

**DISCLOSURE STATEMENT AMENDMENT
Real Estate Development Marketing Act (BC)
April 20, 2009**

Date of Original Disclosure Statement: December 28, 2004
Date of First Amendment to Disclosure Statement: November 8, 2005

Development and Developer:

NICOLA LAKESHORE ESTATES INC.

Address for Service in BC:

300 – 180 Seymour Street
Kamloops, BC V2C 2E3
Attn: Scott Huyghebaert

Business Address:

106 – 1121 McFarlane Way
Merritt, BC V1K 1B9

Developer's Marketing/Real Estate Agent

The Development will be marketed by the Developer's in-house sales staff and Ritchie Bros. Real Estate Services Ltd., a licensed real estate agency, whose office is located at 6500 River Road, Richmond, British Columbia V6X 4G5. The Developer reserves the right to designate and substitute other listing agents from time to time to represent the Development in the sale of the Lots. The Developer's employees are not licensed under the *Real Estate Services Act* and are not acting on behalf of the purchaser.

DISCLAIMER

THIS DISCLOSURE STATEMENT HAS BEEN FILED WITH THE SUPERINTENDENT OF REAL ESTATE, BUT NEITHER THE SUPERINTENDENT, NOR ANY OTHER AUTHORITY OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA, HAS DETERMINED THE MERITS OF ANY STATEMENT CONTAINED IN THE DISCLOSURE STATEMENT, OR WHETHER THE DISCLOSURE STATEMENT CONTAINS A MISREPRESENTATION OR OTHERWISE FAILS TO COMPLY WITH THE REQUIREMENTS OF THE *REAL ESTATE DEVELOPMENT MARKETING ACT*. IT IS THE RESPONSIBILITY OF THE DEVELOPER TO DISCLOSE PLAINLY ALL MATERIAL FACTS, WITHOUT MISREPRESENTATION.

RIGHT OF RESCISSION

Under Section 21 of the *Real Estate Development Marketing Act*, the purchaser or lessee of a development unit may rescind (cancel) the contract of Purchase and sale or contract to lease by serving written notice on the Developer or the Developer's brokerage, within 7 days after the later of the date the contract was entered into or the date the purchaser or lessee received a copy of this Disclosure Statement.

The rescission notice may be served by delivering or sending by registered mail, a signed copy of the notice to:

- (a) the Developer at the address shown in the Disclosure Statement received by the purchaser,
- (b) the Developer at the address shown in the purchaser's purchase agreement,
- (c) the Developer's brokerage, if any, at the address shown in the Disclosure Statement received by the purchaser, or
- (d) the Developer's brokerage, if any, at the address shown in the purchaser's purchase agreement.

The Developer must promptly place purchaser's deposits with a brokerage, lawyer or notary public who must place the deposit in a trust account in a savings institution in British Columbia. If a purchaser rescinds their purchase agreement in accordance with the Act and regulations, the developer or the developer's trustee must promptly return the deposit to the purchaser.

DISCLOSURE STATEMENT AMENDMENT

The Original Disclosure Statement dated December 28, 2004 and the First Amendment dated November 8, 2005, are hereby amended as follows:

1. Section 1 is amended by adding the following paragraphs as numbers 1.5 and 1.6:

1.5 Developer Information

To the best of the Developer's knowledge, neither the Developer, nor any principal holder of the Developer, nor any director or officer of the Developer or any principal holder, within ten years before the date of the Developer's declaration attached to the original Disclosure Statement, has been subject to any penalties or sanctions imposed by a court or regulatory authority, relating to the sale, lease, promotion or management of real estate or securities, or to lending money secured by a mortgage of land, or to arranging, administering or dealing in mortgages of land, or to theft or fraud.

