MULTIVISION COMMUNICATIONS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

DAVIDSON & COMPANY LLP — Chartered Accountants — A Partnership of Incorporated Professionals

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Multivision Communications Corp.

We have audited the accompanying consolidated financial statements of Multivision Communications Corp. which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations and deficit, comprehensive loss and accumulated comprehensive loss, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Multivision Communications Corp. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Multivision Communications Corp. is currently operating at a loss. This condition along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about Multivision Communication Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 29, 2011

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

MULTIVISION COMMUNICATIONS CORP.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2010	2009
ASSETS		
Current		
Cash and equivalents	$ 474	$ 461,372
Accounts receivable and prepaid expenses	20,151	366,612
	20,625	827,984
Property, equipment and software (Note 5)	-	3,695,627
	$ 20,625	$ 4,523,611
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	$ 75,151	$ 2,299,689
Deferred revenue	-	678,752
Current portion of long-term debt	-	615,311
Redeemable preference shares (Note 7)	-	49,674,980
	75,151	53,268,732
Long-term debt (Note 6)	-	774,481
	75,151	54,043,213
Shareholders' deficiency		
Capital stock (Note 8)	20,262,572	20,262,572
Deficit	(20,317,098)	(70,074,967)
Accumulated other comprehensive income	-	292,793
	(54,526)	(49,519,602)
	$ 20,625	$ 4,523,611

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

On behalf of the Board:

_______________________ Director
Altaf Nazerali

_______________________ Director
Cristobal Roda

The accompanying notes are an integral part of these consolidated financial statements.

MULTIVISION COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2010	2009
REVENUE		
Subscriber	$ 9,531,862	$ 9,409,363
WIFI	119,154	152,624
Other	415,408	356,326
	10,066,424	9,918,313
OPERATING COSTS		
Programming	3,467,967	3,630,558
Technical operations	505,275	503,065
Sales and marketing	730,667	603,866
Administration	1,816,237	1,647,546
Customer service	1,235,747	1,262,743
WIFI service	19,545	49,998
	7,775,438	7,697,776
Income before amortization and other expenses	2,290,986	2,220,537
Amortization	(790,563)	(717,758)
Income before other expenses	1,500,423	1,502,779
OTHER EXPENSES		
Long-term debt interest	114,048	144,522
Accretion of redeemable preference shares	4,053,480	3,747,672
Gain on redemption of preferred shares (Note 4)	(53,134,896)	-
	(48,967,368)	3,892,194
Income (loss) before income taxes	50,467,791	(2,389,415)
Income taxes (Note 12)	(709,922)	(645,548)
Net income (loss) for the year	49,757,869	(3,034,963)
Deficit, beginning of year	(70,074,967)	(67,040,004)
Deficit, end of year	$ (20,317,098)	$ (70,074,967)
Income (loss) per common share – basic and diluted	$ 3.76	$ (0.23)
Weighted average number of common shares outstanding	13,231,466	13,231,466

The accompanying notes are an integral part of these consolidated financial statements.

MULTIVISION COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
AND ACCUMULATED OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31

	2010	2009
Net income (loss) for the year	$ 49,757,869	$ (3,034,963)
Other comprehensive income for the year		
Cumulative translation adjustment	(292,793)	(241,005)
Comprehensive income (loss) for the year	$ 49,465,076	$ (3,275,968)
Accumulated other comprehensive income, beginning of year	$ 292,793	$ 533,798
Other comprehensive income (loss)	(292,793)	(241,005)
Accumulated other comprehensive income, end of year	$ -	$ 292,793

The accompanying notes are an integral part of these consolidated financial statements.

MULTIVISION COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	$ 49,757,869	$ (3,034,963)
Items not involving cash:		
Amortization	790,563	717,758
Accretion of redeemable preference shares	4,053,480	3,747,672
Gain on redemption of preferred shares	(53,134,896)	-
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	134,497	(6,604)
Accounts payable and accrued liabilities	(182,628)	247,336
Deferred revenue	(24,428)	88,350
Net cash flows provided by operating activities	1,394,457	1,759,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,674,056)	(1,991,041)
Disposal of subsidiaries	(574,700)	-
Net cash flows used in investing activities	(2,248,756)	(1,991,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt, net of repayment	387,395	404,196
Net cash flows provided by financing activities	387,395	404,196
Effect of foreign exchange rate changes on cash balances	6,006	44,408
Change in cash and equivalents	(460,898)	217,112
Cash and equivalents, beginning of year	461,372	244,260
Cash and equivalents, end of year	$ 474	$ 461,372
Supplementary information:		
Interest paid	$ 112,926	$ 147,442
Income taxes paid	350,819	339,619

Non-cash investing and financing transactions for the year ended December 31, 2010:
Disposal of subsidiaries in exchange for redemption of redeemable preference shares at a value of $53,728,460.

