19,598.75</u>	201,303.35
GST Collected		<u>23,223.08</u>
Total Receipts		<u><u>693,303.91</u></u>
Disbursements		
General and Administrative		315.65
Stocktaking, Possession and Security		6,674.30
Operating Expenses:		
Insurance	15,408.53	
Computer Services	57.60	
Telephone and Utilities	17,753.29	
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	500.00	
GST Paid	1,100.97	
Supplies and Materials	<u>1,427.00</u>	55,133.66
Auction Expenses:		
Commissions	37,931.57	
GST on Commissions	1,896.58	
Garbage Removal	3,634.01	
Rental Expense	377.71	
Auctioneer Expenses	<u>2,191.85</u>	46,031.72
Courier and Storage		11,200.00
Property Taxes		10,858.10
GST Paid		13,076.16
Payment of Deemed Trust Claims:		
Service Canada (WEPPA)	14,000.00	
Canada Revenue Agency	<u>31,195.97</u>	45,195.97
Professional Fees and Disbursements:		
Receiver's Fees and Disbursements (Note 1)	119,172.54	
Interim Receiver's Fees and Disbursements (Note 2)	<u>52,237.35</u>	171,409.89
Legal Fees and Disbursements		13,378.50
Transfer to Bankrupt Estate		19,971.57
Transfer to Interim Receivership (Note 3)		<u>48,018.82</u>
Total Disbursements		<u><u>441,264.34</u></u>
Excess of Receipts over Disbursements		<u><u>\$ 252,039.57</u></u>
Represented by:		
Payment to HSBC Bank of Canada		200,000.00
Cash on Hand		<u>52,039.57</u>
		<u><u>\$ 252,039.57</u></u>

**Premiere Manufacturing Ltd. - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009**

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. These amounts will be allocated amongst the various Diamond Bullet entities prior to any distribution to unsecured creditors. A schedule of the Receiver's fees and disbursements is attached as Appendix 1.

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
 For the Period February 26, 2009 to August 21, 2009

Appendix 1

Description	Invoice #	Invoice Date	Fees	Disbursements	SubTotal	GST	Total
For the period February 26, 2009 to May 25, 2009	5846950	30-Mar-09	\$ 37,030.50	\$ 2,505.52	\$ 39,536.02	\$ 1,976.80	\$ 41,512.82
For the period March 26, 2009 to May 26, 2009	5902224	27-May-09	52,334.25	3,524.70	55,858.95	2,792.95	58,651.90
For the period May 27, 2009 to July 6, 2009	5917675	09-Jul-09	11,835.00	638.79	12,473.79	623.69	13,097.48
For the period July 7, 2009 to August 7, 2009	5925847	10-Aug-09	10,765.50	538.28	11,303.78	565.19	11,868.97
Total			\$ 111,965.25	\$ 7,207.29	\$ 119,172.54	\$ 5,958.63	\$ 125,131.17

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. These amounts will be allocated amongst the various Diamond Bullet entities prior to any distribution to unsecured creditors.

DBC International Inc. - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009
USD Account

Receipts		
Cash in Bank		\$ 705.20
Collection of Accounts Receivable:		
Pre-Receivership Accounts Receivable	\$ 38,205.00	
Post-Receivership Accounts Receivable	52,435.00	90,640.00
Total Receipts		<u>91,345.20</u>
 Disbursements		
Bank Charges		57.25
Transfer to DBC International Inc. CDN Account		10,000.00
Total Disbursements		<u>10,057.25</u>
 Excess of Receipts over Disbursements		 <u><u>\$ 81,287.95</u></u>

DBC International Inc. - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009
CDN Account

Receipts		
Cash in Bank		\$ 6,263.50
Pre-Receivership Accounts Receivable		10,445.29
Transfer from DBC International Inc. USD Account		12,076.00
GST Refund		8,091.60
Total Receipts		<u>36,876.39</u>
 Disbursements		
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	21,948.65
Receiver's Fees and Disbursements (Note 1)		-
Total Disbursements		<u>22,018.65</u>
 Excess of Receipts over Disbursements		 <u><u>\$ 14,857.74</u></u>

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. These amounts will be allocated amongst the various Diamond Bullet entities prior to any distribution to unsecured creditors.

Hat Bit Supply Ltd. - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009

Receipts	
Sale of Vehicle	\$ 4,502.43
Total Receipts	<u>4,502.43</u>
Disbursements	
Filing Fees	70.00
Receiver's Fees and Disbursements (Note 1)	-
Total Disbursements	<u>70.00</u>
Excess of Receipts over Disbursements	<u><u>\$ 4,432.43</u></u>

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. These amounts will be allocated amongst the various Diamond Bullet entities prior to any distribution to unsecured creditors.

**R Environmental Labs Ltd. - In Receivership
Interim Statement of Receipts and Disbursements
For the Period February 26, 2009 to August 21, 2009**

Receipts

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
Miscellaneous Refund		1,258.76
Total Receipts		<u>113,086.26</u>

Disbursements

General and Administrative		146.65
Stocktaking, Possession and Security		394.40
Operating Expenses:		
Utilities	\$	3,857.93
Payroll and Benefits		6,184.78
Source Deductions and Remittances		2,298.68
Lease Payments and Operating Expenses		950.23
GST Paid		229.05
		<u>13,520.67</u>
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
		<u>10,867.80</u>
Property Taxes		18,774.39
Payment of Deemed Trust Claims:		
Service Canada (WEPPA) (Note 1)		2,000.00
Canada Revenue Agency		9,451.16
		<u>11,451.16</u>
Receiver's Fees and Disbursements (Note 2)		-
Total Disbursements		<u>55,155.07</u>
Excess of Receipts over Disbursements	\$	<u><u>57,931.19</u></u>

NOTES:

Note 1: There is still a potential outstanding claim to be processed by Service Canada. This would result in a further deemed trust claim of \$2,000.

Note 2: 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. These amounts will be allocated amongst the various Diamond Bullet entities prior to any distribution to unsecured creditors.