To the best of the Developer's knowledge, neither the Developer, nor any principal holder of the Developer, nor any director or officer of the Developer or any principal holder, within five years before the date of the Developer's declaration attached to the original Disclosure Statement, was declared bankrupt, or made voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to, or has instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

To the best of the Developer's knowledge, the Developer and its officers and directors have the following experience in the development industry:

Party	Year(s)	Nature and Extent of Experience (including types of previous development properties)
Developer	14	The Developer's experience is limited to the planning of the subdivision of Nicola Lakeshore Estates Inc. and its work in connection with the various components thereof.
Frank Rizzardo	20	Frank Rizzardo has been involved in the development of buildings and subdivisions or residential and commercial properties in and around the Interior of BC. Prior to his involvement in land development he was and is involved in the Road and Bridge Maintenance Industry in BC.
James Rabbitt	40	Jim Rabbitt has many years experience as a principal involved in the development of buildings and subdivisions of residential and commercial properties in the Interior of BC.
Angus MacDonald	35	Angus MacDonald is a retired contractor.
David MacDonald	28	Dave MacDonald is involved in the construction business in Vancouver, BC.

Chancal Bal	20	Chancal Bal is a businessman also involved in farming in the Okanagan.
Sukhdev Singh Sandur	24	Dave Sandur has been involved with residential developments starting in the Vancouver area in 1985. Dave has 24 years experience as a principal in the lumber industry.
Robert Hack	20	Robert Hack is an electrical contractor and developer of single detached and attached developments.

1.6 Public Auction

In addition to the Developer’s current marketing program, the Developer intends to offer five (5) of the unsold lots for sale at one or more public auctions (the “Auction”), and has engaged Ritchie Bros. Real Estate Services Ltd. for that purpose. Auction information is available online at *rbauktion.com*. In addition to the Purchase Price, an administration fee equal to 1% (plus Goods and Services Tax), is payable by the Buyer for services rendered by Ritchie Bros. Real Estate Services Ltd. in offering the Property for sale by auction (the “Administration Fee”). The Administration Fee is deemed to have been earned in full at the time the Buyer signs the Contract of Purchase and Sale, and is payable in full on closing together with the Purchase Price.

The Developer is not aware of any existing or potential conflicts of interest among the developer, manager, any directors, officers and principal holders of the developer and manager, any directors and officers of the principal holders, and any person providing goods or services to the developer, manager or holders of the development units in connection with the development which could reasonably be expected to affect the purchaser's purchase decision.

2. Section 5.1(b) is deleted in its entirety and replaced with the following:
 - (b) The subdivision plan has been registered under numbers KAP79399, KAP82405 and KAP82406 at the Kamloops Land Title Office. In the event the amendment to the Disclosure Statement filed by the Developer contains amendments which materially affect the offering, the Purchaser will have a period of seven (7) days from receipt of the Amended Disclosure Statement to rescind their Purchase Contract and have their deposit monies, in any, returned to them.
3. Section 6.2(a) is amended by deleting the first paragraph entitled Project Financing.
4. Section 7.2 is amended by adding the following paragraphs at the end:

Attached as Schedule A, is the form of Contract of Purchase and Sale, which the Developer intends to use in connection with the sale of the following five (5) lots being offered for purchase at the Auction:

Parcel Identifier: 026-877-015
 Lot A, DL 530, KDYD, Plan KAP82405

Parcel Identifier: 026-877-023
Lot B, DL 530, KDYD, Plan KAP82405

Parcel Identifier: 026-877-015
Lot A, DL 530, KDYD, Plan KAP82406

Parcel Identifier: 026-485-621
Lot 68, DL 530, KDYD, Plan KAP79399

Parcel Identifier: 026-485-729
Lot 78, DL 530, KDYD, Plan KAP79399

5. Section 7.3 is amended by deleting the sentence, “The Developer has entered into a contract with Ecofluid for sewer treatment plant components.”

DEEMED RELIANCE

Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of a material fact contained in this Disclosure Statement, if any, and any omission to state a material fact. The Developer, its directors and any person who has signed or authorized the filing of this Disclosure Statement are liable to compensate the purchaser for any misrepresentation, subject to any defences available under Section 22 of the Act.

