BLUE VISTA TECHNOLOGIES INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

INDEX

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INDEPENDENT AUDITORS REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Vista Technologies Inc., which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of (loss) income and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting standards and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit 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 disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Blue Vista Technologies Inc. as at December 31 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statement which indicates that there is uncertainty as to the Company's ability to discharge its liabilities as they become due. In addition, There is no guarantee as indicated on Note 1 that the Company's development projects will yield positive results or that the Company will be able to obtain the necessary financing to carry out the development of its projects. This condition, along with other matters, indicates doubt about the Company's ability to continue as a going concern.

April 29, 2011

Rich Rotstein LLP

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BLUE VISTA TECHNOLOGIES INC.

BALANCE SHEETS
AS AT DECEMBER 31, 2010 AND 2009

		December 31, 2010		December 31, 2009
ASSETS				
Current				
Cash	$	783,776	$	12,375
Accounts receivable		14,703		-
Subscription receivable		130,000		-
Prepaid expenses		5,775		-
	$	934,254	$	12,375
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7(a))	$	912,666	$	820,301
Notes payable (Note 3)		188,597		188,597
		1,101,263		1,008,898
Future tax liability (Note 4)		108,500		-
		1,209,763		1,101,263
SHAREHOLDERS' EQUITY				
Share capital (Note 5(b))		8,581,319		7,809,918
Share subscriptions (Note 5(b)(i))		-		12,500
Contributed surplus (Note 6)		152,527		51,928
Deficit		(9,009,355)		(8,870,869)
		(275,509)		(996,523)
	$	934,254	$	12,375

Going Concern (Note 1)

Approved on Behalf of the Board

'Chris Irwin' Director

'Alex Falconer' Director

See accompanying notes to the audited financial statements

BLUE VISTA TECHNOLOGIES INC.

STATEMENTS OF (LOSS) INCOME AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Year Ended December 31, 2010	2009
Expenses		
Operating expenses	$ 189,507	$ 41,827
	189,507	41,827
Loss before undernoted items	(189,507)	(41,827)
Interest income	-	58
Other income	300	
Forgiveness of loan payable and accounts payable	50,721	47,580
Net (loss) income	(138,486)	5,811
Deficit, beginning of year	(8,870,869)	(8,876,680)
Deficit, end of year	$ (9,009,355)	$ (8,870,869)
Basic and fully diluted (loss) earnings per share (Note 2(h))	$ (0.027)	$ 0.001
Weighted average number of shares	5,211,220	3,905,576

See accompanying notes to the audited financial statements

BLUE VISTA TECHNOLOGIES INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

	Year Ended December 31, 2010	2009
OPERATING ACTIVITIES		
Net income (loss) for the year	**$ (138,486)**	$ 5,811
Non-cash items included in net loss		
Forgiveness of loan payable and accounts payable	**(50,721)**	(47,580)
Changes in non-cash working capital		
Accounts receivable	**(144,703)**	-
Prepaid expenses	**(5,775)**	-
Accounts payable and accrued liabilities	**143,086**	18,592
Cash provided by (used in) operating activities	**(196,599)**	(23,177)
FINANCING ACTIVITIES		
Issuance of common shares	**968,000**	-
Share subscriptions		12,500
Due to(from) directors	**-**	17,451
Cash provided by (used in) financing activities	**968,000**	29,951
Net increase in cash	**771,401**	6,774
Cash, beginning of year	**12,375**	5,601
Cash, end of year	**$ 783,776**	$ 12,375
SUPPLEMENTAL INFORMATION		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

See accompanying notes to the audited financial statements

1. NATURE OF OPERATIONS

Blue Vista Technologies Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on December 9, 1995.

There is uncertainty as to the Company's ability to discharge its liabilities as they become due.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There is no guarantee that the Company's development projects will yield positive results or that the Company will be able to obtain the necessary financing to carry out the development of its projects. If on-going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of liabilities, reported expenses and the balance sheet classifications used. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

a) New accounting policies

The following are the significant accounting policies used in the preparation of the financial statements:

General Standards of Financial Statement Presentation

CICA Section 1400, "General Standards of Financial Statement Presentation", was amended June 2007 to include guidance on an entity's ability to continue as a going concern. The revised standard explicitly requires management to assess and disclose the entity's ability to continue as a going concern.

b) Financial instruments and financial risk management

The Company's financial instruments are comprised of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, notes payable and contract payable. The fair values of the Company's financial instruments approximate their carrying values because of their immediate or short term maturities.

Credit risk: Financial instruments that could potentially subject the Company to concentrations of credit risk consist of trade accounts receivable. The Company does not have any trade accounts receivable as at the year end.

