

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of Cortex Business Solutions Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Calgary, Alberta
March 26, 2010

Cortex Business Solutions Inc.
Consolidated Balance Sheets
(unaudited)

	January 31 2010	July 31 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 2,493,524	\$ 1,174,170
Accounts receivable	1,113,713	140,645
Prepays and deposits	77,056	94,080
Investments (note 3)	<u>-</u>	<u>1,040,000</u>
	3,684,293	2,448,895
Property and equipment (note 4)	<u>403,863</u>	<u>390,358</u>
	<u>\$ 4,088,156</u>	<u>\$ 2,839,253</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5(c))	\$ 591,006	\$ 500,184
Deferred revenue	<u>701,207</u>	<u>350,575</u>
	1,292,213	850,759
Deferred revenue	<u>1,326,450</u>	<u>87,599</u>
	<u>2,618,663</u>	<u>938,358</u>
Shareholders' Equity		
Share capital and warrants (note 5)	13,378,148	13,180,927
Contributed surplus (note 5(d))	2,418,581	2,231,111
Deficit	<u>(14,327,236)</u>	<u>(13,511,143)</u>
	<u>1,469,493</u>	<u>1,900,895</u>
	<u>\$ 4,088,156</u>	<u>\$ 2,839,253</u>
Going concern (note 1)		
Commitments (note 8)		
Contingency (note 9)		
Subsequent events (note 13)		
See accompanying notes		
Approved by the Board:		
(Signed) "Art Smith", Director		
(Signed) "Doug Lailey", Director		

Cortex Business Solutions Inc.

Consolidated Statements of Loss and Comprehensive Loss and Deficit (unaudited)

	Three months ended January 31		Six months ended January 31	
	2010	2009	2010	2009
Revenue				
Project management	\$ 703,333	\$ -	\$ 1,730,000	\$ -
Access and usage fees	447,742	273,250	838,402	470,218
Set-up fees	107,382	24,705	209,023	27,060
Interest income	<u>5,135</u>	<u>20,158</u>	<u>8,549</u>	<u>49,648</u>
	<u>1,263,592</u>	<u>318,113</u>	<u>2,785,974</u>	<u>546,926</u>
Expenses				
General and administrative	162,417	183,330	288,366	342,344
Internet and hosting costs	12,587	13,000	24,841	26,001
Professional fees	23,432	31,544	55,362	58,060
Rent	85,679	103,063	172,968	168,674
Salaries, employee benefits and subcontract	1,598,518	1,508,780	2,814,284	3,030,901
Stock-based compensation	93,911	127,125	187,470	317,534
Amortization	<u>31,132</u>	<u>28,325</u>	<u>58,776</u>	<u>46,288</u>
	<u>2,007,676</u>	<u>1,995,167</u>	<u>3,602,067</u>	<u>3,989,802</u>
Net loss and comprehensive loss	(744,084)	(1,677,054)	(816,093)	(3,442,876)
Deficit, beginning of period	<u>(13,583,152)</u>	<u>(8,827,216)</u>	<u>(13,511,143)</u>	<u>(7,061,394)</u>
Deficit, end of period	<u>(14,327,236)</u>	<u>\$ (10,504,270)</u>	<u>\$ (14,327,236)</u>	<u>\$ (10,504,270)</u>
Net loss per share-basic and diluted -note (5(e))	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>

See accompanying notes

Cortex Business Solutions Inc.
Consolidated Statements of Cash Flows
(unaudited)

