

District of Alberta
Division No: 02-Calgary
Court No: 25-1124513
Estate No: 25-1124513



MEYERS NORRIS PENNY LIMITED

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN BANKRUPTCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
DUNN TRUCKING LTD.**

TRUSTEE'S REPORT TO THE COURT
(Subsection 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act*)

INTRODUCTION AND BACKGROUND

1. Dunn Trucking Ltd. ("Dunn") is a holding company. It does not actively provide goods or services. Its head office is located in Taber, Alberta.
2. On July 31, 2008, a Statement of Claim was filed against Dunn, amongst others, by Lorna Moores and Three Cloud Properties Ltd., a shareholder of The Diamond Bullet Corporation ("Diamond"). Management advises that Dunn has filed a Statement of Defence.
3. Dunn filed a Notice of Intention to Make a Proposal ("NOI") on October 27, 2008 (the "Filing Date") and Meyers Norris Penny Limited consented to act as Trustee (the "Trustee"). Related companies, namely Diamond, Premiere Manufacturing Ltd., Hat Bit Supply Ltd., DBC International Inc., and R Environmental Labs Ltd. also filed NOIs on the Filing Date.

FINANCIAL POSITION

4. Management has been unable to provide any financial statements and advises that its former accountant is in possession of its accounting records. The former accountant advises that it is not in possession of any financial statements for Dunn; however, the former accountant was able to provide two schedules from Dunn's corporate tax return for the year ended October 31, 2006 (the "2006 Tax Return").
5. Management provided the Trustee with an internally prepared schedule of bank transactions for the period January 2007 to November 2008 and bank statements for the period January 1, 2007 to June 30, 2008. Due to the limited information available with respect to Dunn's financial affairs, the Trustee's comments as set out below are based solely on inquiries and discussions with Management.
6. Dunn owns an airplane hanger located on leased land at the airport in Taber, Alberta. The 2006 Tax Return indicates the net book value of the hanger to be \$34,234. Management estimates the current value of the hanger to be approximately \$65,000.
7. Dunn owns 50% of the shares of Diamond. As noted above, Diamond has also filed an NOI and, as a result, the current value of Dunn's shares in Diamond is unknown.

8. Dunn's 2006 Tax Return indicates that Dunn owns an aircraft (net book value of approximately \$85,000). Management advises that the aircraft is owned personally by Rick Souther, the shareholder of Dunn, and is not an asset of Dunn. To date, the Trustee has not been provided with supporting documentation.
9. Management advises that its secured and unsecured liabilities, excluding inter-company debt, contingent claims and shareholder loans, are approximately \$6,000.

OPERATIONS

10. There are no employees and Dunn is funded entirely by shareholder loans.
11. Dunn is responsible for funding the expenses (utilities and land taxes) pertaining to the airplane hanger.

MONITORING

12. Attached as Schedule 1 is a copy of Dunn's internally prepared, unaudited weekly projected statement of cash flow for the period ending January 3, 2009 (the "Projected Statement of Cash Flow").
13. The significant assumptions used in preparing the Projected Statement of Cash Flow are summarized as follows:
 - No inter-company transactions;
 - Cash receipts will be derived from advances from shareholder; and
 - Projected expenses based on average historical expenses from past fiscal year.
14. A summary of Dunn's Projected Statement of Cash Flow is provided below:

	\$
Opening Cash Position	110
Estimated Cash Receipts	937
Estimated Cash Disbursements	<u>(1,047)</u>
Estimated Closing Cash Position	<u><u>-</u></u>

15. Management anticipates there will be sufficient cash flow to meet Dunn's on-going expenses and pay the costs of restructuring.
16. Management advises that during the period to November 22, 2008 there were no cash receipts or disbursements.
17. The Trustee is not aware of any material adverse change in Dunn's projected cash flow that would impair Dunn's ability to carry on operations.

