# TRANZBYTE CORPORATION
# Fka
# (Altitude Organic Corporation)

**INTERIM FINANCIAL STATEMENTS**
**(UNAUDITED)**
**For the Six Months Ended**

**December 31, 2012 and 2011**

**TRANZBYTE CORPORATION**
**CONSOLIDATED BALANCE SHEET**
**UNAUDITED**
**AT DECEMBER 31, 2012**

## ASSETS

| | | |
|---|---|---|
| **CURRENT ASSETS:** | | |
| Cash | $ | 1,269 |
| Total current assets | | 1,269 |
| | | |
| **OTHER ASSETS:** | | |
| Investments | | 480,000 |
| Intellectual property | | 1,276,131 |
| Less accumulated amortization | | (717,939) |
| Total assets | $ | 1,039,461 |

## LIABILITIES

| | | |
|---|---|---|
| **CURRENT** | | |
| Accounts payable and accrued expenses | $ | 668,728 |
| Loans from shareholders | | 1,797,939 |
| Debentures payable and accrued interest | | 1,052,772 |
| Total current liabilities | | 3,519,439 |

## STOCKHOLDERS' DEFICIT

| | | |
|---|---|---|
| Preferred stock Series B | | 65,000 |
| Preferred stock Series C | | 1 |
| Common stock | | 1,770,866 |
| Additional paid-in capital | | 12,935,186 |
| Accumulated (deficit) | | (17,251,031) |
| Total stockholders' deficit | | (2,479,978) |
| | | |
| Total liabilities and stockholders' deficit | $ | 1,039,461 |

See accompanying notes to these unaudited consolidated financial statements.

**TRANZBYTE CORPORATION**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**UNAUDITED**

| | For the three months ended Dec 31, 2012 | For the six months ended Dec 31, 2012 | For the three months ended Dec 31, 2011 | For the six months ended Dec 31, 2011 |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Revenue - Altitude Organic | $ 0 | $ | $ 36 | $ 21,023 |
| | | | | |
| **OPERATING EXPENSES** | | | | |
| General and administrative | $ 1,113 | $ 10,624 | $ 4,142 | $ 22,206 |
| Sales & marketing | 0 | 0 | 1,853 | 13,156 |
| Consulting | 60,000 | 120,000 | 80,400 | 120,400 |
| Legal & accounting | 47,675 | 93,250 | 50,376 | 68,616 |
| Officer compensation | 30,000 | 88,735 | 76,928 | 136,928 |
| Travel | 0 | 0 | 2,320 | 3,873 |
| Shareholder communication | 5,713 | 8,487 | 0 | 7,456 |
| Rent & utilities | 3,067 | 8,182 | 3,072 | 12,288 |
| Interest expense | 11,211 | 32,368 | 28,811 | 94,235 |
| Depreciation & amortization | 8,000 | 16,000 | 8,000 | 8,000 |
| Total Operating Expenses | 166,779 | 377,646 | 255,902 | 487,158 |
| | | | | |
| Net (loss) | $ (166,779) | $ (377,646) | $ (255,866) | $ (466,135) |

See accompanying notes to these unaudited consolidated financial statements.

# TRANZBYTE CORPORATION
# CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
# UNAUDITED

| | Preferred Shares | Amount | Common Shares | Amount |
|---|---|---|---|---|
| Balance at June 30, 2011 | 6,500,000 | 65,000 | 485,499,065 | 485,499 |
| Shares issued to loans from shareholder | | | 6,727,920 | 6,728 |
| Shares issued for debentures prin & accrued intr | | | 88,060,000 | 88,060 |
| Net (loss) for six months ended Dec. 30, 2011 | | | | |
| Balance at December 31, 2011 | 6,500,000 | 65,000 | 580,286,985 | 580,287 |
| | | | | |
| Balance at June 30, 2012 | 13,000,000 | $65,001 | 909,829,249 | $909,830 |
| Shares issued to loans from shareholder | | | 9,156,078 | 9,156 |
| Shares issued for debentures prin & accrued intr | | | 851,880,167 | 851,880 |
| Net (loss) for six months ended Dec. 31, 2012 | | | | |
| Balance at December 31, 2011 | 13,000,000 | $65,001 | 1,770,865,494 | $1,770,866 |

See accompanying notes to these unaudited consolidated financial statements.

