Scimedent Health, Corp.
(formerly Trend Exploration, Inc.)
(unaudited)

September 30, 2010

Index

Scimedent Health, Corp.
(formerly Trend Exploration, Inc.)
Consolidated Balance Sheets
(Expressed in US dollars)
(Unaudited)

	September 30, 2010 $	December 31, 2009 $
ASSETS		
Current Assets		
Cash	9,457	–
Accounts receivable	38,378	18,826
Prepaid expenses	46,192	–
Deferred financing costs (Note 8(a))	1,270,094	–
Total Current Assets	1,364,121	18,826
Property and Equipment (Note 5)	2,141	2,678
Intangible Assets (Note 6)	107,000	–
Security Bond	6,135	3,105
Security Deposits	2,509	2,509
Total Assets	1,481,906	27,118
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	155,295	72,892
Accrued liabilities	16,418	–
Bank overdraft	–	2,122
Convertible note, less unamortized discount of $7,074 (Note 8)	28,709	–
Derivative liabilities (Note 9)	102,326	–
Due to related parties (Note 10)	35,704	4,258
Loans payable (Note 7)	46,547	14,052
Payroll taxes payable	1,631	956
Total Liabilities	386,630	94,280
Commitments and Contingencies (Notes 1 and 13)		
Subsequent Events (Note 14)		
Stockholders' Equity (Deficit)		
Series A Preferred Stock, 100 shares authorized, $0.0001 par value no shares issued and outstanding	–	–
Series B Convertible Preferred Stock, 10,000 shares authorized, $0.0001 par value no shares issued and outstanding	–	–
Series C Convertible Preferred Stock, 20,000,000 shares authorized, $0.0001 par value no shares issued and outstanding	–	–
Series D Convertible Preferred Stock, 50,000,000 shares authorized, $0.0001 par value no shares issued and outstanding	–	–
Common Stock, 2,000,000,000 shares authorized, $0.0001 par value 458,138,240 shares issued and outstanding (December 31, 2009 - 100 shares)	45,813	100
Additional Paid-In Capital	4,096,575	–
Deficit	(3,047,112)	(67,262)
Total Stockholders' Equity (Deficit)	1,095,276	(67,162)
Total Liabilities and Stockholders' Equity (Deficit)	1,481,906	27,118

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

Scimedent Health, Corp.
(formerly Trend Exploration, Inc.)
Consolidated Statements of Operations
(Expressed in US dollars)
(Unaudited)

	For The Three Months Ended September 30, 2010 $	For The Three Months Ended September 30, 2009 $	For The Nine Months Ended September 30, 2010 $	For The Nine Months Ended September 30, 2009 $
Revenue	215,987	263,497	703,751	883,000
Direct costs	(161,327)	(161,378)	(570,599)	(740,711)
Gross Profit	54,660	102,119	133,152	142,289
Expenses				
General and administrative	(74,780)	(30,859)	(186,037)	(110,916)
Financing costs	(786,906)	–	(786,906)	–
Income (Loss) Before Other Expense and Income Taxes	(806,026)	71,260	(839,791)	31,373
Other Expense				
Accretion of convertible debt discount (Note 8)	(51,949)	–	(94,875)	–
Gain on change in fair value of derivatives (Note 9)	143,835	–	46,337	–
Loss on settlement of debt (Note 11)	(1,813,230)	–	(1,813,230)	–
Net Income (Loss) Before Income Taxes	(2,528,370)	71,260	(2,701,559)	31,373
Income Tax	–	–	(1,000)	(300)
Net Income (Loss)	(2,528,370)	71,260	(2,702,559)	(31,073)
Net Income (Loss) Per Share – Basic and Diluted	(0.01)	712.60	(0.01)	(310.73)
Weighted Average Shares Outstanding	354,256,000	100	279,147,000	100

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

1. Development Stage Company

The Company was incorporated in the State of Nevada on October 28, 1999, under the name West Excelsior Enterprises, Inc. and changed its name to Trend Exploration Inc. on March 2, 2007. On January 22, 2010, the Company changed its name to Scimedent Health, Corp. The Company was previously a Development Stage Company, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. As a result of the recapitalization with Preferred Distribution Inc. ("Preferred"), the Company is no longer a Development Stage Company.

