Action No: 0901-11866

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF SHIRE INTERNATIONAL REAL ESTATE INVESTMENTS LTD., SHIRE CAPITAL LTD., HALAMA GARDENS LLC, SHIRE ASSET MANAGEMENT LTD., WINN RIVER RESORT LTD., FORT MCMONEY PROPERTIES II LTD., HALAMA GARDENS LTD, MAPLES AND WHITE SANDS INVESTMENTS LTD., FORT MCMONEY PROPERTIES LTD., CHEMAINUS PROPERTIES LTD., SKAHA LAKE DEVELOPMENT LTD., TSEHUM HARBOUR LTD., BEARSPAW AT 144TH AVENUE LTD., BEARSPAW AT 144TH EQUITIES LTD., BEARSPAW AT 144TH BONDS INC., TSEHUM HARBOUR EQUITIES LTD., TSEHUM HARBOUR BONDS LTD., ORILLIA INVESTMENTS LTD., 0726028 B.C. LTD., 0675816 B.C. LTD., AND BOSUN'S HOLDINGS LTD.

TENTH REPORT OF ERNST & YOUNG INC. IN ITS CAPACITY JOINTLY AS MONITOR AND RECEIVER

December 18, 2009

INTRODUCTION

1. On August 10, 2009, Shire International Real Estate Investments Ltd. ("Shire"), Shire Capital Ltd., Halama Gardens LLC, Shire Asset Management Ltd., Winn River Resort Ltd., Fort McMoney Properties II Ltd., Halama Gardens Ltd, Maples and White Sands Investments Ltd., Fort McMoney Properties Ltd., Chemainus Properties Ltd., Skaha Lake Development Ltd., Tsehum Harbour Ltd., Bearspaw at 144th Avenue Ltd., Bearspaw at 144th Equities Ltd., Bearspaw at 144th Bonds Inc., Tsehum Harbour Equities Ltd., Tsehum Harbour Bonds Ltd., and Orillia Investments Ltd. (collectively, "the Applicants" or "Shire Group") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Preliminary Initial Order").

2. Subsequent to the Preliminary Initial Order, the Alberta Securities Commission ("ASC") sought and obtained certain amendments to the Preliminary Initial Order clarifying terms relating to the actions commenced by the ASC with respect to the interim cease trade order extension dated June 15, 2009. For the purposes of this report, the Preliminary Initial Order, together with the ASC amendments thereon will be referred to as the Initial Order.

3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Applicants during these CCAA proceedings (the "Monitor"). The Initial Order authorized debtor in possession financing in the amount of $1,000,000 and granted a priority charge in respect of such debtor in possession financing.

4. On October 8, 2009, the Applicants sought and obtained an Order (the "Receivership Order") appointing Ernst & Young Inc. as Receiver (the "Receiver") of all of the Applicants' current and future assets, undertaking and property of every nature and kind whatsoever, and wherever situate. In addition, on October 8, 2009 this Honourable Court added 0726028 B.C. Ltd., 0675816 B.C. Ltd. ("0675816"), and Bosun's Holdings Ltd. ("Bosun") as parties to these proceedings as a result of an

application by the Applicants. Finally, on October 8, 2009, this Honourable Court at the come-back hearing on the Initial Order extended the stay of proceedings to December 4, 2009 and granted an Order approving an increase in the amount of the debtor in possession financing ("DIP Financing") to be obtained by the Applicants up to a maximum amount of $2,500,000 with the stipulation that the Receiver shall only be permitted to draw sufficient funds to repay the existing DIP Facility and draw up to an additional $1,000,000 until further Order of this Court. The Orders granted on October 8, 2009, comprising the Receivership Order, approval of the additional DIP Financing and the extension to the CCAA Proceedings are collectively referred to as the "October 8th Orders".

5. On November 4, 2009, Fisgard Capital Corporation ("Fisgard") applied before the Honourable Mr. Justice Wilkins for an Order vacating the CCAA proceedings in their entirety or, alternatively, for an order removing the property known as Tsehum Harbour over which Fisgard holds mortgage security. Fisgard's application in this regard was argued and heard as a *de novo* application on the basis that Fisgard had commenced foreclosure proceedings in respect of its security and that counsel to Fisgard in the foreclosure proceedings had not been given notice of the October 8, 2009 application. The Monitor understands that Fisgard's Alberta counsel was served with the original material at the inception of the CCAA proceedings and for the October 8, 2009 application, while Fisgard's British Columbia counsel was not served.

6. Justice Wilkins denied the application to vacate the CCAA proceedings in their entirety; however, His Lordship granted the relief sought by Fisgard as it pertained to removing Bosun's Holdings Ltd. and 0675816 from the scope of the CCAA proceedings, with the effect that the assets of these entities do not stand as security for any principal amounts advanced under the DIP Financing. The Monitor understands that any amount available after paying Fisgard and the other secured charges against the property would still be available to unsecured creditors. The properties remain subject to the Receivership Order and the charges granted therein. The Receiver and Shire have decided not to appeal this Order due to the difficulty in obtaining leave, the

threshold for success being unreasonableness, rather than incorrectness, and the lack of funds available to fund an appeal.