	Three months ended January 31		Six months ended January 31	
	2010	2009	2010	2009
Operating activities				
Net loss	\$ (744,084)	\$ (1,677,054)	\$ (816,093)	\$ (3,442,876)
Items not affecting cash				
Amortization	31,132	28,325	58,776	46,288
Stock-based compensation	93,911	127,125	187,470	317,534
	<u>(619,041)</u>	<u>(1,521,604)</u>	<u>(569,847)</u>	<u>(3,079,054)</u>
Changes in non-cash working capital	<u>1,871,763</u>	<u>(105,303)</u>	<u>896,651</u>	<u>50,163</u>
	<u>1,252,722</u>	<u>(1,626,907)</u>	<u>326,804</u>	<u>(3,028,891)</u>
Financing activities				
Issuance of shares	200,000	-	200,000	-
Share issue costs	(2,779)	-	(2,779)	-
Changes in non-cash working capital	<u>(200,000)</u>	<u>-</u>	<u>(205,621)</u>	<u>-</u>
	<u>(2,779)</u>	<u>-</u>	<u>(8,400)</u>	<u>-</u>
Investing activities				
Acquisition of property and equipment	(46,506)	(141,381)	(72,281)	(276,272)
Redemption of investments	520,000	-	1,040,000	-
Changes in non-cash working capital	<u>33,231</u>	<u>14,143</u>	<u>33,231</u>	<u>(10,278)</u>
	<u>506,725</u>	<u>(127,238)</u>	<u>1,000,950</u>	<u>(286,550)</u>
Cash inflow (outflow)	1,756,668	(1,754,145)	1,319,354	(3,315,441)
Cash and cash equivalents, beginning of period	<u>736,856</u>	<u>3,209,471</u>	<u>1,174,170</u>	<u>4,770,767</u>
Cash and cash equivalents, end of period	<u>\$ 2,493,524</u>	<u>\$ 1,455,326</u>	<u>\$ 2,493,524</u>	<u>\$ 1,455,326</u>
Cash and cash equivalents consist of				
Cash	\$ 2,493,524	\$ 265,326	\$ 2,493,524	\$ 265,326
Guaranteed investment certificate	<u>-</u>	<u>1,190,000</u>	<u>-</u>	<u>1,190,000</u>
	<u>\$ 2,493,524</u>	<u>\$ 1,455,326</u>	<u>\$ 2,493,524</u>	<u>\$ 1,455,326</u>
Supplemental cash flows information:				
Interest received	<u>\$ 10,485</u>	<u>\$ 6,443</u>	<u>\$ 16,485</u>	<u>\$ 15,241</u>

Cortex Business Solutions Inc.
Notes to Consolidated Financial Statements
Six months ended January 31, 2010
(unaudited)

1. Basis of presentation

The interim consolidated financial statements of Cortex Business Solutions Inc. ("Cortex" or the "Company") have been prepared in accordance with Canadian generally accepted accounting principles and are consistent with the presentation and disclosure in the audited consolidated financial statements and notes thereto for the year ended July 31, 2009. The interim consolidated financial statements contain disclosures which are supplemental to Cortex's annual consolidated financial statements. Certain disclosures, which are normally required to be included in notes to the annual financial statements, have been condensed or omitted. The interim consolidated financial statements should be read in conjunction with Cortex's audited consolidated financial statements and notes thereto for the year ended July 31, 2009.

The consolidated financial statements of the Company have been prepared on a going concern basis. The Company has continued to experience a net loss for the quarter ended January 31, 2010 of \$(744,084) and has a cumulative deficit of \$(14,327,236) at January 31, 2010. The ability of the Company to continue as a going concern is dependent upon future profitable operations. The Company continues to successfully implement its business plan, which is resulting in strong quarter over quarter revenue growth. In this quarter, recurring access and usage fees revenue was 64% greater than the same period ended January 31, 2009. Set-up fees revenue, which leads to even stronger recurring access and usage fees revenue growth, remained constant at just over \$100,000 for the three months ended January 31, 2010. Management expects this trend will accelerate in future quarters, resulting in steadily improving financial performance. On March 10, 2010 the Company announced that it has entered into an agreement with a syndicate of underwriters (the "Underwriters"), led by CI Capital Markets Inc. and including Wolverton Securities Ltd., whereby the Underwriters have agreed to purchase, on a bought deal basis, 12,000,000 common shares (the "Common Shares") from treasury of the Company at a purchase price of \$0.50 per Common Share (the "Issue Price") for gross proceeds of \$6,000,000 (the "Offering"). The Company has granted the Underwriters an option to purchase up to an additional 2,000,000 Common Shares at the Issue Price exercisable up to 48 hours prior to closing of the Offering for additional gross proceeds of up to \$1,000,000. This influx of cash, combined with the Company's signing of three major buying organizations since October 31, 2009 allows the Company to continue to implement their business plan and further accelerate the revenue growth required to sustain future operations.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Should the Company not be able to continue as a going concern, adjustments to the recorded amounts and classifications of assets, liabilities and expenses would be required.

2. Accounting policies

a) Changes in Accounting policies

Goodwill and Intangible Assets

As of August 1, 2009, the Company adopted CICA Section 3064, Goodwill and Intangible Assets which replaces Handbook Section 3062. The new guidance reinforces a principles-based approach to the recognition of costs of assets in accordance with the definition of an asset and the criteria for asset recognition under Handbook Section 1000 Financial Statement Concepts. Section 3064 clarifies the application of the concept of matching revenues and expenses in Section 1000 to eliminate the current practice of recognizing as assets items that do not meet the definition and recognition criteria. Under this new guidance, fewer items meet the criteria for capitalization. The implementation of this standard did not have an impact on the Company's financial statements.

