

Financial Statements of

SENTERNET TECHNOLOGIES INC.

Years ended December 31, 2010 and 2009

AUDITORS' REPORT

To the Shareholders of:
Senternet Technologies Inc.

We have audited the balance sheets of **Senternet Technologies Inc.** as at December 31, 2010 and 2009, and the statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company 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.

John Scholz CA

Toronto, Ontario
April 1, 2011

"signed"
Chartered Accountant
Licensed Public Accountant

SENTERNET TECHNOLOGIES INC.

Balance Sheet

December 31, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 1,084	514
Accounts receivable	439	177
Deposit (Note 4)	5,000	5,000
	<u>6,523</u>	<u>5,691</u>
Marketable securities (100,000 common shares – All World Resources Corp.)	10,000	10,000
	<u>\$ 16,523</u>	<u>15,691</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 168,120	150,567
Shareholders' equity:		
Capital stock (note 7)	3,036,071	3,036,071
Deficit	(3,187,668)	(3,170,947)
	<u>(151,597)</u>	<u>(134,876)</u>
	<u>\$ 16,523</u>	<u>15,691</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

____ signed _____ "Ron Haller, Director"

____ signed _____ "Peter Wood, Director"

SENTERNET TECHNOLOGIES INC.

Statements of Earnings

Years ended December 31, 2010 and 2009

	2010	2009
Revenue	\$ -	-
Expenses:		
Administrative expenses	16,721	17,995
	16,721	17,995
Net earnings (loss)	\$ (16,721)	(17,995)
Net income (loss) per share	\$ (0.003)	(0.003)

See accompanying notes to financial statements.

SENTERNET TECHNOLOGIES INC.

Statements of Retained Earnings

Years ended December 31, 2010 and 2009

	2010	2009
Retained earnings (Deficit), beginning of year	\$(3,170,947)	(3,152,952)
Net earnings (loss)	(16,721)	(17,995)
Retained earnings (Deficit), end of year	\$(3,187,668)	(3,170,947)

See accompanying notes to financial statements.

SENTERNET TECHNOLOGIES INC.

Statement of Cash Flows

Years ended December 31, 2010 and 2009

	2010	2009
Operating Activities:		
Net earnings (loss)	\$ (16,721)	(17,995)
Changes in non-cash working capital:		
Accounts receivable	(262)	(8)
Accounts payable	17,553	18,012
Cash provided by (Expended in) Operating Activities	570	9
Investment Activities:		
Issuance of common shares	-	-
Cash provided by (Expended in) Investing Activities	-	-
Increase (decrease) in cash	570	9
Cash and cash equivalents, beginning of year	514	505
Cash and cash equivalents, end of year	\$ 1,084	514

See accompanying notes to financial statements.

SENTERNET TECHNOLOGIES INC.

Notes to Financial Statements

Years ended December 31, 2010 and 2009

1. FUTURE OPERATIONS

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The company has sustained losses in recent years and has accumulated a deficit of \$3,187,668 at December 31, 2010. The ability of the company to continue as a going concern is dependent on the company's ability to generate future profitable operations and receive the continued financial support of the shareholders and obtain additional financing.

The financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of the assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on account and demand deposits.

Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options using the treasury stock method.

Use of Estimates

The preparation of these financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Stock Based Compensation

The Company accounts for its stock option plan using the fair value method. The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option pricing model and expensed over the service period which equals the vesting period. The stock option expense for the year ended December 31, 2010 was \$NIL (2009 -\$NIL).

SENTERNET TECHNOLOGIES INC.

Notes to Financial Statements

Years ended December 31, 2010 and 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ... continued

Future 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. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, future income taxes are recognized for temporary differences between the tax and financial statement bases of assets and liabilities and for certain carry forward items. Future income tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results would differ from those estimates.

Foreign Currency Translation

The Company translates its foreign denominated monetary assets and liabilities at the exchange rate prevailing at year-end. Non-monetary assets and liabilities are translated at historic rates. Revenues and expenses are translated at the rate of exchange in effect at the time of the transaction. Exchange gains or losses are included in operations.