| | Paid-In Capital | Accumulated (Deficit) | Total |
|---|---|---|---|
| Balance at June 30, 2011 | 13,127,531 | (15,735,117) | (2,057,087) |
| Shares issued to loans from shareholder | 26,912 | | 33,640 |
| Shares issued for debentures prin & accrued intr | 146,085 | | 234,145 |
| Net (loss) for six months ended Dec. 30, 2011 | | (466,135) | (466,135) |
| Balance at December 31, 2011 | 13,300,528 | (16,201,252) | (2,255,437) |
| | | | |
| Balance at June 30, 2012 | $13,287,911 | ($16,873,385) | ($2,610,643) |
| Shares issued to loans from shareholder | 34,177 | | 43,333 |
| Shares issued for debentures prin & accrued intr | (386,902) | | 464,978 |
| Net (loss) for six months ended Dec. 31, 2012 | | (377,646) | (377,646) |
| Balance at December 31, 2011 | $12,935,186 | ($17,251,031) | ($2,479,978) |

See accompanying notes to these unaudited consolidated financial statements.

**TRANZBYTE ORGANIC CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**UNAUDITED**

| | For the three months ended Dec 31, 2012 | For the six months ended Dec 31, 2012 | For the three months ended Dec 31, 2011 | For the six months ended Dec 31, 2011 |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| Net (loss) for the period | $ (166,779) | $ (377,646) | $ (255,866) | $ (466,135) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | | | |
| Shares issued - debt for services | 0 | 0 | 33,640 | 33,640 |
| Shares issued - loans to shareholders | 0 | 43,333 | 0 | 0 |
| Shares issued - debentures & interest | 349,425 | 464,978 | 188,645 | 234,145 |
| Depreciation & amortization | 8,000 | 16,000 | 8,000 | 8,000 |
| Changes in assets and liabilities | | | | |
| (Incr)/decr - accounts receivable | 0 | 0 | 0 | (21,000) |
| Incr/(decr) in accounts payable | (2,000) | (7,997) | 0 | (274,735) |
| Incr/(decr) in debentures payable | 184,918 | 69,365 | (125,805) | 92,131 |
| Incr/(decr) in accrued interest | (28,132) | (6,975) | (25,992) | 57,243 |
| Incr/(decr) - loans from shareholders | (345,924) | (201,550) | 179,500 | 338,833 |
| **Net cash (used in) provided by operating activities** | (492) | (492) | 2,122 | 2,122 |
| **INVESTING ACTIVITIES** | | | | |
| **Net cash (used in) provided by investing activities** | 0 | 0 | 0 | 0 |
| **FINANCING ACTIVITIES** | | | | |
| **Net cash (used in) provided by financing activities** | 0 | 0 | 0 | 0 |
| **INCREASE (DECREASE) IN CASH** | (492) | (492) | 2,122 | 2,122 |
| **CASH, BEGINNING OF PERIOD** | 1,761 | 1,761 | 1,761 | 1,761 |
| **CASH, END OF PERIOD** | $ 1,269 | $ 1,269 | $ 3,883 | $ 3,883 |

See accompanying notes to these unaudited consolidated financial statements.

**TRANZBYTE CORPORATION**
**Notes to Unaudited Consolidated Financial Statements**
**For the six months ended December 31, 2012 and 2011**
**(Unaudited)**

## NOTE 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

### The Company

The Company was incorporated on November 12, 1998 in Nevada as Ti-Mail Inc. During the year 2000 it changed its name to Desert Winds Entertainment, Inc. and then during 2000 to SunnComm, Inc., during 2002 to SunnComm Technologies, Inc., and during 2004 to SunnComm International Inc. On June 14, 2007 the Company changed its name from SunnComm Technologies Inc. to The Amergence Group, Inc. and the Company consolidated its authorized and outstanding common shares at a 1 for 1,000 ratio. After the stock consolidation the Company had authorized 870,000 common shares at a par value of $.001. On March 8, 2011 the Company changed its name to Altitude Organic Corporation. On January 6, 2012, the Company changed its name to Tranzbyte Corporation.

Altitude Organic Corporation is currently undergoing a re-vamping of its new medical marijuana management company business model in the state of Arizona. The company has launched its new multi-dispensary product marketing program called Zazzz. The Zazzz program is designed to acquire and utilize counter display space in medical cannabis dispensaries located in the US.

On January 5, 2012, the Company acquired all of the outstanding shares of Proxima-RF Technology Holding Company Ltd. "Proxima" for 6,500,000 shares of Preferred Series C stock of the Company. The Company agreed with Proxima to use its best efforts to repurchase and retire the Preferred Series C shares during 2012. Proxima produces a versatile and leading-edge portfolio of RFID readers, tags, sensor tags, sensor probes, and RFID-enabled data logging tags based on the ISO 15693 standard of high frequency (13.56 Mhz) RFID. HF RFID is ideally suited for applications requiring a secure 1-to-1 device write and read.