Pursuant to the terms of a stock exchange agreement dated April 15, 2010, the Company acquired all the outstanding common stock of Preferred, a New York corporation incorporated in March, 2006. The Company issued 185,185,186 shares of common stock to the former shareholders of Preferred. The acquisition was a capital transaction in substance and therefore has been accounted for as a recapitalization, which is outside the scope of Accounting Standards Codification ("ASC") 805, *Business Combinations*. Under recapitalization accounting, Preferred was considered the acquirer for accounting and financial reporting purposes, and acquired the assets and assumed the liabilities of the Company. Assets acquired and liabilities assumed are reported at their historical amounts. These consolidated financial statements include the accounts of the Company since the effective date of the recapitalization and the historical accounts of the business of Preferred since inception. The Company's principal business is the development and marketing of products and services for medicine, dentistry, and life sciences. Refer to Note 4.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. As at September 30, 2010, the Company has accumulated losses of $3,047,112 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management is currently seeking additional financing through the sale of equity and from borrowings from related parties and private lenders to cover its operating expenses.

2. Interim Financial Information

The unaudited financial statements as of September 30, 2010 and for the three and nine months then ended have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of September 30, 2010 and the results of operations and cash flows for the periods ended September 30, 2010 and 2009. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results for the three months and nine months ended September 30, 2010 is not necessarily indicative of the results to be expected for any subsequent quarter or the entire year ending December 31, 2010.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. These unaudited financial statements should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2009.

3. Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

(Expressed in US dollars)

4. Recapitalization

On December 2, 2009, the Company entered into a letter of intent to acquire all of the issued and outstanding shares of Preferred Distribution Inc. ("Preferred"), a private New York corporation 90% owned by a Director of the Company, in consideration for the issuance of 76,000,000 shares of the Company's common stock based on a 50% discount to the five day trailing average of the low price of common stock based on the date of the agreement. The Company has agreed to provide financing of $1,000,000 within one year of the closing date. The parties were to have entered into a definitive agreement (the "Purchase Agreement") within 21 days of execution of the Agreement, or the Agreement would be terminated.

On April 15, 2010, the Company entered into a definitive agreement (the "Stock Exchange Agreement") pursuant to which the purchase price was amended to 185,185,186 shares of the Company's common stock. As consideration for the purchase, on January 14, 2010, the Company issued 170,666,667 common shares and on April 15, 2010 the Company issued an additional 14,518,519 common shares to shareholders of the purchased company. The transaction closed on April 15, 2010.

Preferred Distribution ("Preferred") is a New York corporation incorporated in March, 2006. The Company's principal business is the development and marketing of products and services for medicine, dentistry, and life sciences.

Prior to the acquisition of Preferred, the Company was a non-operating shell company. The acquisition is a capital transaction in substance and therefore has been accounted for as a recapitalization, which is outside the scope of ASC 805, *Business Combinations*. The acquisition has been accounted for as a continuation of Preferred's business. Under recapitalization accounting, Preferred is considered the acquirer for accounting and financial reporting purposes, and acquired the assets and assumed the liabilities of the Company. Assets acquired and liabilities assumed are reported at their historical amounts. These financial statements include the accounts of the Company since the effective date of the recapitalization being April 15, 2010 and the historical accounts of the business of Preferred since inception in March, 2006.

The allocation of the purchase price is summarized in the table below:

	$
Purchase price	
185,185,186 common shares	530,395
Fair value of Preferred net assets to be acquired	
Cash	2,033
Intangible asset	107,000
Accounts payable	(50,240)
Accrued liabilities	(21,317)
Derivative liabilities	(122,498)
Due to related parties	(55,431)
Loan payable	(112,581)
Deficit	783,429
	530,395

5. Property and Equipment

	Cost $	Accumulated Depreciation $	September 30, 2010 Net Carrying Value $	December 31, 2009 Net Carrying Value $
Office equipment	6,500	4,359	2,141	2,678

(Expressed in US dollars)

6. Intangible Assets

	Cost $	Accumulated Depreciation $	September 30, 2010 Net Carrying Value $	December 31, 2009 Net Carrying Value $
Dr. Stahl's Medical Kit	107,000	–	107,000	–

On December 2, 2009, the Company entered into a letter of intent (the "Agreement") to acquire certain assets from Buyers Alternative, Inc., a private New York corporation who's President is a Director of the Company. Under the terms of the Agreement, the Company may purchase Dr. Stahl's Dental Kit in consideration for $50,000 and the issuance of options to acquire 2,000,000 shares of the Company's common stock at $0.02 per share. The parties were to have entered into a definitive agreement (the "Purchase Agreement") within 21 days of execution of the Agreement, or the Agreement would be terminated.