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2. Accounting policies (continued)

b) Future accounting pronouncements

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") effective for the fiscal periods commencing on or after January 1, 2011. In February 2008, the AcSB confirmed that 2011 is the change over date for publicly-traded companies to use IFRS, replacing Canadian 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 August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011.

The Company has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company will complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities within the required timeframe.

The International Accounting Standards Board ("IASB") has issued amendments to IFRS 1 in order to make it more useful to Canadian entities adopting IFRS for the first time.

Business Combinations

As of August 1, 2011, the Company will be required to adopt changes in CICA Section 1582, Business Combinations which will replace Section 1581, Business Combinations and harmonizes the Canadian standards related to business combinations with IFRS. This new standard establishes revised standards on the recognition and measurement of identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, as well as recognition and measurement guidance for goodwill acquired in the business combination or the gain from a bargain purchase option. The new standard also provides guidance on identifying the acquirer and identifying the acquisition date (being the date at which control is acquired), and on the presentation and disclosure to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This new standard will only have an impact on the Company's financial statement for any business combinations completed after the adoption of this standard.

Consolidated Financial Statements and Non-Controlling Interests

As of August 1, 2011, the Company will be required to adopt changes to CICA Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests which, together replace Section 1600, Consolidated Financial Statements. These sections establish revised standards for the preparation of consolidated financial statements and specifically discuss the consolidated accounting following a business combination involving the purchase of an equity interest of one company by another. These sections also provide guidance in situations involving a combination or consolidation other than through purchase of an equity interest or involving unincorporated businesses. These standards are not expected to have an impact on the Company's financial statements.

3. Investments

The Company has redeemed its Guaranteed Investment Certificate ("GIC") during the period.

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4.	Property and equipment	January 31, 2010		
		Cost	Accumulated Amortization	Net Book Value
	Computer equipment	\$ 407,475	\$ 152,049	\$ 255,426
	Computer software	87,052	33,808	53,244
	Furniture and office equipment	131,629	38,041	93,588
	Leasehold improvements	<u>7,137</u>	<u>5,532</u>	<u>1,605</u>
		<u>\$ 633,293</u>	<u>\$ 229,430</u>	<u>\$ 403,863</u>

5. Share capital and warrants

(a) Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares and determine the rights, privileges and other conditions for each series.

(b) Issued

	January 31, 2010	
	Number	Stated Value
Common Shares		
Balance, beginning of period	117,680,875	\$ 11,974,679
Issued in lieu of bonuses (note 5(c))	1,000,000	200,000
Less: Share issuance costs	<u>-</u>	<u>(2,779)</u>
Balance, end of period	<u>118,680,875</u>	<u>12,171,900</u>
Warrants		
Balance, beginning and end of period	<u>19,673,750</u>	<u>1,206,248</u>
		<u>\$ 13,378,148</u>

(c) During the year ended July 31, 2008, the employee earned the remaining 1,000,000 common shares in lieu of a bonus for the signing of a material anchor account at a fair value of \$0.20 per share, for which the \$200,000 was included in accounts payable and accrued liabilities as at July 31, 2009 and 2008 and October 31, 2009. These shares have been issued during the three months ended January 31, 2010.

(d) Contributed surplus

	January 31, 2010
Balance, beginning of period	\$ 2,231,111
Stock-based compensation expense	<u>187,470</u>
Balance, end of period	<u>\$ 2,418,581</u>

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5. Share capital and warrants (continued)

(e) Net loss per share

Net loss per share has been calculated using the basic and diluted weighted average number of common shares outstanding during the three month period of 117,974,353 (2009-104,433,375) and for the six months ended January 31, 2010 of 117,827,614 (2009 -104,433,375) For the quarters ended, the potential of exercise of stock options, warrants and units would not be dilutive.

6. Stock options

- (a) The Company has a stock option plan under which directors, officers, consultants and employees are eligible to receive stock options. The aggregate number of common shares to be issued upon the exercise of all options granted under the plan shall not exceed 20,886,675. Options granted under the current stock option plan generally have a term of five years but may not exceed five years and vest over an 18 month period. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) upon which the Company's common shares are then listed.

