

Disclosure Statement dated July 17, 2006.

First Amendment to Disclosure Statement dated March 31, 2007.

Second Amendment to Disclosure Statement dated January 31, 2008.

DISCLOSURE STATEMENT

OF

**PAINTED BOAT DEVELOPMENTS LTD.
(Developer)**

FOR

"PAINTED BOAT RESORT SPA AND MARINA"

Mailing Address of Developer:
303 Mountain Highway, North Vancouver,
British Columbia V7J 2K7

Address for Service:
SHANDRO DIXON EDGSON
Barristers & Solicitors
400 - 999 West Hastings Street
Vancouver, British Columbia, V6C 2W2

*Real Estate Agent Retained by the Developer:
Multiple Realty Ltd.
2298 Kingsway, Vancouver, BC, V5N 5M9*

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.

This Disclosure Statement relates to a development property that is not yet completed. Please refer to section 9.2 for information on the purchase agreement. That information has been drawn to the attention of _____ [insert purchaser's name(s)], who has confirmed that fact by initialing in the space provided here:

NOTICE RE RIGHTS 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 seven (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.

A purchaser may serve a notice of rescission 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 the purchasers' deposits with a brokerage, lawyer or notary public who must place the deposits 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.

SECOND AMENDMENT to an original Disclosure Statement dated July 17, 2006, with respect to an offering by PAINTED BOAT DEVELOPMENTS LTD. for the sale of certain strata lots to be located at 12849 Lagoon Road, in the community of Madeira Park, Pender Harbour, British Columbia, in the development to be known as “PAINTED BOAT RESORT SPA AND MARINA”.

1. Amend Subparagraph 1 of the Disclosure Statement dated July 17, 2006 as amended (the “Disclosure Statement”) by adding the following subparagraphs:

- “1.5 (i) The principals of the Developer, Ken W. Delf and Alison Delf, have been involved in the real estate development industry since 1987, having developed subdivisions in Calgary, Alberta and Austin, Texas totaling in excess of 300 lots. They have built revenue properties for long term leasing and developed Calgary’s flagship bare land residential community, StonePine, a development worth approximately \$80 million built out. Michael B. Donald, the remaining Director of the Developer, has no previous development industry experience, but was the managing partner of the ownership group for Sonora Resort, a luxury fishing lodge, spa and wellness centre located on Vancouver Island, from 2000 to 2003.
- (ii) To the best of the Developer’s knowledge, for the period of 10 years before the date of the Developer’s declaration attached to the Disclosure Statement, neither the Developer, nor any principal holder of the Developer, nor any director, nor any officer of the Developer or the principal holder 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.
- (iii) To the best of the Developer’s knowledge, neither the Developer, nor any principal holder of the Developer, nor any director, nor officer of the Developer or principal holder, within the five years before the date of the Developer’s declaration attached to the Disclosure Statement, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.
- (iv) To the best of the Developer’s knowledge, no director, officer or principal holder of the Developer, or any director or officer of the principal holder, within the five years prior to the date of the Developer’s declaration attached to the Disclosure Statement, has been a director, officer or principal holder of any other developer that, while that person was acting in that capacity, that other developer:
- (a) Was 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; or

- (b) Was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

1.6 There are no 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. Amend Subparagraph 9.1 on page 28 of the Disclosure Statement by adding the following after the existing paragraph:

"The Developer (Painted Boat Developments Ltd.) has entered into a deposit protection contract under section 19 of the *Real Estate Development Marketing Act* with Travelers Guarantee Company of Canada ("Travelers"), having its business address at Suite 2500, 650 West Georgia Street, Vancouver, B.C., V6B 4N7. The insurance policy became effective on January 5, 2008. The aggregate limit of the deposit protection insurance facility ("DPI") is \$6 million, with a per claim limit equal to the total deposit paid by a purchaser (which is equal to 20% of that purchaser's purchase price). Travelers will issue DPI policies on a pro-rata basis to assist the Developer in financing approved project costs, and the Developer may use the deposit money to construct and market the development."