On April 15, 2010, the Company entered into a definitive agreement (the "Asset Purchase Agreement") pursuant to which the purchase price was amended to $75,000 (consisting of $25,000 in cash and a 90-day convertible promissory note for the principal amount of $50,000) and warrants to purchase 2,000,000 shares of the Company's common stock exercisable at $0.005 per share for a period of five years. The warrants were determined to have a fair value of $32,000. The transaction closed on April 15, 2010. The convertible promissory note bears interest at 8% per annum and is due on July 14, 2010. The note may be converted into restricted shares of Common Stock of the Company. Refer to Note 8(a).

7. Loans Payable

a) On October 4, 2006, the Company received a cash loan of $10,000 with no specific repayment terms. Additional amounts of $24,661 and $18,744 were loaned to the Company on May 25, 2007 and October 25, 2007, respectively, with maturity two years from the payment date. These loans are unsecured and non-interest bearing. During the nine months ended September 30, 2010, the Company settled the debt of $53,405 in exchange for the issuance of 5,340,472 shares of Series C Convertible Preferred Stock ("Series C Stock"). The Series C Stock had a fair value of $585,835, resulting in a loss on settlement of debt of $532,430.

b) On November 5, 2009, the Company received a cash loan of $10,000. The loan bears interest at 10% per annum and is due on November 5, 2010. The loan can be converted to equity at a price to be determined at the time of conversion. As at September 30, 2010, accrued interest of $901 has been recorded on the loan.

c) On January 1, 2010, the Company entered into a loan agreement for $15,000. The loan bears interest at 10% per annum and is due on January 1, 2011. On August 21, 2010, the Company entered into an exchange agreement with a lender to convert the loan into a convertible promissory note. Refer to Note 8(b). As at August 21, 2010, accrued interest of $949 has been recorded on the loan.

d) On March 1, 2010, the Company entered into a loan agreement for $25,000. The loan bears interest at 10% per annum and is due on March 1, 2011. On August 21, 2010, the Company entered into an exchange agreement with a lender to convert the loan into a convertible promissory note. Refer to Note 8(b). As at August 21, 2010, accrued interest of $1,178 has been recorded on the loan.

e) On April 15, 2010, the Company entered into a loan agreement for $3,000. The loan bears interest at 10% per annum and is due on April 15, 2011. As at September 30, 2010, accrued interest of $138 has been recorded on the loan. Refer to Note 14(b).

f) On May 15, 2010, the Company entered into a loan agreement for $11,000. The loan bears interest at 10% per annum and is due on May 15, 2011. As at September 30, 2010, accrued interest of $416 has been recorded on the loan.

g) On July 31, 2010, the Company entered into a loan agreement for $5,000. The loan bears interest at 10% per annum and is due on July 30, 2011. As at September 30, 2010, accrued interest of $84 has been recorded on the loan. Refer to Note 14(b).

(Expressed in US dollars)

8. Convertible Note

a) On April 15, 2010, the Company issued a $50,000 convertible promissory note pursuant to the Asset Purchase Agreement (Note 6). The convertible promissory note bears interest at 8% per annum and is due on July 14, 2010. The note is convertible into restricted shares of common stock of the Company at a conversion price based on 50% of the average of the three lowest trading prices of the Company's stock for the five trading day period ending one trading day prior to conversion. The timing of the conversion is at the option of the holder.

   Upon an event of default, the entire principal balance and accrued interest outstanding is due immediately, and interest shall accrue on the unpaid principal balance at 24% per annum or the highest rate permitted by applicable law, if lower.

   On August 4, 2010, the Company amended the maturity date of the convertible promissory note to December 31, 2010. The Company agreed to issue 8,500,000 shares of Series D Convertible Preferred Stock ("Series D Stock"), of which 4,250,000 shares are in consideration for the amendment to the maturity date and 4,250,000 shares are in consideration for collateral against future non-payment of the debt. The shares had a fair value of $2,057,000, which is being amortized over the term of the debt. As at September 30, 2010, the financing costs of $1,270,094 have been deferred and capitalized on the balance sheet.