Currency risk: Foreign exchange risk is managed internally by the Company. Management is of the opinion that the Company is not exposed to significant currency risk outside of the normal scope of operations.

Environmental risk: The Company is exposed to environmental risk at its potential exploration sites. Management is not aware of any environmental contamination problems as at the year end.

c) Flow Through shares

Shares issued under flow through financing are recorded at their selling price. Under the terms of the Flow Through share agreements, the tax benefits of the exploration and development expenses are renounced in favour of the investors. The Company records the future tax effect related to renounced deductions to investors provided there is reasonable assurance that the expenses will be incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition

Revenue generated from the technology is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the Company's price to the customer is fixed or determinable and collection of the resulting receivable is reasonably assured.

e) Stock-based compensation and other stock-based payments

The Company uses the fair value method of accounting for the share option plan. Under this method, compensation cost is measured at fair value using the Black-Scholes option pricing model at the date of grant and expensed over the vesting period of the option. The Company has not incurred any stock-based compensation or other stock-based payments as at the year end.

Transactions to acquire goods or services by granting equity instruments are accounted for based on the fair value of the equity instruments granted or the fair value of the consideration received, whichever is more reliably measured. The asset or cost is recognized in the same period as if the Company had paid cash for the goods and services.

f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income taxes are based on the differences between assets and liabilities reported for accounting purposes from those reported for income tax purposes. The rates used in the future income tax calculation are those enacted or substantively enacted at the time of the calculation. The effect of a change in rates on future income tax assets and liabilities is recognized in income in the period in which the change occurs. If the realization of future income tax assets is not considered likely, a valuation allowance is provided.

g) Foreign currency translation

Foreign currency transactions are translated into Canadian funds at the exchange rate in effect at the date of exchange. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date.

h) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive instruments. In periods when the Company reports a net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's warrants have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, such value is subject to measurement uncertainty. The Company has no stock options outstanding as at the year end.

Other significant areas that require the use of management judgment relate to the identification and capitalization of deferred exploration costs, amounts recorded for related party transactions and balances, financial instrument valuations, future income tax valuation reserves and the existence of asset retirement obligations. Actual results could differ from these estimates.

j) Future accounting pronouncements

Accounting Pronouncements

The CICA issued the following accounting standards which are applicable to, and will be effective for, the Company as of January 1, 2009:

i. Business Combination/Consolidated Financial Statements/Non-Controlling Interests.

In January 2009, the CICA adopted sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements and 1602 - Non-Controlling Interest which superseded current sections 1581 - Business Combinations and 1600 - Consolidated Financial Statements. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to International Financial Reporting Standards ("IFRS").

ii. Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Company to consider its own credit risk as well as tile credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The adoption of this standard is unlikely to have an impact on the valuation of the Company's financial assets and liabilities.

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Company, are as follows:

International Financial Reporting Standards ("IFRS")

Canada's Accounting Standards Board ("AcSB") ratified a plan that will result in Canadian GAAP being converged with IFRS by 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the mandatory transition date. Commencing with the interim period ended March 31, 2011 the Company will restate its comparative fiscal 2010 financial statements for annual and interim periods to be in accordance with IFRS including the restatement of the opening balance sheet as at January 1, 2010.

3. NOTES PAYABLE

	December 31, **2010**	2009
Unsecured advances from shareholders, directors and officers of the Company due on demand and are non-interest bearing (see note 12).	**$188,597**	$188,597

4. FUTURE TAX LIABILITY

Flow-through shares

In an effort to encourage investment in renewable energy projects the federal government has introduced rules allowing corporations to renounce Canadian exploration expenses (CEE) through flow-through shares. The investors holding these shares deduct the renounced expenses in accordance with tax legislation. In addition the government has a "look-back" rule which allows corporations one full year to incur expenses that have been renounced to flow-through shares investors in a previous year. In 2010, the corporation renounced $350,000 of eligible CEE expenses. For 2009, there is no renunciation to investors.

Under the liability of accounting for income taxes, the future income taxes related to the temporary difference arising at the renunciation date are recorded at that time together with a corresponding reduction to the carrying value of the shares issued (see note 5(b)).

5. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares

8,000,000 Class A preference shares, transferable, non-cumulative, non-retractable, redeemable on a performance basis for $1 per share over sixteen years, commencing subsequent to the sale of 50 PARCON units.

1,600,000 Class B preference shares, transferable, non-cumulative, non-retractable, redeemable on a performance basis for $1 per share over four years, commencing subsequent to the sale of 50 PARCON units.