- 3. Amend Subparagraph 9.2 on page 28 of the Disclosure Statement by deleting the existing wording and replacing it with the following:

"(a) Attached as EXHIBIT "C" is the form of purchase agreement (the "Purchase Agreement") which the Developer intends to use in connection with the sale of the Strata Lots unless otherwise agreed between the Developer and the Purchaser.

(b) The provisions for terminating the Purchase Agreement are found in paragraph 2 of Schedule A (if the completion date has not occurred by September 31, 2008 and the parties have not agreed in writing to an extension) and in paragraph 15 of Schedule A (rescission rights).

(c) The provisions that allow for the extension of time for completing the Purchase Agreement are found in paragraph 2 of Schedule A (the Vendor can extend the completion date until the property is ready to be occupied by giving not less than 24 hours written notice of such extended completion date, but not beyond September 31, 2008 without the

written agreement of the Purchaser).

(d) The provisions that allow for assignment of the Purchase Contract to a new purchaser are found in paragraph 8 of Schedule A, and provide that a purchaser may assign his interest in the Purchase Contract with at least 10 days' written notice to and the prior written consent of the Vendor, acting reasonably, and provided that the purchaser pays the Vendor a \$500 assignment fee prior to closing unless the proposed assignment is to a spouse, child, grandchild, parent, grandparent or sibling of the purchaser or a company owned or controlled by the purchaser on closing."

(e) Paragraph 1 of Schedule A to the Purchase Agreement provides that interest earned on all deposits paid by a Purchaser will be for the benefit of that Purchaser provided that Purchaser is not in default of any of his/her obligations under the Purchase Agreement. If a Purchaser is in default, the Vendor may elect to retain the deposit paid and interest thereon as liquidated damages."

4. Amend Exhibit "B" "Proposed Unit Entitlement and Interest Upon Destruction and Schedule of Voting Rights" attached to the Disclosure Statement by deleting out the existing Exhibit "B" and replacing it with the attached Exhibit "B".
5. Amend Exhibit "O" "Form of Owners Corporation Management Agreement" attached to the Disclosure Statement by deleting the reference to "paragraph 3(j)" at the end of the third line of Clause 3 and replacing it with "paragraph 3 (i)".
6. Amend Exhibit "S" "Rental Management Agreement" attached to the Disclosure Statement by deleting the word "December" in the second line of Article 7, Clause 7.1 (a) and replacing it with the word "October".

DEEMED RELIANCE

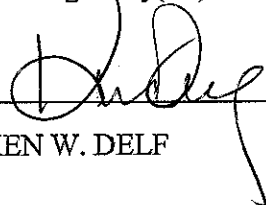
Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of material fact contained in this Disclosure Statement, if any, and any omission to state a material fact. The Developer, and 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, and proposed to be sold, as required by the *Real Estate Development Marketing Act* of British Columbia as of January 31, 2008.

PAINTED BOAT DEVELOPMENTS LTD by its authorized signatory(ies):

MICHAEL B. DONALD



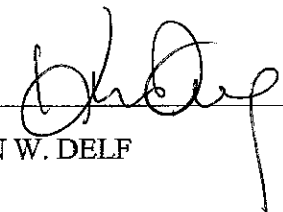
KEN W. DELF



ALISON DELF

Directors in their personal Capacity:

MICHAEL B. DONALD



KEN W. DELF



ALISON DELF

DEEMED RELIANCE

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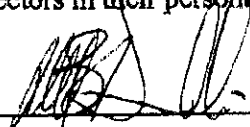


MICHAEL B. DONALD

KEN W. DELF

ALISON DELF

Directors in their personal Capacity:



MICHAEL B. DONALD

KEN W. DELF

ALISON DELF


SOLICITOR'S CERTIFICATE

**IN THE MATTER OF THE *REAL ESTATE DEVELOPMENT MARKETING ACT* AND
THE DISCLOSURE STATEMENT FOR THE PROPERTY LEGALLY DESCRIBED AS:**