   The Company classified the conversion features as derivative liabilities pursuant to ASC 815, *Derivatives and Hedging.* The Company recorded derivative liabilities on the convertible notes equal to the fair value of the conversion feature (refer to Note 9). The Company recognized the intrinsic value of the embedded beneficial conversion feature of $50,000, which reduced the carrying value of the convertible debenture to $Nil. The carrying value will be accreted over the term of the convertible debenture up to its face value of $50,000. As at September 30, 2010, the carrying values of the convertible debenture and accrued convertible interest payable thereon were $28,709 and $1,841, respectively.

b) On August 21, 2010, the Company entered into an exchange agreement with a lender to convert $40,000 of loans outstanding into a $40,000 convertible promissory note (the "Note"). Refer to Note 7(c) and 7(d). The Note bears interest at 10% per annum and is due on August 20, 2011. The note is convertible into a maximum of 4,000,000 Series D Stock. The timing of the conversion is at the option of the holder.

   The Company recognized the intrinsic value of the embedded beneficial conversion feature of $40,000, which reduced the carrying value of the convertible debenture to $Nil. The carrying value will be accreted over the term of the convertible debenture up to its face value of $40,000.

   On August 21, 2010, the lender elected to convert the Note into 4,000,000 shares of Series D Stock, which had a fair value of $720,000, resulting in a loss on settlement of debt of $680,000.

9. Derivatives

The Company evaluated the application of ASC 815 for the convertible note issued pursuant to the Asset Purchase Agreement as outlined in Note 6. Based on the guidance in ASC 815, the Company concluded the instrument was required to be accounted for as a derivative. ASC 815 requires the Company to bifurcate and separately account for the conversion feature of the note as an embedded derivative.

In addition, the number of shares issuable pursuant to the conversion feature was variable and the Company determined that the conversion feature met the attributes of a liability and therefore recorded the fair value of the conversion feature as a current liability. The Company also determined that as a result of being unable to determine the number of shares issuable upon the conversion of notes, the Company's warrants should be classified as derivative liabilities. The Company is required to record the derivatives on its balance sheet at fair value with changes in the values of these derivatives reflected in the statement of operations. The impact of the application of ASC 815 on the balance sheet is as follows:

	September 30, 2010 $
Derivative liabilities	102,326

(Expressed in US dollars)

9. Derivatives (Continued)

The Company uses the Black-Scholes model for calculation of the fair value of the conversion feature and the warrant derivative liabilities. The Company uses volatility rates based upon the closing stock price of its common stock. The Company uses a risk free interest rate which is the U.S. Treasury bill rate for securities with a maturity that approximates the estimated expected life of the derivative. The Company uses the closing market price of the common stock on the date of issuance of a derivative or at the end of a quarter when a derivative is valued at fair value. The volatility has ranged from 184% to 418% during the nine months ending September 30, 2010.

The following table shows the weighted average volatility, risk free rate, dividend yield and term used in the calculation of the Black-Scholes valuation of the conversion feature and the outstanding warrants.

	Volatility	Risk Free Rate	Dividend Yield	Term in Years
At Issuance Date	316%	1.10%	–	1.29
At Period End:				
September 30, 2010	285%	0.34%	–	0.93

During the nine months ended September 30, 2010, the Company recorded a gain on derivatives of $46,337 equal to the difference in the fair value of the derivatives at September 30, 2010 and April 15, 2010.

10. Related Party Balances/Transactions

a) At September 30, 2010, the Company is indebted to former directors and officers of the Company in the amount of $17,304 (December 31, 2009 - $Nil), representing cash advances, expenses paid on behalf of the Company and consulting fees. These amounts are non-interest bearing, unsecured and have no specific repayment terms.

b) At September 30, 2010, the Company is indebted to directors of the Company in the amount of $4,353 (December 31, 2009 - $4,258), representing expenses paid on behalf of the Company. This amount is non-interest bearing, unsecured and has no specific repayment terms.

c) At September 30, 2010, the Company is indebted to the former President of the Company in the amount of $14,047 (December 31, 2009 – $Nil), representing cash advances and accrued management fees. This amount is non-interest bearing, unsecured and has no specific repayment terms.

