

**IN THE MATTER OF THE RECEIVERSHIP OF
SUNRISE RIDGE RESORT LTD.**

INTERIM REPORT NUMBER TWO OF THE RECEIVER AND MANAGER

Under subsection 246(2) of the Bankruptcy and Insolvency Act

The Receiver and Manager of Sunrise Ridge Resort Ltd. hereby delivers its interim report number two:

1. By Order of the Supreme Court of British Columbia (the "Court") dated the 20th day of April, 2010, the undersigned, G. Powroznik Group Inc. of G-Force Group, became the Receiver and Manager (the "Receiver") in respect of the property, assets, and undertakings of Sunrise Ridge Resort Ltd. (the "Company").
2. The Receiver took possession and control of the property on April 21, 2010.
3. The Receiver delivered its first interim report on October 21, 2010 to the Office of the Superintendent of Bankruptcy.
4. Since the date of the last interim report, the Receiver has:
 - a) Made its First Report to Court to update the Court on the status of the receivership and to obtain an Order to increase the Receiver's borrowing power so that the Receiver could continue funding the obligations of the receivership and fulfil its mandate;
 - b) Completed documentation of the agreement reached earlier with True Key Hotels & Resorts ("True Key") to manage the rental program and other key functions at the Sunrise Ridge Waterfront Resort (the "Resort") on behalf of the Receiver;
 - c) Designed and implemented a full marketing and sales program to offer the assets to a wide range of prospective buyers, provided due diligence information to prospects, and received and negotiated offers to purchase the assets;
 - d) Reported periodically to the secured creditors holding first charge security, namely GLIC and the Trustees, through its counsel and the counsel of the Trustee's Mortgage Investor Committee. Our reports included the highlights of the receivership administration, the issues surrounding the Resort's geothermal heating/cooling system (the "Geothermal System") and the Receiver's marketing and sales efforts;
 - e) Sourced a solution and hired a contractor to install dedicated telephone and internet service to the Resort's waterfront 4-plex building in accordance with an order received from the B.C. Safety Authority that related to a pre-receivership condition;
 - f) Continued to address ongoing issues with the Geothermal System including attempts to have the original suppliers/installers of the system provide a proposal to have the system remediated;

- g) Continued to pay expenses relating to the receivership, including strata and Owners' Association fees, legal fees, fees relating to 3rd party engineering and consulting services, and other costs; and
 - h) Engaged in other activities as required that would, in the Receiver's view, preserve or enhance the realizable value of the assets.
5. Significant assets not yet realized upon are as follows:

	<u>Estimated Range of Value (note 1)</u>
Unsold inventory	\$850,000 to \$1,250,000 (note 2)
Remnant lands	\$350,000 to \$750,000
Commercial strata lot 29 ("Lot 29")	\$60,000 to \$150,000 (note 3)
Geothermal system	\$nil (note 4)
Deposits	\$607,750 (note 5)

Note 1 – Value ranges assigned to assets are estimates only. Our marketing and sales process for the assets commenced months ago and has produced several written offers to purchase the Company's assets. Feedback from prospective purchasers indicates purchases see a high degree of risk associated with these assets including the market for fractional real estate product and the location of the assets .

Note 2 – There are fifty 1/8-interest fractions, two 1/4-interest fractions, and one whole unit in unsold inventory. The Receiver has not sold individual fractions since the date of receivership and will sell the Company's assets en bloc.

Note 3 – Lot 29 is the lobby area of the main lodge building at the Resort and this is where True Key performs its management functions. The management function of the Resort, in its current state of development, runs at an operating loss because the Resort has not been completed.

Note 4- Due to the continuing issues with the Geothermal System, none of the prospective purchasers of the assets have been willing to attribute any value to the system.

Note 5 – The City of Parksville holds a number of development/servicing deposits that will be assumed by the eventual purchaser of the Resort.

6. The actions still to be taken by the Receiver are as follows:
- a) Continue to liaise with the secured creditors, the strata corporation and the Owners' Association to ensure all stakeholders are kept abreast of the Receiver's progress;
 - b) Continue funding obligations of the receivership in the normal course;
 - c) Accept an offer to purchase the Company's assets and make a further report to Court to report on the Receiver's activities and obtain approval for the asset sale;

- d) Report to the OSB from time to time as required; and
- e) Perform other appropriate actions as may be required.

7. We attach the Receiver's interim statement of receipts and disbursements as at April 30, 2011 as Appendix A.

DATED at Vancouver, British Columbia, this 1st day of May, 2011

G. Powroznik Group Inc. of G-Force Group

solely in its capacity as Court-appointed Receiver and Manage of Sunrise Ridge Resort Ltd.
and not in its personal Capacity



Per: Gary D. Powroznik
Managing Director

**In the matter of the Receivership of Sunrise Ridge Resort Ltd.
Statement of Receiver's Receipts and Disbursements (unaudited - note 1)
For the period April 20, 2010 to April 30, 2011**

	\$
Receipts	
Loan - Receiver's Certificates	520,000
Sale of building inventory and materials	11,700
Income from rental of developer-owned units at Resort	4,546
Geothermal lease revenue	15,094
Cash assumed upon Receiver's taking possession of Assets	37,916
Return of deposit from City of Parksville	20,700
GST Refund	7,687
GST/HST collected	2,981
Other miscellaneous receipts	22
Total receipts	620,645
Disbursements	
Electrical permitting and installation	33,370
Site clean up costs	756
Project management, engineering, and servicing works	10,748
Geothermal maintenance, repair and inspection costs	44,002
Geothermal consultant/engineer costs	26,276
Geothermal DDC board (hardware)	6,579
Fence and copier rentals	6,964
Review of rental management marketing plan	7,500
Strata fees	9,445
Marketing and sales advertisements and costs	3,689
Geothermal energy payments	6,556
Owners' Association fees	135,639
Payment of former employees' outstanding wages and deductions	4,679
Management subsidy	15,896
Legal fees	61,289
Interim advances to Receiver-Manager on account of fees and costs	117,462
Insurance	8,686
Utilities, telephone and internet	1,912
Bank fees and wire transfer commissions	219
OSB filing fee	70
GST/HST paid	29,731
Other miscellaneous disbursements	1,635
Total disbursements	533,104
Balance of funds in bank at April 30, 2011	87,541

Notes:

1 - We have compiled this Statement of Receipts and Disbursements for the period April 20, 2010 to April 30, 2011 from the receivership records which we have maintained in our capacity as Receiver-Manager of Sunrise Ridge Resort Ltd. We have not engaged external accountants to audit, review or otherwise attempt to verify the accuracy or completeness of the Statement of Receipts and Disbursements.