Parcel Identifier: 026-735-351
Parcel H
District Lot 1023
Group 1
New Westminster District
Plan BCP24781

I, **LARRY S. BLASCHUK**, Solicitor, a member of the Law Society of British Columbia, hereby certify that I have read the Disclosure Statement dated July 17, 2006, the First Amendment to Disclosure Statement dated March 31, 2007, and the abovedescribed Second Amendment to Disclosure Statement dated January 31, 2008 relating to the proposed 32 strata lot development in respect of the above property, made any required investigations in public offices, and reviewed same with the developer herein named, and hereby certify that the facts contained in items 6.1, 6.2 and 6.3 of the Disclosure Statement as amended are correct.

DATED at Vancouver, British Columbia, this 31 day of January, 2008.



LARRY S. BLASCHUK
Barrister and Solicitor
Shandro Dixon Edgson
400 – 999 West Hastings Street
Vancouver, B.C. V6C 2W2
604.689.0400

Strata Property Act
Form V
Schedule of Unit Entitlement
(Sections 245(a), 246, 264)

Re: Strata Plan BCS 2634

Being a Strata Plan of:

P.I.D.: 026-735-351

Parcel H
✓ Lot H, D.L. 1023, Gp. 1, N.W.D., Plan BCP 24781.

**STRATA PLAN CONSISTING ENTIRELY OF BOTH RESIDENTIAL AND
NONRESIDENTIAL STRATA LOTS**

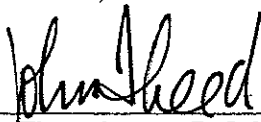
The unit entitlement for each **residential** strata lot is:

- (a) the habitable area of the lot, in square metres, rounded to the nearest whole number as determined by a British Columbia land surveyor as set out in section 246(3)(a)(i) of the *Strata Property Act*.

Certificate of British Columbia Land Surveyor

I, John C. Theed, a British Columbia Land Surveyor, certify that the following table reflects the habitable area of each residential strata lot.

November 2nd, 2007



John C. Theed B.C.L.S.

Strata Lot No.	Sheet No.	Total Area in Square Metres	Unit Entitlement	% of Total Unit Entitlement
S.L. 1	9	127.0	127	3.040
S.L. 2	9	103.7	104	2.489
S.L. 3	9	126.7	127	3.040
S.L. 4	10,11	159.9	160	3.830
S.L. 5	10,11	129.1	129	3.088
S.L. 6	10,11	159.6	160	3.830
S.L. 7	12,13	164.0	164	3.925
S.L. 8	13	138.8	139	3.327
S.L. 9	13	107.1	107	2.561
S.L. 10	13	106.8	107	2.561
S.L. 11	13	132.9	133	3.183
S.L. 12	14,15	159.5	159	3.806
S.L. 13	14,15	162.8	163	3.901
S.L. 14	14,15	131.4	131	3.136
S.L. 15	14,15	130.9	131	3.136
S.L. 16	14,15	159.4	159	3.806
S.L. 17	16	125.8	126	3.016
S.L. 18	17	133.6	134	3.207
S.L. 19	17	106.9	107	2.561
S.L. 20	17	107.0	107	2.561
S.L. 21	17	133.9	134	3.207
S.L. 22	18,19	160.4	160	3.830
S.L. 23	18,19	128.8	129	3.088
S.L. 24	18,19	129.3	129	3.088
S.L. 25	18,19	160.5	160	3.830
S.L. 26	21	132.9	133	3.183
S.L. 27	21	93.4	93	2.226
S.L. 28	21	133.4	133	3.183
S.L. 29	22,23	159.5	159	3.806
S.L. 30	22,23	113.6	114	2.729
S.L. 31	22,23	160.2	160	3.830
Total Number Of Residential Strata Lots 31			Total Unit Entitlement of Residential Strata Lots 4178	

The unit entitlement for each **nonresidential** strata lot is:

- (a) the total area of the strata lot, in square metres, rounded to the nearest whole number as determined by a British Columbia land surveyor as set out in section 246(3)(b)(i) of the *Strata Property Act*.