11. Common Stock

a) On January 22, 2010, the Articles of Incorporation were amended to change the par value of the Company's common stock from $0.001 to $0.0001, to increase the number of authorized shares of the Company's common stock from 250,000,000 to 2,000,000,000 shares, and to authorize 100,000,000 shares of preferred stock.

b) On April 15, 2010, the Company entered into a Stock Exchange Agreement according to the terms of the letter of intent described in Note 4. As consideration for the purchase, on January 14, 2010, the Company issued 170,666,667 shares of common stock and on April 15, 2010 the Company issued an additional 14,518,519 shares of common stock to shareholders of Preferred.

c) On July 29, 2010, the Company's designated the following classes of authorized preferred stock: 100 Series A Preferred Stock ("Series A Stock"), 10,000 Series B Convertible Preferred Stock ("Series B Stock"), 20,000,000 Series C Convertible Preferred Stock ("Series C Stock") and 50,000,000 Series D Convertible Preferred Stock ("Series D Stock"). The Series A Stock class shall vote together as a single class and represent 80% of all votes. Each outstanding share of Series A Stock shall represent its proportionate share of the 80% which is allocated to the outstanding shares of Series A Stock. The Series B Stock class shall vote together as a single class and represent an amount of votes that would otherwise be available if such holder exercised its full right of conversion. Each share of Series B Stock is convertible at a ratio of 100 shares of Series B Stock into the equivalent of 1% of the fully diluted shares of common stock, inclusive of the shares of common stock to be received by the holder at the time of conversion. The Series C Stock class shall vote together as a single class and represent an amount of votes that would otherwise be available if such holder exercised its full right of conversion. Each share of Series C Stock is convertible at a ratio of 1 share of Series C Stock into the equivalent of 5 shares of common stock. The Series D Stock class shall vote together as a single class and represent an amount of votes that would otherwise be available if such holder exercised its full right of conversion. Each share of Series D Stock is convertible at a ratio of 1 share of Series D Stock into the equivalent of 10 shares of common stock.

(Expressed in US dollars)

11. Common Stock (Continued)

d) On August 4, 2010, the Company issued 8,500,000 shares of Series D Stock at a fair value of $2,057,000 in consideration for amending the maturity date of a convertible note. Refer to Note 8(a). On August 19, 2010, the lender elected to convert the 8,500,000 shares of Series D Stock into 85,000,000 shares of common stock, with each share of Series D Stock being convertible into 10 shares of common stock.

e) On August 4, 2010, the Company entered into an exchange agreement with a lender to convert $24,661 of loans outstanding into 2,466,100 shares of Series C Stock at a fair value of $298,398 resulting in a loss on settlement of debt of $273,737. Refer to Note 7(a). In addition, the lender elected to convert the 2,466,100 shares of Series C Stock into 12,330,500 shares of common stock, with each share of Series C Stock being convertible into 5 shares of common stock.

f) On August 10, 2010, the Company entered into an exchange agreement with a lender to convert $28,744 of loans outstanding into 2,874,732 shares of Series C Stock at a fair value of $287,437, resulting in a loss on settlement of debt of $258,693. Refer to Note 7(a). In addition, the lender elected to convert the 2,874,372 shares of Series C Stock into 14,371,860 shares of common stock, with each share of Series C Stock being convertible into 5 shares of common stock.

g) On August 11, 2010, the Company entered into an exchange agreement with a lender to convert $29,000 of amounts owing into 2,900,000 shares of Series C Stock at a fair value of $232,000, resulting in a loss on settlement of debt of $203,000. In addition, the lender elected to convert the 2,900,000 shares of Series C Stock into 14,500,000 shares of common stock, with each share of Series C Stock being convertible into 5 shares of common stock.

h) On August 19, 2010, the Company entered into a debt settlement agreement with a vendor to settle amounts owing of $23,400 in consideration for 2,340,000 shares of Series D Stock at a fair value of $421,200, resulting in a loss on settlement of debt of $397,800. In addition, the vendor elected to convert the 2,340,000 shares of Series D Stock into 23,400,000 shares of common stock, with each share of Series D Stock being convertible into 10 shares of common stock.

i) On August 21, 2010, the Company issued 4,000,000 shares of Series D Stock pursuant to the conversion of a $40,000 convertible promissory note. Refer to Note 8(b). The Series D Stock had a fair value of $720,000, resulting in a loss on settlement of debt of $680,000. In addition, the lender elected to convert the 4,000,000 shares of Series D Stock into 40,000,000 shares of common stock, with each share of Series D Stock being convertible into 10 shares of common stock.

j) On September 21, 2010, the Company issued 5,000,000 shares of common stock at a fair value of $60,000 in consideration for consulting services. Refer to Note 13(d).