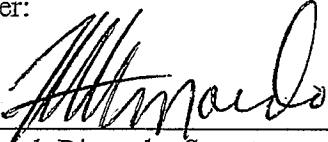
DECLARATION

The foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the *Real Estate Development Marketing Act* of British Columbia, as of the 20th day of April, 2009.

DEVELOPER:

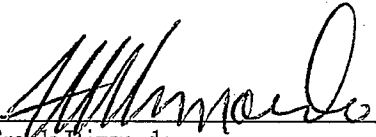
Nicola Lakeshore Estates Inc.

Per:

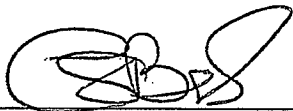


Frank Rizzardo, Secretary

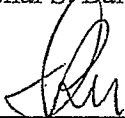
Signed by the Directors:



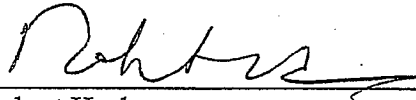
Frank Rizzardo



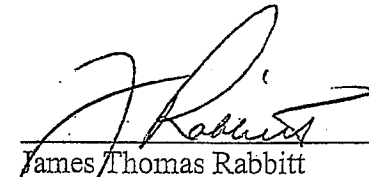
Chanchal S. Bal



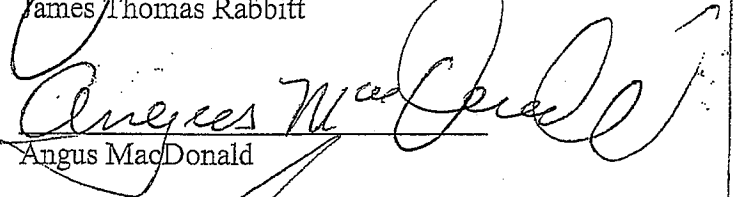
David Ross MacDonald



Robert Hack



James Thomas Rabbitt



Angus MacDonald



Sukhdev Singh Sandur

SCHEDULES TO THIS DISCLOSURE STATEMENT

- A. Contract of Purchase and Sale for lots being offered for purchase at the Auction

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is dated for reference this ____ day of _____, 2009.

Seller: _____	Purchaser: _____
Address: _____ _____	Address: _____ _____
Phone: _____	Phone: _____
Fax: _____	Fax: _____

Resident of Canada or Non-resident
of Canada as defined under the
Income Tax Act (Canada)

1. **AGREEMENT TO PURCHASE:** The Purchaser agrees to purchase from the Seller the property (the "Property") legally described on **Exhibit A** hereto on the following terms and conditions.

2. **PURCHASE PRICE:** The purchase price of the Property will be the bid price of _____ DOLLARS (the "Purchase Price"). The Purchase Price shall be paid as follows:
 - (a) **Deposit:** Concurrently with the execution and delivery of this Agreement, the Purchaser shall pay into a trust account (the "Trust Account") established with Morelli Chertkow LLP (the "Conveyancer"), and held in trust in accordance with the provisions of local laws applicable to the sale of real estate, an earnest money deposit (the "Deposit") in the amount of _____ DOLLARS (\$ _____). **The Deposit shall be non-refundable except as provided in section 10 of this Agreement.** In the event the Purchaser fails to pay the Deposit as required by this Agreement, the Seller may, at the Seller's option, terminate this Agreement. The parties hereby acknowledge that any person receiving the Deposit in connection with this transaction is authorized to pay all or any portion of the Deposit to the Conveyancer without further written direction of the Purchaser or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; and (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of applicable real estate legislation pending the completion of the transaction and not on behalf of any of the principals to the transaction.

 - (b) **Balance of Purchase Price:** The balance of the Purchase Price, plus or minus prorations as set forth below, shall be paid by the Purchaser prior to Closing (as defined below) by certified cheque, bank draft, cash or Lawyer's/Notary's trust cheque to the Trust Account established with Conveyancer, as trustee.