There were no significant non-cash transactions during the year ended December 31, 2009.

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Multivision Communications Corp. (the "Company") was incorporated under the laws of British Columbia on May 14, 1987. Commencing in 1996, the Company's business activities have been directed towards the operation of a wireless cable television business in Bolivia. This business has been developed, in part, through the acquisition of Multivision S.A. ("Multivision"), TeleVideo Codificado S.A. ("TVC"), effective July 8, 1996, Multivision Sucre S.R.L. ("Sucre") effective in September 1996 and Telecine S.A. ("Telecine") in November 1997.

In December 2010, the Company redeemed the Preferred Shares in exchange for the assignment and transfer to the Preferred Shareholders of all the issued and outstanding shares of Multivision Investments Inc. ("MII"), a Barbadian wholly-owned subsidiary of the Company, which directly owns Multivision Holdings Inc. and indirectly owns Multivision S.A., the Company's Bolivian operation. The assignment and transfer of the MII shares satisfied the Company's obligations to the Preferred Shareholders to redeem the Preferred Shares. See Note 4.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. At December 31, 2010, the Company had a working capital deficiency of $54,526 and an accumulated deficit of $20,317,098.

The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders. Management is of the opinion that sufficient working capital will be obtained from public share offerings to meet the Company's liabilities and commitments as they come due.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements include the accounts of the Company and its direct and indirect subsidiaries, all of which were wholly owned until December 31, 2010 when the Company's subsidiaries were disposed. All material inter-company balances and transactions have been eliminated.

Cash and equivalents

Cash and equivalents are represented by short-term investments having terms to maturity of three months or less when acquired.

Property, equipment and software

Property and equipment are recorded at cost and include all costs of head-ends, subscriber equipment and the cost of the initial subscriber installation. Costs of all other subscriber connections and disconnections are expensed as incurred.

CATV software development costs are recorded at cost and are being amortized on a straight-line basis over their estimated useful life of 10 years. Such costs include amounts assigned to subscriber bases acquired.

Property, equipment and software are amortized over their estimated useful lives as follows:

Asset	Basis	Life
Towers, head-ends and transmitters	Straight-line	8 years
Subscriber equipment	Straight-line	8 years
Computer equipment	Straight-line	4 years
Vehicles and other	Straight-line	5 years
Buildings	Straight-line	40 years
Furniture	Straight-line	10 years
CATV software	Straight-line	4 years

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. When the carrying value exceeds such cash flows, an impairment charge is recognized for the excess.

Foreign exchange

The Company's subsidiaries are considered to be self-sustaining foreign operations. Accordingly, assets and liabilities are translated into Canadian dollar equivalents at rates of exchange in effect at the balance sheet date. Transactions which impact the determination of loss are translated at rates approximating those in effect on the transaction dates. Exchange gains and losses on this translation are excluded from the determination of loss and disclosed as the cumulative translation adjustment in shareholders' deficiency in the consolidated balance sheets. Other foreign currency gains or losses that arise on the translation of monetary transactions incurred in a foreign currency into the appropriate functional currency are included in the determination of loss.

Stock-based compensation

The Company has a stock option plan, which is described in Note 8. The Company accounts for all stock-based payments, and awards that are direct awards of stock, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, using the fair value based method. Consideration paid on the exercise of stock options is recorded as capital stock.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported or disclosed in the financial statements. Actual amounts may differ from these estimates. Significant accounts that require estimates relate to the estimated useful lives for property, equipment and software and the evaluation allowance for future income tax assets.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Revenue recognition

Revenue from wireless cable television subscription fees is recognized in the period in which the services are rendered to the customer and collection is reasonably assured.

Cash received in advance of services performed is recorded as deferred revenue.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. To the extent that it is not considered to be more likely than not that a deferred tax asset will be realized, a valuation allowance is provided.