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the periods presented. Significant adjustments may be required upon the financial statements being audited to be in conformity with Generally Accepted Accounting Principles.

### Principles of Consolidation

The Company's consolidated financial statements include the assets, liabilities and operating results of the Company and its wholly owned subsidiary Altitude Organic Licensing Corporation.

### Use of Estimates

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position.

### Cash & Cash Equivalents

The company's policy is to consider cash and cash equivalents to consist of checking accounts, money market accounts or certificates of deposit having maturity dates of 180 days or less.

### Financial Instruments

Financial instruments consist primarily of cash, security deposits and obligations under accounts payable and accrued expenses. The carrying amounts of cash, accounts receivable, security deposits, accounts payable and accrued expenses approximate fair value because of the short-term maturity of those instruments.

**Income Taxes**

The Company records its federal and statement income tax liability as it is incurred.

**NOTE 2: INTELLECTUAL PROPERTY**

The Company's 10-year-old Tranzbyte division continues to focus on the development and marketing of its innovative group of optical media enhancement technologies worldwide such as FLASHAlbum, a technology which enables distributors of optic disc media (CDs and DVDs) to combine the best features of both mediums on one content-protected USB flash drive.

CDMX is a multi-media CD enhancement technology is housed entirely on the CD itself and does not require the loading of any software components in order to access the music and bonus content. It also provides an enabling technology that is designed to offer companies an innovative alternative to traditional marketing media. Housed on a digitally-enhanced CD, providing branding, viral marketing, advertising and revenue-generating opportunities.

DVCD provides an environment and interface to include additional digital content on a Video DVD. The most common application might be a movie soundtrack or other audio content included on the same DVD as a movie.

All•Play allows the use of electronic, optical and digital content across multiple applications, and more specifically, allows both content owners and end users to control how and where they can access content. For example, the delivery of music from an online music store to multiple destinations in multiple formats.

DVD copy management, content protection and enhancement technology. This legacy technology provides an alternative, authorized process to play, move and share content from Video-based (Movie) DVDs in a legally approved and controlled process. It provides a compromise solution that delivers limited rights and enhanced features to DVD buyers without allowing freedom to steal content from the producer, or studio.

Collectively, the above described technologies are valued at $1,196,131 less accumulated amortization of $677,939 resulting in a net value of $518,192.

On February 15, 2011, the Company acquired Altitude Organic Licensing Corporation and its subsidiaries. The value of the business, industry contacts and know-how was valued at $80,000 and will be amortized over 5 years. Accumulated amortization at December 31, 2012 was $40,000.

**NOTE 3. INVESTMENTS**

At May 24, 2010, the company entered into a Joint Venture Production Agreement with Panpacific Business Limited, “PanPacific”, whereby it would receive 50% of the profits in three scheduled concerts with internationally known artists to be performed in Hong Kong, and other agreed-upon joint enterprises, for 60 million restricted common shares valued at $2,400,000. On August 9, 2010, PanPacific and the company formed a Nevada corporation and named it Panpacific International, Inc., “Pan International”. PanPacific contributed it business operation allowing Tranzbyte to establish a presence and capabilities in Hong Kong, Macao, and China mainland enabling the company to consider future joint ventures to be identified and its advertising network for 75% ownership and the company received 25% for its prior capital investment of 60 million common shares. During December 2010, the company issued a restricted stock dividend to its shareholders comprised of 80% of its holdings, which was 20% of Pan International’s total outstanding common shares. The company reduced its investment in Pan International by 80% to 480,000 for the dividend.

At September 30, 2012 the company owned 10 million shares of Pan International representing 5% of Pan International’s total outstanding common shares with a cost basis of $480,000.

**NOTE 4. DEBENTURES PAYABLE**

On December 15, 2006, the Company originally issued a debenture payable to a Holder for $150,942 in cash advances. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012, the Company owed $7,707 in principal and $28,529 in accrued interest. During the year quarter ended September 30, 2012, the Company issued 45,000,000 common shares valued at $11,486 paying off the principal and reducing the accrued interest by $3,779. During the quarter ended December 31, 2012, the Company issued 45,000,000 common shares valued at $24,925 that paid off all the accrued interest on the debenture resulting in the debenture being paid off and retired by the Company.