A summary of the status of the Company's stock option plan as at January 31, 2010 and changes during the six month period then ended is as follows:

	2010	
	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	11,727,124	\$ 0.19
Granted	1,033,537	0.21
Exercised	-	-
Forfeited	(804,149)	0.30
Expired	-	-
Outstanding, end of period	<u>11,956,512</u>	<u>\$ 0.19</u>
Exercisable, end of period	<u>8,968,159</u>	<u>\$ 0.18</u>

- (b) The following table summarizes information about stock options outstanding and exercisable at January 31, 2010:

Range of Exercise Prices	Number Outstanding at January 31 2010	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable at January 31 2010	Weighted Average Exercise Price
\$0.08 - \$0.12	420,000	\$ 0.11	1.29 years	420,000	\$ 0.11
\$0.13 - \$0.16	2,586,833	0.15	2.22	2,586,833	0.15
\$0.17 - \$0.20	8,241,952	0.20	3.17	5,858,750	0.20
\$0.21 - \$0.25	<u>707,727</u>	0.22	4.60	<u>102,576</u>	0.22
	<u>11,956,512</u>	\$ 0.19	3.85 years	<u>8,968,159</u>	\$ 0.18

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6. Stock options (continued)

(c) The fair value of the options granted during the six months ended January 31, 2010 was estimated on the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Fair Value options granted (\$/share)	\$0.17
Expected life (years)	5
Risk-free interest rate (%)	2.44
Expected volatility (%)	147
Expected dividend (\$/share)	Nil

Subsequent event (note 13)

7. Warrants

The following table summarizes information about the Company's share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share when exercised.

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual life
Balance, beginning and end of period	<u>19,673,750</u>	\$ 0.35	1.35 years

Subsequent event (note 13)

8. Commitments

- (a) The Company has retained, effective April 1, 2009, the services of Brisco Capital Partners Corp, an investor relations firm. The Company committed \$6,000 per month plus disbursements for a one year period ending March 31, 2010.
- (b) The Company entered into a five year operating lease for office space commencing December 1, 2007 and expiring November 30, 2012, a second eleven month operating sublease for office space commencing September 1, 2008 which was extended effective August 1, 2009 for an additional seven months. This second operating sublease has been further extended through to November 30, 2012. In addition the Company has a four year operating lease for office equipment commencing February 11, 2008, and a second four year operating lease for office equipment commencing August 2008.

The following is minimum annual obligations:

	Brisco	Office space	Office equipment	Total
2010	\$ 12,000	\$ 80,373	\$ 5,588	\$ 97,961
2011	-	230,147	5,588	235,735
2012	-	230,147	4,448	234,595
2013	-	<u>76,716</u>	<u>238</u>	<u>76,954</u>
	<u>\$ 12,000</u>	<u>\$ 617,383</u>	<u>\$ 15,862</u>	<u>\$ 645,245</u>

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9. Contingency

A former employee of the Company has filed a Statement of Claim for wrongful dismissal in the amount of \$467,200 plus damages and costs. In response, the Company has filed a Statement of Defence. Management and its counsel are of the opinion that any amounts paid will be substantially less than the full amount claimed in the Statement of Claim. Any settlement under the claim will be recorded in the period the loss becomes likely and the amount of the loss can be reasonably estimated.

10. Financial instruments and risk management

The Company has classified its financial instruments as follows:

Financial instrument	Classification
Financial Assets	
Cash and cash equivalents	Held for trading
Accounts receivable and deposits	Loans and receivables
Investments	Held for trading
Financial Liabilities	
Accounts payable and accrued liabilities	Other financial liabilities

The fair values of above financial instruments approximate their carrying values due to the immediate or short-term maturity or because they bear interest at market rates. The Company is exposed in varying degrees to a number of risks arising from its financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not use financial instruments to mitigate these risks and has no designated hedging transactions.

The types of risk exposure and how such exposures are managed are as follows:

(a) Credit risk

A large portion of the Company's accounts receivable, which is unsecured, is due from one customer (\$980,000 or 95% of trade accounts receivable). Management believes that this risk is mitigated by the size and reputation of the company to which they have extended credit. The Company has a diversified customer list for its remaining trade receivables and has established a general allowance policy for doubtful accounts.

The Company monitors its general allowance policy on a regular basis. As at January 31, 2010, the Company had \$1,033,899 of trade accounts receivables and other receivables of \$79,814 relating to accruals of document charges. Of this amount, \$22,904 are over 30 days, which is past due under the Company's normal credit terms. Of the trade receivables amount, \$4,000 has been allowed for under the Company's general allowance policy. The balance of the accounts receivable balance at January 31, 2010 are less than 30 days old. All accounts receivable are unsecured. The Company's maximum exposure to credit risk is the fair value of accounts receivable on the balance sheet shown net of an appropriate allowance for doubtful accounts of \$4,000.