12. Share Purchase Warrants

A summary of the changes in the Company's common share purchase warrants is presented below:

	Number	Weighted Average Exercise Price $
Balance December 31, 2008	4,125,000	0.14
Expired	(312,500)	0.60
Balance December 31, 2009	3,812,500	0.10
Issued	2,000,000	0.05
Expired	(2,062,500)	0.14
Balance September 30, 2010	3,750,000	0.03

(Expressed in US dollars)

12. Share Purchase Warrants (Continued)

Additional information regarding warrants as at September 30, 2010, is as follows:

Number of Warrants	Exercise Price	Expiry Date
1,750,000	$0.06	January 31, 2011
2,000,000	$0.005	April 15, 2015
3,750,000		

13. Commitments

a) On October 1, 2009, the Company entered into an employment agreement with the former President of the Company. Pursuant to the agreement, the former President will receive a base salary of $2,500 per month and on October 1, 2010 will receive 2.5% of the then total issued and outstanding common shares of the Company if the former President remains an employee of the Company on October 31, 2010. If the President is terminated without cause during the first year of employment the Company must pay the President an amount equal to the prorated amount of the then current base salary representing a six month period. If the President is terminated without cause during the second year of employment the Company must pay the President an amount equal to the prorated amount of the then current base salary representing a twelve month period. On April 15, 2010, the former President resigned and the agreement was terminated. The Company accrued $9,794 for shares issuable to the former President. During the nine months ended September 30, 2010, the accrual of $9,794 was reversed due to the resignation of the former President on April 15, 2010.

b) On October 1, 2009, the Company entered into a fee agreement for consulting services. The agreement is for a term of 12 months and the Consultant shall receive $2,500 per month in consideration of their services.

c) On June 16, 2010, the Company entered into a letter of intent (the "Agreement") with Genesis Biopharma, Inc. ("Genesis"), a corporation incorporated under the laws of the Province of Quebec, Canada, to sublicense the exclusive worldwide rights for the registration and/or commercialization of the product which encompasses the use of certain peptides developed for therapeutic purpose for the treatment of painful diabetic neuropathy. The term of the sublicense rights is from the effective date of signing the definitive agreement until the last-to-expire of the patents covering the product. In consideration for the sublicense rights, the Company must issue its preferred and/or common stock, such that at the closing of the definitive agreement the shareholders of Genesis shall own and control 51.1%, on a fully diluted basis, of the Company's common stock, and advisors, as required under a separate consulting agreement, will receive 2.475% on a fully diluted basis, of the Company's common stock. The Company will also complete up to a $1,000,000 offering, within 60 days of the Closing, to provide $800,000 in working capital for the Phase 1A studies and $200,000 towards the Company's current operations.

   The parties were to have entered into a definitive agreement on or before June 30, 2010. If the definitive agreement is not executed by July 15, 2010, the Agreement would be terminated. On August 9, 2010, the Company entered into a definitive agreement (the "Sublicense Agreement"). On August 18, 2010, the Company incorporated a wholly-owned subsidiary, DiabetRX Pharma Corp., for the sole purpose of holding the sublicense. Subsequent to September 30, 2010, the Company terminated the Sublicense Agreement. Refer to Note 14(g).

d) On July 8, 2009, the Company entered into a Consulting Agreement with Cadence Consulting, LLC ("Cadence"). Upon closing of the definitive agreement with Genesis, the Company shall provide Cadence with shares of the Company's common stock or preferred stock which shall represent 2.475% of the Company's issued and outstanding stock, on a fully diluted basis, after full exchange of shares for consideration for the consummation of the transaction with Genesis. In addition, the Company shall place in Escrow, under a separate Escrow Agreement approved by Cadence, such additional common or preferred shares which shall equate to 7.425% of the Company's issued and outstanding stock, on a fully diluted basis, after full exchange of shares for consideration for the consummation of the transaction with Genesis. Such additional shares shall be released from Escrow to Cadence upon the successful raise, defined by the receipt of funds of up to $1,000,000 of capital for the benefit of the Company during the term of this agreement. The additional shares shall be released to Cadence on a pro rata basis. The agreement is for an initial term of 12 months. Thereafter, the term shall automatically be renewed for a period of 6 months, after which the agreement may be terminated by either party with or without cause upon written notice.