Income (Loss) per share

The Company calculates basic income (loss) per share by dividing loss available to common shareholders by the weighted average number of common shares outstanding. Diluted net income (loss) per share is calculated using the treasury stock method. The treasury stock method assumes that proceeds to be received on the exercise of dilutive securities are applied to repurchase common shares at the average market price for the period. For convertible securities, the weighted average number of outstanding shares is adjusted for the shares to be issued on conversion. During the years presented, all potential common shares issuable on conversion of preferred shares have been excluded from the calculation of income (loss) per share as this effect would be anti-dilutive.

Financial instruments

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its cash and cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities, redeemable preference shares and long term debt are classified as other financial liabilities.

Disclosures are provided about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

> Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
> Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
> Level 3 – Inputs that are not based on observable market data.

See Note 11 for relevant disclosures.

Comprehensive income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements" and CICA 1602, "Non-controlling Interest"

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The ASB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the ACSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's first annual IFRS financial statements will include the comparative period of 2010. Starting the first quarter of 2011, the Company will provide unaudited consolidated financial information in accordance with IFRS including comparative figures for 2010.

4. DISPOSAL OF SUBSIDIARIES

On December 31, 2010, the Company redeemed the preferred shares in exchange for the assignment and transfer to the preferred shareholders of all the issued and outstanding shares of MII which directly owns Multivision Holdings Inc. and indirectly owns Multivision S.A., the Company's Bolivian operation. The assignment and transfer of the MII shares satisfied the Company's obligations to the preferred shareholders to redeem the preferred shares.

The summary of the net assets of the subsidiaries disposed for the redemption of preferred shares, which had a carrying value of $53,728,460 on the date of redemption, is as follows:

Cash	$	574,700
Accounts receivables and prepaid expenses		256,726
Inventory		209,644
Property, equipment and software		4,038,424
Accounts payable and accrued liabilities		(2,632,829)
Long term debt (including current portion)		(1,687,162)
Net assets	$	759,503

The Company also disposed of a cumulative translation adjustment related to the disposed subsidiaries of $165,939 resulting in a gain on redemption of preferred shares of $53,134,896.

5. PROPERTY, EQUIPMENT AND SOFTWARE

	2010	2009
Towers, head-ends and transmitters	$ -	$ 6,805,609
Subscriber equipment	-	20,483,842
Buildings, land, computer equipment, vehicles and other	-	2,590,757
CATV software	-	270,454
	-	30,150,662
Accumulated amortization	-	(26,455,035)
	$ -	$ 3,695,627

All of the Company's property and equipment was situated in Bolivia and as a result of the transference of all the shares of MII to the preferred shareholders which included the Bolivian operation the Company has no property and equipment at December 31, 2010.

6. LONG-TERM DEBT

At December 31, 2010, the Company had no long term debt. In 2009, all loan agreements in Multivision S.A. were with Banco Mercantil S. A. and Banco Mercantil Santa Cruz S.A. in Bolivia. The Company had various lines of credit both for operating and for capital investment. The long-term debt was secured by certain land, buildings and equipment owned by the Company in Bolivia, the unlimited guarantee of a significant shareholder, and assignment of the Company's subscriber revenues originating in La Paz, Bolivia.

Long term debt with Banco Mercantil S.A. and Banco Mercantil Santa Cruz S.A. in Bolivia consists of the following:

	2010	2009
Advances on lines of credit:		
Advances on lines of credit bearing interest at rates ranging from 5.82 % to 13.85% per annum.	$ -	$1,385,840
Interest payable	-	3,952
	-	1,389,792
Current portion of loans payable	-	(615,311)
	$ -	$ 774,481

7. REDEEMABLE PREFERENCE SHARES

Authorized:
25,000,000 preference shares without par value, issuable in series.

The following series of preference shares have been authorized:

i) 7,081,060 Series A voting, preference shares at an assigned value of $2 per share; and

ii) 1,544,710 Series B non-voting, preference shares at an assigned value of $2 per share.

During fiscal 2010, the Company redeemed its Preferred Shares on the disposal of its subsidiaries (Note 4).

Due to the existence of the cash redemption obligation, the carrying value of these preference shares was determined to be equal to the fair value of the redemption liability. Accordingly, the Series A and Series B preference shares have been classified outside of shareholders' equity and are being accreted to be consistent with changes in the conversion and redemption amount. For the year ended December 31, 2010, accretion was $4,053,480 (2009 - $3,747,672), prior to redemption.