7. On November 27, 2009, an application was brought before this Honourable Court for advice and directions with respect to the effect, if any, of the error in the material put before this Honourable Court in the granting of the October 8th Orders approving the DIP Financing, granting the Receivership Order and the extension to these CCAA proceedings. This Honourable Court advised that the matter would be put over until December 4, 2009.

8. On December 4, 2009, a further extension of the stay of proceedings was sought. This Honourable Court issued its reasons for judgment dated December 7, 2009. The Court denied the application to extend the stay.

9. Capitalized terms not defined in this Tenth Report are as defined in the Initial Order or the previous reports of the Monitor. All references to dollars in this Tenth Report are in Canadian currency unless otherwise noted.

PURPOSE OF THIS REPORT

10. The purpose of this Tenth Report of Ernst & Young Inc. jointly in its capacity as Monitor and Receiver (the "Tenth Report") is to provide this Honourable Court with a summary of the professional fees incurred by the Receiver and Monitor, the Receiver and Monitor's counsel and the Applicants' counsel as well as other amounts outstanding relating to the CCAA proceedings.

SUMMARY OF OUTSTANDING PROFESSIONAL FEES AND OTHER COSTS

11. The table below summarizes the outstanding and unpaid professional fees and other disbursements relating the CCAA proceedings.

Shire International et. al.
Summary of Outstanding Costs
Actual Costs Incurred but not Paid for the Period September 20 to December 4 and Forecasted for December 4 to December 23

	Fees Outstanding	Undrawn Retainers	Balance	Notes
Professional Advisors				
Ernst & Young Inc.	$418,439	($50,000)	$368,439	1
Bennett Jones LLP	169,850	-	169,850	2
McCarthy Tetrault LLP	41,840	(7,912)	33,928	3
Total professional advisors	$630,129	($57,912)	$572,217	
DIP Interest and Fees				
DIP interest and fees to Dec. 4			$31,453	4
Forecasted DIP interest and fees from Dec.4 - Dec. 23			23,366	4
Other Expenses				
Foxbridge Asset Management Ltd.			28,350	5
Outstanding utility, maintenance, insurance and other costs			20,000	6
Total costs expected			675,387	
Estimate of funds on hand at December 4, 2009			(118,000)	
Reserve for contingent claim			42,000	
Total expected draw on DIP financing			$599,387	

Notes:
1 - Estimated fees outstanding to Ernst & Young Inc. less retainer of $50,000.
2 - Estimated fees outstanding to Bennett Jones LLP. Retainer of $50,000 previously drawn.
3 - Estimated fees outstanding to McCarthy Tetrault LLP. Retainer in the amount of $31,922.94 was previously drawn.
4 - DIP Interest and costs includes regular interest, standby interest and administration fee. Per diem of $1,229.79.
5 - Outstanding fees to Foxbridge Asset Management Ltd. for day-to-day consulting services.
6 - Relates to third party costs incurred by the Receiver in administering the estate from granting of the Order.

12. Any undrawn retainers have been deducted from the outstanding professional fees. The Monitor currently holds approximately $118,000 in cash, of which $76,000 has been assumed to be available to repay the above noted costs. The difference of approximately $42,000 comprises proceeds received by the Receiver that certain parties are claiming entitlement to. The table above indicates total professional fees of the Monitor, the Monitor's counsel and the Applicants' counsel of $572,217.

13. The Receiver notes that in the Ninth Report of the Monitor accrued costs were estimated to be $684,911, which is consistent with the actual plus forecasted costs presented above of $675,387.

14. The table above also indicates interest and fees owing on the DIP Financing projected at December 23, 2009 of $54,819 for a total owing on the DIP Financing at December

23, 2009 of $2,054,819. The first draw on the DIP Financing occurred on November 13, 2009 and the service list was advised of this draw.

15. In addition to the professional fees outlined in the table above, the Receivership Order granted October 8, 2009 stated that the Receiver shall pay from the proceeds of the DIP Facility the reasonable legal fees and disbursements incurred with respect to these proceedings of Borden Ladner Gervais LLP, counsel for certain investors, to a maximum of $100,000 from and after October 1, 2009.

16. The Receiver understands that approximately $65,000 has been incurred by Border Ladner Gervais LLP.

17. McCarthy Tétrault LLP currently holds DIP Financing funds of $919,171.23. The DIP Financing is summarized below:

Shire International DIP Facility
Summary of Funds

Date	Description	Amount
07-Oct-09	Deposit received upon signing of Commitment Letter	-
13-Nov-09	Principal Amount Drawn on DIP Facility	2,000,000.00
13-Nov-09	Less: Repayment of Kairos DIP Loan	(922,128.36)
13-Nov-09	Less: Placement Fee	(75,000.00)
13-Nov-09	Less: Standby Fee to October 31, 2009	(9,863.01)
13-Nov-09	Less: Monitoring Fee to October 31, 2009	(3,870.97)
13-Nov-09	Less: Fraser Milner Legal Fees and Holdbacks	(68,616.55)
13-Nov-09	**Net Amount Payable to Shire Monitor @ Closing Date**	**920,521.11**

ERNST & YOUNG INC.

in its capacity jointly as Court Appointed Monitor and Receiver of Shire International Real Estate Investments Ltd. et. al

Deryck Helkaa, CA·CIRP
Senior Vice-President