   On September 21, 2010, the Company entered into an Addendum to the Consulting. In consideration for providing additional consulting services, the Company agreed to issue 5,000,000 shares of common stock.

13. Commitments (Continued)

e) On August 1, 2010, the Company entered into a letter of intent (the “Agreement”) to license the exclusive rights for the registration and/or commercialization of the product which encompasses the use of a patent pending rotary device utilized for the removal of foot calluses. The term of the sublicense rights is from the effective date of signing of the Agreement until the last-to-expire of the patents covering the product. The term shall expire after one year from the first shipment date of finished product if sales do not exceed $25,000 per annum. In consideration for the license, the Company must issue 1,000,000 warrants at an exercise price of $0.01 per share, expiring on August 1, 2012. In addition, the Company must provide the necessary capital to produce the rotary tool in an approved factory and to help market and distribute the product in the USA and other designated countries to be determined.

The parties were to have entered into a definitive agreement on or before August 30, 2010. If the definitive agreement is not executed by September 30, 2010, the Agreement would be terminated. During the period ended September 30, 2010, the parties were unable to enter into a definitive agreement and the Agreement was terminated.

14. Subsequent Events

a) On October 22, 2010, the Company’s designated 20,000,000 shares its authorized preferred stock as Series E Convertible Preferred Stock (“Series E Stock”). The Series E Stock class shall vote together as a single class and represent an amount of votes that would otherwise be available if such holder exercised its full right of conversion. Each share of Series E Stock is convertible at a ratio of 1 share of Series E Stock into the equivalent of 20 shares of common stock.

b) On October 25, 2010, the Company entered into an exchange agreement with a lender to convert $8,000 of loans outstanding into an $8,000 convertible promissory note (the “Note”). Refer to Note 7(e) and 7(g). The Note bears interest at 10% per annum and is due on October 25, 2011. The note is convertible into a maximum of 1,600,000 shares of Series E Stock. Upon an event of default, the entire principal balance and accrued interest outstanding is due immediately, and interest shall accrue on the unpaid principal balance at 24% per annum or the highest rate permitted by applicable law, if lower. On November 1, 2010, the lender converted the $8,000 promissory note into 1,600,000 shares of Series E Stock. In addition, the lender elected to convert the 1,600,000 shares of Series E Stock into 32,000,000 shares of common stock.

c) On October 25, 2010, the Company issued an $8,000 convertible promissory note, which bears interest at 10% per annum and is due on October 25, 2011. The note is convertible into up to 1,600,000 shares of Series E Stock, further convertible into 32,000,000 shares of common stock. Upon an event of default, the entire principal balance and accrued interest outstanding is due immediately, and interest shall accrue on the unpaid principal balance at 24% per annum or the highest rate permitted by applicable law, if lower. On November 1, 2010, the lender converted the $8,000 promissory note into 1,600,000 shares of Series E Stock. In addition, on November 2, 2010, the lender converted the 1,600,000 shares of Series E Stock into 32,000,000 shares of common stock

d) On October 26, 2010, the Company issued a $10,000 convertible promissory note, which bears interest at 10% per annum and is due on October 26, 2011. The note is convertible into up to 2,000,000 shares of Series E Stock, further convertible into 40,000,000 shares of common stock. Upon an event of default, the entire principal balance and accrued interest outstanding is due immediately, and interest shall accrue on the unpaid principal balance at 24% per annum or the highest rate permitted by applicable law, if lower. On November 1, 2010, the lender converted the $10,000 promissory note into 2,000,000 shares of Series E Stock. In addition, the lender elected to convert the 2,000,000 shares of Series E Stock into 40,000,000 shares of common stock.

e) On November 4, 2010, the Company entered into an Addendum to the Consulting Agreement with Cadence to issue an additional 3,000,000 shares of common stock in consideration for additional consulting services provided. Refer to Note 13(d).

f) On November 9, 2010, the Company entered into exchange agreements with lenders to convert $24,000 of amounts owing into 4,800,000 shares of Series E Stock. On November 9, 2010, the lenders converted 4,800,000 shares of Series E Stock into 96,000,000 shares of common stock.

g) On November 26, 2010, the Company entered into a Mutual Release and Rescission Agreement with Genesis to terminate, cancel and rescind all obligations that either party has under the Sublicense Agreement. Refer to Note 13(c).