Credit risk also exists in cash and cash equivalents as all balances are maintained with one financial institution. The risk is mitigated because the financial institution is a major Canadian bank.

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10. Financial instruments and risk management (continued)

(b) 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 manages liquidity risk by continuously monitoring actual and projected cash flows to ensure it will have sufficient liquidity to meet its commitments and obligations as they become due.

(c) Market risk

Market risk is the risk that financial instruments fair values will fluctuate due to changes in market prices.

The significant market risks to which the Company is exposed are interest rate and currency rate risk.

(i) Currency risk

There were no foreign currency sales during the six months ended January 31, 2010 or accounts receivable or accounts payable at January 31, 2010, as such the Company is no longer exposed to currency risk.

(ii) Interest rate risk

The Company was exposed to interest rate cash flow risk on the interest rate fluctuations on its GIC. The Company's policy is to invest any surplus funds in redeemable or non-redeemable secured GIC at fixed or floating rates of interest, in the most advantageous denominations, to maintain a reasonable balance between return on investment and liquidity. At January 31, 2010 the Company had no remaining GIC's.

11. Capital disclosures

The Company includes as capital, shareholders' equity which is comprised of share capital and warrants, contributed surplus, and accumulated deficit. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company had positive cash flow from operations in the quarter. The Company has in place a detailed planning and budgeting process to assist in determining the funds required to ensure appropriate capital to meet its growth objectives. The Company strives to maintain sufficient capital to meet its short-term business requirements taking into account its capital commitments, planned capital expenditures and its holdings of cash and cash equivalents and investments. The Company has set forth in its business plan, expected revenue and expense targets for the fiscal year ended July 31, 2010.

The Company is not subject to externally imposed capital requirements.

12. Significant customers

During the six months ended January 31, 2010, the Company earned 85% of its total revenue from one customer (2009 - 39% from one customer) and accounts receivable at period end includes 95% (2009 - 76%) from this customer.

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13. Subsequent events

On February 8, 2010, as part of the Company's reduction in cash salaries and continued focus on reducing outlays of cash, the Company received approval to award share based compensation to certain employees of up to a maximum of 1,400,000 common shares at a deemed price of \$0.20 per share and the waiving of the exercise price of vested options for up to a maximum of 764,750 common shares with exercise prices ranging from \$0.15 - \$0.20 per share. Out of the maximum 1,400,000 common shares, 775,000 common shares have been awarded: 250,000 common shares have been awarded to an insider of the Company and of the 764,750 approved, 724,750 common shares were issued on the waiving of the exercise price of vested options. These awards valued at \$296,600 were earned for services performed up to January 31, 2010 and is included in accounts payable and accrued liabilities at January 31, 2010. A total of 1,499,750 common shares were subsequently issued in February 2010.

On February 17, 2010 the Company granted 5,758,700 stock options to employees at an exercise price of \$0.46 per share, vesting 1/3 on each of the 6, 12 and 18 month anniversaries of the option grant. These stock options expire February 17, 2015. The Company also received \$20,667 on the exercise of 134,583 stock options at an weighted average exercise price of \$0.15. In addition, since January 31, 2010 there were 20,575 non-vested options which were forfeited.

On March 10, 2010 the Company announced that it has entered into an agreement with a syndicate of underwriters (the "Underwriters"), led by CI Capital Markets Inc. and including Wolverton Securities Ltd., whereby the Underwriters have agreed to purchase, on a bought deal basis, 12,000,000 common shares (the "Common Shares") from treasury of the Company at a purchase price of \$0.50 per Common Share (the "Issue Price") for gross proceeds of \$6,000,000 (the "Offering"). The Company has granted the Underwriters an option to purchase up to an additional 2,000,000 Common Shares at the Issue Price exercisable up to 48 hours prior to closing of the Offering for additional gross proceeds of up to \$1,000,000. Closing of the offering is expected to occur on March 30, 2010 with estimated costs of the offering to be \$670,000.

The warrant holders have exercised 1,984,000 warrants subsequent to January 31, 2010 for gross proceeds of \$595,200 and 138,750 Compensation Units (138,750 shares 138,750 one half purchase shares warrants, which were also converted (69,375 warrants)) into 208,125 common shares being issued for gross proceeds of \$48,562.