(b) Issued and outstanding - Common shares:

	Number of Shares	Amounts
Balance, December 31, 2008	3,626,882	$ 7,768,993
Issued for services	278,694	27,869
Balance, December 31, 2009	3,905,576	7,796,862
Issued for cash (i)	1,460,000	73,000
Issued on share subscriptions (i)	250,000	12,500
Less: Fair value of warrant	-	(7,249)
Less: Cancellation of shares issued as part of tranch	(100,000)	(5,000)
Issued for cash (ii)	18,000,000	900,000
Less: Fair value of warrant	-	(93,350)
Tax effect of flow-through shares	-	(108,500)
Balance, December 31, 2010	23,515,576	8,568,263
Class A Preferred Shares	8,000,000	10,880
Class B Preferred Shares	1,100,000	2,176
Balance, December 31, 2010	**32,615,576**	**$ 8,581,319**

(i) Issued for cash

On March 10, 2010, the Company closed a first tranch, issuing 1,710,000 units at $0.05 per unit. Each unit consists of one common share and one half of one share purchase warrant (a "Warrant") each whole warrant shall entitle the holder thereof to purchase one common share for a period of one (1) year at a price per common share of $0.10 for the first year. The $12,500 in shares subscriptions received in cash in 2009 were for 250,000 common shares which were issued as part of this tranch.

(ii) Issued for cash

On December 31, 2010, the company issued 7 million flow-through units at a price of 10 cents per flow-through unit and 4 million regular units at a price of five cents per unit for total gross proceeds of $900,000. Each flow-through unit consists of one flow-through common share, one common share and one common-share purchase warrant exercisable for a period of one year after closing at a price of $0.10, and each unit consists of one common share and one common-share purchase warrant exercisable on or before Dec. 30, 2011 at a price of $0.10.

5. SHARE CAPITAL (CONTINUED)

(d) Stock options

The stock options outstanding at December 31, 2010 and December 31, 2009 are as follows:

	December 31, 2010			December 31, 2009		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of the year	**60,000**	**$**	**1.00**	60,000	$	1.00
Expired	**(60,000)**		**(1.00)**	-		-
Outstanding, end of the year	**-**	**$**	**-**	60,000	$	1.00

(d) Warrants

The following table summarizes warrants that have been issued during the year ended December 31, 2010

	Number of Warrants		Fair Value		Weighted Average Exercise Price	Expiry date
Balance, January 1, 2010	-	$	-	$	-	
Issued	855,555		7,249		0.10	March 31, 2011
Issued	11,000,000		93,350		0.10	December 31, 2011
Balance, December 31, 2010	**11,855,555**	**$**	**100,599**	**$**	**0.10**	

The fair value of warrants issued in for the year ended December 31, 2010 of $100,599 (2009 - $Nil) has been estimated using the Black-Scholes pricing model and this value has been disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of warrants were consistent with the assumptions used in the valuation of stock options and are as follows:

	December 31, 2010
Risk-free interest rate	1.63 - 1.68
Time to maturity	1.0 year
Estimated volatility in the market price of the common shares	75%
Dividend yield	Nil

6. CONTRIBUTED SURPLUS

		December 31, 2010		December 31, 2009
Balance, December 31, 2009	$	51,928	$	51,928
Fair value of warrants issued during the year (Note 5(b))		100,599		-
Balance, December 31, 2010	$	152,527	$	51,928

7. RELATED PARTY TRANSACTIONS

a) Included in accounts payable and accrued liabilities are management fees of $543,434 (December 31, 2009 - $502,758) to companies controlled by certain directors and officers in common with the Company, legal fees of $162,543 (December 31, 2009 - $108,225) due to a company controlled by a director in common with the Company, and interest on notes of $53,118 (December 31, 2009 - $53,118) due to certain directors and an officer of the Company and companies controlled by certain shareholders, directors and officers in common with the Company (see note 12).

b) Included in notes payable are advances of $188,597 (December 31, 2009 - $188,597) due to certain directors and an officer of the Company, companies controlled by certain shareholders, and companies controlled by a director and officer in common with the Company.

c) Included in operating expenses are legal fees of $52,401 (December 31, 2009 - $23,400) to a company controlled by a director of the Company.

The above transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. In management's opinion, the exchange amount was negotiated, established and agreed to by the related parties as if they were dealing at arm's length.

8. INCOME TAXES

(a) Income tax recovery

The reconciliation of income taxes attributable to operations computed at the combined statutory income tax rate of 31.0% (2009 - 33.5%) to income tax recovery is as follows:

		2010		2009
Loss (income) before income taxes	**$**	**138,486**	$	(5,811)
Income taxes payable (recovery) at combined statutory rate		**(42,931)**		1,947
Recognition of loss carried forwards		**-**		(1,947)
		(42,931)		-
Valuation allowance		**42,931**		-
Provision for income taxes	**$**	**-**	$	-

The Company recognized a portion of its loss carried forwards and as a result it made a small profit as at December 31, 2009.