EXTENSION OF PERIOD FOR FILING PROPOSAL

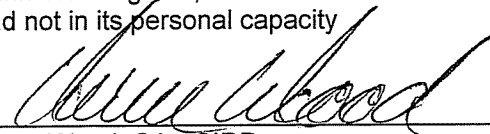
18. The initial period for Dunn to file its Proposal expires on November 26, 2008. The Trustee understands that Dunn will be applying for an extension of time to file its Proposal for a period of 45 days to January 10, 2009.
19. An extension is necessary for Dunn to continue to develop a Proposal. Dunn's Proposal is dependent upon the Proposal to be filed on behalf of Diamond, Hat Bit Supply Ltd., and Premiere Manufacturing Ltd. Accordingly, all Proposals must be filed concurrently.
20. The Trustee is of the view that Management is acting in good faith and with due diligence in its effort to restructure Dunn's affairs. Dunn is operating in a manner consistent with its Projected Statement of Cash Flow and there have been no material changes to its operations since the Filing Date.
21. The Trustee is of the view that no creditor would be materially prejudiced should an extension of the period for filing the Proposal be granted.
22. The Trustee is of the view that an extension of the period for filing the Proposal is appropriate in the circumstances and respectively recommends that the Court approve an extension of the period for filing the Proposal for a period of 45 days to January 10, 2009.

OTHER

23. Nothing has been brought to the attention of the Trustee that would indicate the existence of any fraudulent transactions as defined under subsections 91 to 101 of the *Bankruptcy and Insolvency Act*.
24. The Trustee does not require further advice, direction or assistance from the Court at this time.

Dated at Calgary, Alberta this 24th day of November 2008.

MEYERS NORRIS PENNY LIMITED
In its capacity as Trustee of the Notice of Intention to Make a Proposal of
Dunn Trucking Ltd., Insolvent Person
And not in its personal capacity



Verne Wood, CA • CIRP
Senior Vice President

In the Matter of the Notice of Intention to Make a Proposal of Dunn Trucking Ltd., Insolvent Person
 Projected Statement of Cash Flow (NOTE)
 For the period October 27, 2008 to January 3, 2009

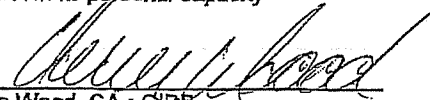
Week Beginning	Week 1 27-Oct-08	Week 2 02-Nov-08	Week 3 09-Nov-08	Week 4 16-Nov-08	Week 5 23-Nov-08	Week 6 30-Nov-08	Week 7 07-Dec-08	Week 8 14-Dec-08	Week 9 21-Dec-08	Week 10 28-Dec-08	Total
Opening Cash Balance	109.98	-	-	-	-	-	-	-	-	-	109.98
Cash Receipts											
Advances from Shareholder	115.02	124.00	-	-	225.00	124.00	-	-	225.00	124.00	937.02
Total Cash Receipts	115.02	124.00	-	-	225.00	124.00	-	-	225.00	124.00	937.02
Cash Disbursements											
Epoor	-	124.00	-	-	-	124.00	-	-	-	124.00	372.00
Bow River Gas	225.00	-	-	-	225.00	-	-	-	225.00	-	675.00
Total Cash Disbursements	225.00	124.00	-	-	225.00	124.00	-	-	225.00	124.00	1,047.00
Closing Cash Balance	-	-	-	-	-	-	-	-	-	-	-

NOTES:
 The Notes to the Projected Statement of Cash Flow (attached to the Report on Cash Flow Statement by the Person Making the Proposal) form an integral part of this cash-flow projection and must be read in conjunction with this projection.

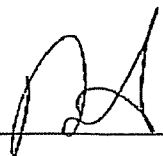
The Projected Statement of Cash Flow for Dunn Trucking Ltd. was prepared in accordance with subsection 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on Cash Flow Statement.

Dunn Trucking Ltd. (the "Company") is a holding company and its only assets are the shares in Diamond Bullet Corporation and a storage facility in Taber. It does not generate any revenue and historically has been funded through shareholders' loans. All of the Company's financial information is in the possession of its former accountants who were unavailable to provide the Proposal Trustee with the financial information for the Company as at the date of this projection. Our review consisted solely of inquiries and discussion with management.

Meyers Norris Penny Limited
 In its capacity as Trustee of the Notice of Intention to Make a Proposal of
 Dunn Trucking Ltd., Insolvent Person
 And not in its personal capacity


 Verne Wood, CA • CFP®
 Senior Vice President

Dunn Trucking Ltd., Insolvent Person


 Rick Souther
 President