3. CHANGES IN ACCOUNTING POLICY

(a) Financial Instruments

Effective January 1, 2006, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; and Section 3865, Hedges, retroactively without restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006,

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Notes to Financial Statements

Years ended December 31, 2010 and 2009

3. CHANGES IN ACCOUNTING POLICY ... continued

provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is de-recognized or impaired at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities and debenture, are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity instruments during the year ended December 31, 2010.

The Company had no "other comprehensive income or loss" transactions during the year ended December 31, 2010 and no opening or closing balances for accumulated other comprehensive income or loss.

The Company reviewed significant contracts entered into on or after January 1, 2003 and determined that there were no significant embedded derivatives or non-financial derivatives that require separate fair value recognition on the consolidated balance sheet.

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Notes to Financial Statements

Years ended December 31, 2010 and 2009

3. CHANGES IN ACCOUNTING POLICY ... continued

(b) Non-monetary Transactions

Effective January 1, 2006, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3831, Non-monetary Transactions prospectively. This standard requires all non-monetary transaction be measured at their fair value unless they meet one of the four criteria. Commercial substance replaces culmination of the earnings process as the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstances of the entity. The adoption of this standard had no impact on the Company's consolidated financial statements.

(c) Recent Accounting Pronouncement

Convergence with International Financial Reporting Standards

In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace the Canadian GAAP for publically accountable enterprises for financial periods beginning on and after January 1, 2011. The company's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant information on a comparable basis, as well as reconciliations for that quarter and as at the January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The company is currently undertaking a study to fully determine the impact on the consolidated results.

4. DEPOSIT

At the annual and special meeting of shareholders held May 1, 2006, a resolution was approved, to acquire up to 49% of the common shares of Real Fun Gifts Inc., a company that has interests in lifestyle properties. A deposit of \$5,000 towards the acquisition was paid.

SENTERNET TECHNOLOGIES INC.

Notes to Financial Statements

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5. INCOME TAXES

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers projected future taxable income uncertainties related to the industry in which the Company operates and tax planning strategies in making this assessment. The income tax benefit in the consolidated statements of operations and comprehensive income differs from the amount that would be computed by applying the federal and provincial statutory income tax rate of 36% for the years ended December 31, 2010 and 2009 to loss for the year.

	<u>2010</u>	<u>2009</u>
Income tax recovery based on statutory rate	\$(1,140,675)	\$(1,137,665)
Unrecorded tax benefit of losses	<u>1,140,675</u>	<u>1,137,665</u>
	<u>\$ -</u>	<u>\$ -</u>

The company has losses for income tax purposes which are available to reduce taxable income in future periods. Such benefits will be recorded as an adjustment to the income tax provision in the year realized.

- Non-capital losses of \$180,228 available for application against future years' income, which will expire over the years to 2012
- Capital losses of \$917,398 available for application against future years' capital gains, with no expiry date.
- Resource expenditures of \$1,264,962 available for application against future years' income, with no expiry date.

6. RELATED PARTY TRANSACTIONS

During the year, the company paid \$16,721 to companies controlled by directors for administration, accounting and office services (2009- \$16,152)

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7. CAPITAL STOCK

The Company is authorized to issue an unlimited number of common shares. Common shares issued and fully paid are as follows:

	Number of shares	Amount
Balance as at December 31, 2009	6,694,330	\$3,036,071
Issuance of common shares	<u> -</u>	<u> -</u>
Balance as at December 31, 2010	<u>6,694,330</u>	<u>\$3,036,071</u>

STOCK OPTIONS

The company maintains a share option plan (the "Plan") for the benefit of management, directors, officers and employees. The Plan provides that the aggregate number of common shares available for issuance pursuant to options granted under the Plan is limited to 5,000,000 common shares. In general, the maximum number of common shares reversed for issuance in respect of any one individual may not exceed 5.0%, or in respect of insiders of the company, may not exceed 10.0% of the number of common shares issued and outstanding.

Options are granted under the Plan at the discretion of the Board of Directors at exercise prices determined as the trading prices of the company's common shares on the Toronto Stock Exchange on the day preceding the effective date of the grant. In general, options granted under the Plan vest over the period of up to a maximum of five years from the grant date and expire no later than the fifth anniversary of the date of grant. As at the balance sheet date there are no stock options issued or outstanding.