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April 11, 2012

VIA EMAIL (MIREILLE.YOGA@ALBERTACOURTS.CA.)

Calgary Courts Centre
601, 5 Street S.W.
Calgary, AB T2P 5P7

Attention: Madam Justice C.A. Kent

Re: Shire International et al: Action No. 0901-11866

Romspen Investment Corporation ("**Romspen**") writes to report in respect of the above noted matter pursuant to the Order of this Honourable Court entered June 30, 2010.

Romspen confirms that:

1. The sale of the Fort McMoney II property to Allstar Property Management Ltd. ("**Allstar**") for $6,000,000 did not complete. The sale was originally set to close on November 30, 2011; however, the Purchaser requested, and Romspen granted, various extensions. Ultimately, the Purchaser was unable to secure financing and the deal collapsed.

   The deposit of $300,000 is currently held in trust. Allstar has consented to the release of the deposit to Romspen. The deposit is subject to a potential claim by the realtor for 50% of his commission. That issue is under consideration. Once resolved, the deposit (or any available portion thereof) will be released to Romspen and applied against the outstanding balance on the DIP loan.

   Romspen will continue to market the property and intends to requisition a fresh appraisal to further those efforts.

2. As the Orillia property has not sold, and no information regarding sale efforts has been forthcoming, Romspen is considering making an application for an order for conduct of sale in relation to that property.

3. The Graves applied for a final order of foreclosure in respect to the Fort McMoney I property. The order is conditional upon payment of the portion of the DIP loan allocated against the property. The order may not be entered or registered until that condition is satisfied. Romspen's counsel corresponded with Graves' counsel regarding the need for

an order in the CCAA proceedings to deal with the terms of the DIP allocation order (i.e. among other things, deeming the order absolute a "sale" under the DIP allocation order and allowing the Graves to be subrogated creditors).

4. Shire and another company, Tarantula Enterprises Ltd. ("**Tarantula**"), filed a caveat against a property in Alberta claiming an interest in land to the extent of certain investments made with the then owner of the property, Modena Homes Inc. The land has been sold in foreclosure proceedings and approximately $45,000 was paid into court. Based on the priority of the caveat and information provided by Tarantula's principal, David Yanko, Shire and Tarantula have a claim to those funds (to be split 50/50). Romspen intends to prepare application materials to have Shire's portion of those funds paid out to Romspen pursuant to the DIP order to be applied against the DIP loan.

5. No application has been made to determine the issue of whether the Olympia mortgage registered against the Sorrento property secured the amounts invested by the alleged mortgage unit holders. Romspen intends to make an application for an order for, or directions regarding, pay out of the funds held by the Receiver pursuant to s. 7(g)(i) of the order pronounced April 21, 2011.

6. The status of other matters remains unchanged since Romspen's last report.

Romspen would be pleased to provide any further information desired by this Honourable Court.

Yours truly,

OWEN BIRD LAW CORPORATION

Alan A. Frydenlund

cc Shire Service List