Certificate of British Columbia Land Surveyor

I, John C. Theed, a British Columbia Land Surveyor, certify that the following table reflects the habitable area of each nonresidential strata lot.

November 2nd, 2007



John C. Theed B.C.L.S.

Strata Lot No.	Sheet No.	Total Area in Square Metres	Unit Entitlement	% of Total Unit Entitlement
S.L. 32	24	353.5	353	100
Total Number Of Nonresidential Strata Lots 1			Total Unit Entitlement of Nonresidential Strata Lots 353	

% of Total Entitlement of all Strata Lots
7.791%

Schedule of Unit Entitlement Approved by the Superintendent of Real Estate in accordance with section 246(5) of the *Strata Property Act*.

for ANA DIAS - GALVAO
Signature of the Superintendent of Real Estate
by ANA DIAS - GALVAO (Real Estate officer)

Date: 09. November. 2007.

Ronay Matthew.
Signature of Owner-Developer
LOWES RESORT MARINE COMMUNITY LTD.
By its Authorized Signatory
RONAYE MATTHEW

Strata Property Act

Form W

[am. B.C. Reg. 203/2003, s. 5.]

SCHEDULE OF VOTING RIGHTS

(Sections 245 (b), 247, 248, 264)

Re: Strata Plan BCS 2634 being a strata plan of

Parcel Identifier: 026-735-351

Parcel H District Lot 1023 Group 1 New Westminster District Plan BCP 24781

The strata plan is composed of one (1) nonresidential strata lot, and thirty-one (31) residential strata lots.

The number of votes per strata lot is one of the following, as set out in the following table.

(a) the number of votes per residential strata lot, if any, is 1, and the number of votes per nonresidential strata lot is calculated in accordance with section 247 (2) (a) (ii) of the *Strata Property Act*.

OR

(b) the strata plan is composed entirely of nonresidential strata lots, and the number of votes per strata lot is calculated in accordance with section 247 (2) (b) of the *Strata Property Act*.

OR

(c) the number of votes per strata lot is approved by the Superintendent of Real Estate in accordance with section 248 of the *Strata Property Act*.

.....
Signature of Superintendent of Real Estate

Strata Lot No.	Type of Strata Lot (Residential or Nonresidential)	Sheet No.	Number of Votes
Total number of strata lots:	<i>SEE ATTACHED</i>		Total number of votes:

Date: November 09, 2007

LOWES RESORT MARINE COMMUNITY LTD. (Registered Owner)

by its Authorized Signatory:

Ronay Matthew

.....
RONAYE MATTHEW

SCHEDULE for Form W

Strata Lot No.	Type of Strata Lot	Sheet No.	Number of Votes
S.L.1	Residential	9	1
S.L.2	Residential	9	1
S.L.3	Residential	9	1
S.L.4	Residential	10, 11	1
S.L.5	Residential	10, 11	1
S.L.6	Residential	10, 11	1
S.L.7	Residential	12, 13	1
S.L.8	Residential	13	1
S.L.9	Residential	13	1
S.L.10	Residential	13	1
S.L.11	Residential	13	1
S.L.12	Residential	14, 15	1
S.L.13	Residential	14, 15	1
S.L.14	Residential	14, 15	1
S.L.15	Residential	14, 15	1
S.L.16	Residential	14, 15	1
S.L.17	Residential	16	1
S.L.18	Residential	17	1
S.L.19	Residential	17	1
S.L.20	Residential	17	1
S.L.21	Residential	17	1
S.L.22	Residential	18, 19	1
S.L.23	Residential	18, 19	1
S.L.24	Residential	18, 19	1
S.L.25	Residential	18, 19	1
S.L.26	Residential	21	1
S.L.27	Residential	21	1
S.L.28	Residential	21	1
S.L.29	Residential	22, 23	1
S.L.30	Residential	22, 23	1
S.L.31	Residential	22, 23	1
S.L.32	Non-Residential	24	3
Total Number of Strata Lots:			Total Number of Votes:
32			34