THE PURCHASER ACKNOWLEDGES AND AGREES THAT ITS OBLIGATIONS UNDER THIS AGREEMENT ARE NOT CONTINGENT OR CONDITIONAL UPON THE PURCHASER OBTAINING FINANCING FROM ANY LENDER.

3. **CLOSING:** The closing (the “Closing”) of the purchase shall occur no later than 4:00 pm, local time, on June 30, 2009 (the “Closing Date”) or such earlier date as may be mutually agreed in writing. The Closing shall occur at the offices of the Conveyancer. At Closing, the Seller shall deliver to the Purchaser all documents required to give effect to this Agreement in registrable form where necessary and will be lodged for registration in the appropriate Land Title Office.
4. **POSSESSION:** The Purchaser will have vacant possession of the Property at Closing.
5. **CLOSING COSTS:** The Purchaser will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title. The Purchaser shall be responsible to pay or account for all GST payable with respect to the transfer of the Property.
6. **ADJUSTMENTS:** The Purchaser will assume and pay all taxes, rates, local improvement assessments, fuel, utilities and other charges from, and including, the date set for adjustments both incoming and outgoing of whatsoever nature will be made as of the Closing Date.
7. **TITLE:** The Purchaser hereby agrees to accept title to the Property free and clear of all encumbrances except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities and except as otherwise set out in the disclosure statement and any amendments thereto (collectively, the “Disclosure Statement”) (a copy of which the Purchaser has acknowledged receipt of).
8. **RISK / DAMAGE TO PROPERTY:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 a.m. on the Closing Date. After that time, the Property and all included items will be at the risk of the Purchaser. The Seller shall maintain the Property, from and after the date of execution of this Agreement to and including the Closing Date, in the same condition as exists on the date of execution hereof, reasonable wear excepted. In the event the Property is significantly damaged, in the opinion of the Seller, prior to the Closing Date by fire, wind, flood or other casualty, the Seller shall have the option to restore the Property to its pre-casualty position or to cancel this Agreement and return the Deposit to the Purchaser as a complete and final settlement to the Purchaser of all of the Seller’s obligations hereunder. Should Seller elect to restore the Property to its pre-casualty condition, the Seller shall so notify the Purchaser and thereafter shall have 120 days to complete such restoration, with the Closing Date postponed to the date which is 10 days following the date of completion of such restoration, as notified by the Seller to the Purchaser.
9. **CONDITION OF THE PROPERTY:** THE PURCHASER SHALL ACCEPT THE PROPERTY IN AN “AS-IS, WHERE IS” AND “WITH ALL FAULTS” CONDITION AS OF THE CLOSING DATE, AND PURCHASER SPECIFICALLY AGREES THAT THE SELLER HAS NOT AND DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, TO THE PURCHASER REGARDING THE VALUE, SUITABILITY OR CONDITION OF THE PROPERTY OR IMPROVEMENTS THEREON INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL OR GEOLOGY OF THE PROPERTY, THE DIMENSION OR ACREAGE OF THE PROPERTY OR IMPROVEMENTS, ANY ASPECT OF THE CONDITION OF THE PROPERTY OR IMPROVEMENTS OR THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR THE FITNESS OF THE PROPERTY OR IMPROVEMENTS FOR ANY INTENDED OR PARTICULAR USE, THE CONFORMITY OR COMPLIANCE OF THE PROPERTY OR IMPROVEMENTS TO ANY APPLICABLE ZONING OR BUILDING CODE

REQUIREMENTS OR RESTRICTIONS OR ANY ENVIRONMENTAL PROTECTION, POLLUTION, HAZARDOUS SUBSTANCE DISPOSAL OR LAND USE LAWS, RULES, REGULATIONS OR REQUIREMENTS AND ALL SUCH REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, ARE HEREBY EXPRESSLY WAIVED BY THE PURCHASER AND DISCLAIMED BY THE SELLER. THE PURCHASER REPRESENTS AND WARRANTS TO THE SELLER THAT THE PURCHASER HAS NOT BEEN INDUCED TO EXECUTE THIS AGREEMENT BY ANY ACT, STATEMENT OR REPRESENTATION OF THE SELLER OR ITS AGENTS, EMPLOYEES OR REPRESENTATIVES.