On December 31, 2009, the Company issued a debenture payable for cash advances for $60,660. The debenture accrued interest at 10% per annum and could convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. On August 29, 2011, the Holder converted $27,883 of principal and $5,867 of accrued interest for the issuance of 9,000,000 common shares. On October 7, 2011, the Holder converted $32,777 of principal and $700 of accrued interest for 10,085,231 common shares resulting in the debenture being paid off and retired by the Company.

On December 31, 2010, the Company issued a debenture payable for $162,706 for cash advances during the 2010 calendar year. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2012, the Company issued 6,666,667 common shares valued at $6,667 reducing the principal by $1,092 and accrued interest $5,575. At September 30, 2012, the Company owed the Holder $4,324 in principal and $7,816 in accrued interest. During the quarter ended December 31, 2012 the debenture accrued $213 in accrued interest resulting in the Company owing $4,324 in principal and $8,029 in accrued interest.

On March 31, 2008, the company originally issued a debenture payable to a creditor for $205,000 of unpaid compensation. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012 the Company owed $11,015 in principal and $2,022 in accrued interest. During the quarter ended September 30, 2012 the debenture accrued $275 in interest. During the quarter ended December 31, 2012 the debenture accrued $275 in interest. At December 31, 2012, the Company owed the Holder $11,015 in principal and $2,573 in accrued interest.

On December 31, 2009, the company originally issued a debenture payable to a creditor for $278,184 of unpaid compensation. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012, the Company owed the Holder $73,184 in principal and $23,511 in accrued interest. During the quarter ended September 30, 2012, the Company issued 45,000,000 common shares valued at $24,750 reducing the principal by $14,032 and accrued interest $10,718. During the quarter ended December 31, 2012 the Company issued a total of 120,000,000 common shares under two separate demands notices valued at a total of $66,000. At December 31,2012 the Company owed the debenture holder $7,570 of principal and $187 of accrued interest.

During the quarter ended September 30, 2011 a lender advanced the company $7,500 that was converted into a debenture at December 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarters ended September 30, 2012 and December 31, 2012, interest accrued on the debenture was $188 and $188, respectively. At December 31, 2012 the Holder was owed $7,500 in principal and $1,113 in accrued interest.

On September 30, 2011, the company reduced its accounts payable by $270,000 by issuing a debenture to the company's former president for the same amount for unpaid compensation from July 1, 2008 through December 31 2009. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2012, the Company issued 120,213,500 common shares valued at $78,275 reducing the principal by $72,650 and accrued interest $5,625. During the quarter ended December 31, 2012 the Company issued 85,000,000 shares reducing the principal by $46,750 and accrued interest expense during the quarter was $3,713. At December 31, 2012, the Company owed the Holder $150,600 in principal and $29,049 in accrued interest.

On December 31, 2011 the Company issued a debenture to a Holder for $26,444 for cash advances to the Company during the quarter ended December 31, 2011. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. The debenture will accrue interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. During the quarters ended September 30, 2012 and December 31, 2012, interest accrued on the debenture was $661 and $661, respectively. At December 31, 2012, the principal balance was $26,444 and the accrued interest was $2,644.

On June 29, 2012, the Company issued a $500,000 convertible debenture to a former president of the Company in exchange for his release of a $268,000 secured note that had a lien on the Company's inventory and any and all of its' assets of any kind or nature including assets held by its subsidiaries as of February 11, 2011. The value of the Debenture was determined based upon a discount to the book value of the Company's intellectual property and assets. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. During the quarter ended December 31, 2012 the Company issued a total of 385,000,000 common shares under three separate demands notices reducing the principal by $211,750. Accrued interest expense during the quarter was $1,849. At December 31, 2012, the principal balance was $288,250 and the accrued interest was $14,349.

On November 30, 2012, the Company reduced its loans from shareholders by $210,000 by issuing a debenture to a consulting corporation for its services for the same amount from January 1, 2011 through December 31 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended December 31, 2012 was $1,750 resulting in the Company owing $210,000 in principal and $1,750 in accrued interest at December 31, 2012.

On November 30, 2012, the Company reduced its loans from shareholders by $165,000 by issuing a $165,000 convertible debenture to a former president of the Company for his services from January 1, 2010 thru January 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended December 31, 2012 was $1,375 resulting in the Company owing $165,000 in principal and $1,375 in accrued interest at December 31, 2012.

On November 30, 2012, the Company reduced its loans from shareholders by $120,000 by issuing a $120,000 convertible debenture to a financial consultant of the Company for his services from January 1, 2011 thru December 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended December 31, 2012 was $1,000 resulting in the Company owing $120,000 in principal and $1,000 in accrued interest at December 31, 2012.