(b) Future income tax assets

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The significant components of the Company's future income tax assets are as follows:

		2010		2009
Future income tax assets				
Investment tax credits	**$**	**8,549**	$	9,238
Non capital loss carry-forwards		**488,763**		582,032
Net future income taxes		**497,312**		591,270
Valuation allowance		**(497,312)**		(591,270)
Total future income tax assets	**$**	**-**	$	-

8. INCOME TAXES (CONTINUED)

The Company has provided a full valuation allowance against the future income tax assets as at December 31, 2010 due to uncertainties in the Company's ability to realize its net operating losses.

(c) Tax loss carry-forwards

The Company has an investment tax credit carryover of $27,578 (2009- $27,578) as at December 31, 2010 available to be offset in future years.

The Company has approximately $1,576,656 (2009- $1,737,410) of net operating losses as at December 31, 2010 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

2014	221,663
2015	439,312
2026	213,418
2027	353,830
2028	209,947
2030	138,486

9. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and to up-to-date market information.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative, financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Credit risk

The maximum exposure to credit risk is equal to the carrying amount of financial instruments classified as loans and receivables.

Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash and cash equivalents, these funds are primarily used to finance working capital, operating expenses, capital expenditures, dividends and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities, holding adequate amounts of cash and cash equivalents. The current year's budget is planned to be funded and cash and cash equivalents provide additional flexibility for short-term timing fluctuations.

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

The estimated fair values of purchased derivative financial instruments are recognized in the balance sheet in accounts receivable and accounts payable with resulting gains and losses being recognized in foreign exchange gain/(loss) in the statement of operations. These contracts have not been designated as hedges for accounting purposes.

The carrying value and fair value of these financial instruments at December 31, 2010 is disclosed below by financial instrument category as well as any related interest expense for the years ended December 31, 2010 and 2009:

	Year ended December 31, 2010			Year ended December 31, 2009		
Financial Instrument	**Carrying Value**	**Fair Value**	**Interest Expense**	Carrying Value	Fair Value	Interest Expense
Held for trading						
Cash	$ 783,776	$ 783,776	$ -	$ 12,375	$ 12,375	$ -
Loan and receivable						
Accounts receivable	$ 144,703	$ 144,703	$ -	$ -	$ -	$ -
Financial liabilities						
Other liabilities						
Accounts payable and accrued liabilities	$ 912,666	$ 912,666	$ -	$ 820,301	$ 820,301	$ -
Notes payable	$ 188,597	$ 188,597	$ -	$ 188,597	$ 188,597	$ -

There have been no changes to the classification on financial instruments since inception on January 1, 2008.

Due to the short term nature of these financial instruments, fair value approximates carrying value.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(a) To safeguard the Company's financial capacity and liquidity for future earning in order to continue to provide an appropriate return to shareholders and other stakeholders;

(b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and

(c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debts or equity or similar instruments, reduce debt levels, adjust the amount of dividends paid to shareholders, or make adjustments to its capital expenditure program.

The Company's objectives with regards to capital management remains unchanged from 2009.

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2006, the Canadian Accounting Standards Board published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The Standards Board plan outlines the convergence of Canadian Generally Accepted Accounting Principles ("GAAP") with International Financial Reporting Standards ("IFRS") over an extended five-year transitional period. In February, 2008, the Board 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 transition date of November 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. The Company will report under IFRS starting with the interim period ending March 31, 2011 with restatement for comparative purposes of amounts reported under Canadian GAAP.

12. SUBSEQUENT EVENTS

On December 30, 2010, the Company shareholders approved a proposal to settle a total of up to $1.1 million of debt through the issuance of up to 22 million common shares of the Company. The Company is waiting TSX Venture approval for the transaction.

The Company shareholders also approved special resolutions which would authorize the Company to: (i) to change the name of the Company to such other name as the directors of the Company may determine and may be acceptable to applicable regulatory authorities; (ii) increase the authorized capital of the Company by creating an unlimited number of special shares, issuable in series; (iii) converting each 100 issued and outstanding Class A preference shares and each 100 issued outstanding Class B preference shares (collectively referred to herein as the "Preference Shares") into one common share ("Common Share") of the Company; (iv) cancelling the unissued Preference Shares and deleting the rights, privileges and restrictions attached to such shares; (v) providing that a holder of shares of a class or series of the Company are not entitled to vote separately as a class or series and shall not be entitled to dissent in respect of certain proposals to amend the articles of the Company; and (vi) consolidating each of the issued and outstanding Common Shares by changing four (4) Common Shares, or such lesser amount as the directors of the Company may determine, into one (1) Common Share (1:4).