THE PURCHASER ACKNOWLEDGES AND AGREES THAT IT IS THE PURCHASER'S RESPONSIBILITY TO MAKE SUCH LEGAL, FACTUAL AND OTHER INQUIRIES, INSPECTIONS AND INVESTIGATIONS AS THE PURCHASER CONSIDERS NECESSARY WITH RESPECT TO THE PROPERTY, AND THE PURCHASER HEREBY REPRESENTS AND WARRANTS THAT THEY HAVE EXECUTED THIS AGREEMENT BASED SOLELY ON THEIR OWN INDEPENDENT DUE DILIGENCE AND INVESTIGATION, AND NOT IN RELIANCE UPON ANY INFORMATION PROVIDED BY THE SELLER OR RITCHIE BROS. AUCTIONEERS OR THEIR AGENTS, EMPLOYEES, OR REPRESENTATIVES.

UPON CLOSING, PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER AND ITS AGENTS AND ASSIGNS HAVE NO FURTHER RESPONSIBILITY, OBLIGATION OR LIABILITY TO PURCHASER. PURCHASER AGREES THAT SELLER AND ITS AGENTS AND ASSIGNS SHALL HAVE NO LIABILITY FOR ANY CLAIM OR LOSSES PURCHASER OR PURCHASER'S SUCCESSORS AND ASSIGNS MAY INCUR AS A RESULT OF DEFECTS THAT MAY NOW OR MAY HEREAFTER EXIST WITH RESPECT TO THE PROPERTY OR IMPROVEMENTS, AND PURCHASER SHALL HOLD HARMLESS, INDEMNIFY AND DEFEND SELLER FROM ANY SUCH CLAIM.

10. **BREACH OF CONTRACT BY SELLER:** If the Seller defaults in the performance of any of its obligations hereunder and Closing fails to occur by reason thereof, the Purchaser may terminate this Agreement and shall be entitled to the return of the Deposit, or seek specific performance of this Agreement.
11. **BREACH OF CONTRACT BY PURCHASER:** If the Purchaser defaults in the performance of any of its obligations hereunder and Closing fails to occur by reason thereof, the Deposit shall be forfeited to Seller.
12. **AUCTIONEER'S AGENCY DISCLOSURE:** The Purchaser acknowledges that Ritchie Bros. Auctioneers, the auctioneer of the Property, is acting as a single agent representing the Seller exclusively in this transaction and is not acting as a subagent, a purchaser's agent, a facilitator or a limited consensual dual agent in connection with this transaction.
13. **ADMINISTRATION FEE AND PURCHASER AGENT OR BROKER PARTICIPATION:** Ritchie Bros. Real Estate Services Ltd. ("RBA") will charge the Purchaser an auction and real estate administration fee, which is equal to one (1) percent of the Purchase Price and amounts to \$ _____. The parties hereby acknowledge the foregoing and the Purchaser agrees to make such payment to RBA, or as otherwise directed, on the Closing Date. However, if a British Columbia licensed real estate agent or broker representing the Purchaser ("Purchaser's agent/broker") has timely and properly submitted a Broker Registration Form, and the Purchaser closes on the Property and pays the total Purchase Price for the Property, the Purchaser's agent/broker shall receive the payment of a One (1) percent commission at the Closing from the Purchaser. The One (1) percent commission shall be based upon the winning

bid price. The parties hereby acknowledge the foregoing and the Purchaser agrees to make such payment to such agent/broker on the Closing Date.