## NOTE 5: LOANS FROM SHAREHOLDERS

On June 29, 2012, the Company reduced its loans from shareholders by $268,000 in a settlement with a former president of the Company by issuing a convertible debenture for $500,000 as described in the above footnote.

During the six months ended December 31, 2012, the Company agreed to pay $495,000 of outstanding debt with three debentures as described in the last three paragraphs of Note 4. The Company may agree to settle additional debt with shareholders by issuing a convertible debenture from time to time.

## NOTE 6. STOCKHOLDERS EQUITY

### Preferred Stock

On January 3, 2012, the Company designated 6,500,000 preferred shares to be authorized in Series C Preferred Stock at a face value of $1 per share. The Class C Preferred shares are non-voting, have no dividend rights and rank junior to all other Preferred Classes of Stock. The Class C Stock is secured by 100% of its right, title and interest in all of the outstanding and issued capital stock of Proxima-RF Technology Holding Company Ltd. "Proxima R-F". The ownership percentage in Proxima-RF is held as collateral by the Series C Preferred stockholders and will be reduced as the Company may from time to time purchase and retire any number of Class C Preferred Stock for cash. The value of the Preferred Series C will be carried at $1 on the Company's financial statements and will be adjusted as the Company may repurchase the Preferred Stock and increase its ownership interest in Proxima R-F.

On June 29, 2012, the Company issued the 6,500,000 Preferred Series B shares to David Gwyther as consideration for signing a three-year employment agreement with the Company. On November 18, 2012 a majority of the common shareholders approved in writing to change the voting rights of the Preferred Series B shares from 100 votes per common share to 1,000 votes per common share. The Preferred Series B shares held by the Company's president, David Gwyther have voting control of the Company with 1,000 votes for each preferred share held.

At December 31, 2012 the Company had authorized 30,000,000 preferred shares at $.01 and can issue shares of preferred stock in such classes and with such preferences as may be determined by the board of directors or the bylaws of the Company.

### Common Stock

On June 14, 2007 the Company consolidated its authorized and outstanding common shares at a 1 for 1,000 ratio. After the stock consolidation the Company had authorized 870,000 common shares at a par value of $.001 and 677,416 common shares outstanding that was also the same at June 30, 2007.

On May 22, 2008, the Company increased is authorized common shares to 125,000,000 at a par value of $.001.

On June 9, 2010, the Company increased is authorized common shares to 750,000,000 at a par value of $.001.

On May 29, 2012, the Company increased is authorized common shares to 1,350,000,000 at a par value of $.001.

On December 14, 2012, the Company increased is authorized common shares to 1,995,000,000 at a par value of $.001

On July 21, 2011, the company issued 5,000,000 common shares under a debenture that converted $9,436 of principal and $2,314 of accrued interest. On August 29, 2011, the Holder of a debenture converted $27,883 of principal and $5,867 of accrued interest for 9,000,000 common shares of the company.

On October 7, 2011, the Holder of two debentures was issued 20,844,616 common shares valued at $68,445 resulting in one of the debentures being paid in full and the other debenture being reduced by $32,362 of principal and $2,606 of accrued interest.

During the quarter ended December 31, 2011 the Holder of a debenture was issued 53,215,384 shares of common stock resulting from three separate conversions valued at $60,666 of principal and $59,534 of accrued interest.

On January 20, 2012, the Company issued 36,627,648 to the Company's president for services rendered from February 1, 2011 thru January 20, 2012 valued at $85,277 and then resigned as the president. In addition 500,000 shares were issued to a consultant valued at $1,400.

On February 1, 2012, the Holder of a debenture was issued 25,000,000 common shares valued at $25,000 resulting in the debenture being reduced by $20,071 of principal and $4,929 of accrued interest. In addition 1,000,000 shares were issued to an individual valued at $15,000 for accrued legal fees.

During the quarter ended June 30, 2012, a total of 206,414,686 common shares were issued in settlement of $265,191 of principal and $1,008 of accrued interest on three outstanding debentures of the Company.

During the quarter ended September 30, 2012, a total of 220,238,267 common shares were issued in settlement of $115,553 of principal and accrued interest on four debentures of the Company. The Company also issued 5,797,978 common shares valued at $43,333 to reduce loans from shareholders.

During the quarter ended December 31, 2012, a total of 635,000,000 common shares were issued in settlement of $310,082 of principal and $39,343 of accrued interest on four outstanding debentures of the Company resulting in one of the debentures being paid in full.

At December 31, 2012, the Company had 1,995,000,000 authorized common shares and 1,770,865,494 common shares issued and outstanding.