Issued:

	2010	2009
7,081,060 preference shares, Series A	$ -	$ 40,779,155
1,544,710 preference shares, Series B	-	8,895,825
	$ -	$ 49,674,980

The Series A and Series B preference shares were issued for cash consideration in 1996.

8. CAPITAL STOCK

Common shares

Authorized:
100,000,000 common shares without par value

Issued:

	Number of Shares	Amount
Balance, December 31, 2008, 2009 and December 31, 2010	13,231,466	$ 20,262,572

Share purchase options

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less an applicable discount, subject to a minimum price of $0.10. The options can be granted for a maximum term of 5 years. The maximum number of shares reserved for issuance under the plan is equal to 1,323,146.

There are no stock options outstanding as at December 31, 2010.

9. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and any outstanding redeemable preference shares. The board of directors does not define a quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements. The Company has raised capital to fund its corporate and operational costs through the sale of its common shares and redeemable preference shares.

10. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere included in expenses are management, consulting and administrative fees of $371,554 (2009 -$303,388) charged by officers and directors of the Company.

Included in accounts payable and accrued liabilities are fees due to officers and companies with an officer in common are amounts totaling $75,160 (2009 - $78,031). The charges are deemed in every case to be reasonable relative to open market rates for similar services.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. FINANCIAL INSTRUMENTS

Fair values:

The fair value of the Company's financial instruments, represented by accounts receivable, accounts payable and accrued liabilities, the amount outstanding under long-term debt and the redemption value of the outstanding preferred shares, approximates their carrying values due to their immediate or short-term to maturity or, with respect to the long-term debt and redeemable preferred shares, the carrying values are based on third party negotiated yield rates on which management does not believe the risk premium will have materially changed to December 31, 2010. Cash is carried at fair value using a level 1 fair value measurement.

Credit risk:

The Company has no credit risk as at December 31, 2010.

Exchange risk:

During fiscal 2010, prior to the disposal of the Company's subsidiaries, the Company's primary operations were in Bolivia and generated revenues and incurred certain costs in Bolivianos, the local currency. A significant portion of this operation's transactions are originally or effectively denominated in U.S. dollars. Accordingly, the results of operations were affected by fluctuations in the different currencies. As at December 31, 2010, the Company had negligible accounts in U.S. dollars and none in Bolivianos.

Interest rate risk:

As at December 31, 2010, the Company has no bank debt. Prior to December 31, 2010, the Bolivian operation had various loans and lines of credit and was therefore exposed to financial risks arising from fluctuation in interest rates.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is exposed to liquidity risk arising from its significant working capital deficiency of $54,526 at December 31, 2010.

12. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates to loss before income taxes. Income tax expense included in the determination of loss represents transaction tax payments in Bolivia that are eligible to reduce income tax liabilities in the future. The tax benefit of losses for tax purposes in the years presented has been fully offset by valuation allowances.

The Company's future income tax assets are as follows:

	2010	2009
Future income tax assets:		
Benefit of loss carry forwards	$ 55,677	$ 299,743
Furniture, fixtures and computer equipment	12,643	12,643
	68,320	312,386
Valuation allowance	(68,320)	(312,386)
	$ -	$ -

As at December 31, 2010, the Company has non-capital loss carry forwards in Canada aggregating $1,100,000 available to reduce taxable income otherwise calculated in future years.

These losses in Canada, if not utilized, will expire up to 2030. The tax benefits of these loss carry forwards, the application of which may be restricted, has not been recognized in these financial statements as management does not consider it more likely than not that such assets will be realized in the carry forward period.

13. SUBSEQUENT EVENTS

Reverse Split of Common Shares:

In conjunction with the redemption of the preferred shares, on December 2, 2010, the shareholders of the Company approved a 5 for 1 split of the outstanding common shares. On January 24, 2011, the outstanding common shares were reduced from 13,231,466 to 2,646,296.

Private Placement (post reverse-split):

On April 15, 2011, the Company announced that it closed a non-brokered private placement of 3,000,000 units at a price of $0.15 per unit for gross proceeds of $450,000. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share of the Company up to April 15, 2013, at an exercise price of $0.20 per share. The units, common shares, warrants and per share amounts are presented and issued on a post reverse-split basis.