14. **AUCTIONEER'S COMMISSION AND FEES:** The parties acknowledge and agree that RBA is entitled to receive a commission together with other expenses as set out in the Listing Agreement (the "Listing Agreement") between RBA and the Seller dated February 26, 2009. An invoice for such amount shall be provided by RBA to the Conveyancer and shall be remitted to RBA directly by the Conveyancer out of the Purchase Price monies received from the Purchaser.
15. **PURCHASER FINANCING:** If the Purchaser is relying upon a new mortgage to finance the Purchase Price, the Purchaser, while still required to pay the Purchase Price on the Closing Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Purchaser has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association standard undertakings (the "CBA Standard Undertakings").
16. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Purchaser's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
17. **RIGHT OF RECISSION:** The Purchaser hereby acknowledges receipt of the Disclosure Statement and amendments and that he/she is entitled to rescind this Agreement by serving written notice of the rescission on the Seller within seven (7) days after the later of: (a) the date that this Agreement is made; and (b) the date that the Purchaser provides a written statement to the Seller acknowledging that he/she had an opportunity to read the Disclosure Statement, or any amendments there to.
18. **SPECIAL CONDITIONS:** The Purchaser acknowledges that the Seller has a continuing interest in developing the remaining lands as contemplated in the Disclosure Statement. The Purchaser agrees to support and not oppose the future development of lands owned by the Seller. The Purchaser acknowledges that in the event the Purchaser opposes such development, damages may not be an adequate remedy for the Seller and that the Seller shall be entitled to an injunction prohibiting the Purchaser from opposing such development and all costs on a solicitor-own client basis incurred in obtaining such remedies as may be available to the Seller.
19. **OTHER:**
 - (a) **Time:** Time is of the essence hereof, and unless the balance of cash payment is paid and such formal agreement to pay the balance as may be necessary is entered into on or before the Closing Date, the Seller may, at the Seller's option, terminate this Agreement, and, in such event, the amount paid by the Purchaser will be absolutely forfeited to the Seller, on account of damages, without prejudice to the Seller's other remedies.

- (b) **Counterparts:** This Agreement may be executed in any number of original counterparts, with the same effect as if all the parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the parties and delivered to each of the other parties. All counterparts will be construed together and evidence only one agreement, which, notwithstanding the dates of execution of any counterparts, will be deemed to be dated the date first above written.
- (c) **Execution by Fax:** This Agreement may be executed by the parties and transmitted by fax and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had executed and delivered an original Agreement.
- (d) **Notices:** All notices under this Agreement shall be deemed delivered when personally delivered or sent by registered mail or courier service to the address of either party as set forth on page 1 above.
- (e) **Assignment:** The Purchaser shall not assign this Agreement nor its rights hereunder without the prior written consent of the Seller.
- (f) **Binding Effect:** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, successors, administrators, executors and permitted assigns.
- (g) **Choice of Law:** This Agreement shall be interpreted according to the laws of the Province in which the Property is located.
- (h) **Enforcement Costs:** In the event it becomes necessary for the Seller, the Purchaser or Ritchie Bros. Auctioneers to enforce this Agreement through litigation, the prevailing party shall be entitled to recover all of its costs of enforcement, to include attorneys' fees, court costs, costs of discovery and costs of all appeals.
- (i) **Entire Agreement:** This Agreement constitutes the entire agreement between the Purchaser and the Seller, and all prior agreements and understandings, whether written or oral, are merged herein.
- (j) **Survival of Waivers and Indemnification/Defense/Hold Harmless:** Any waiver or indemnification, defense or hold harmless obligation of Purchaser for the benefit of Seller in this Agreement shall survive the Closing Date and/or termination of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

SELLER: _____
[Name to which title to the Property will be issued]

Signature: _____
Name: _____
Title: _____

PURCHASER: _____
[Name to which title to the Property will be issued]

Signature: _____
Name: _____
Title: _____

EXHIBIT "A"

Legal Description of Property