



**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2012
&
DECEMBER 31, 2011**

-Financial Principal's Letter Regarding Financial Statements

-2012 and 2011 Year-End Financial Statements and Accompanying Notes

CERTIFICATION

The financial information contained in this report is unaudited and is based upon present knowledge and belief. This information is believed to be correct and does not contain untrue statement of material fact and is in accordance with generally accepted accounting principles, consistently applied.

These financial statements and the notes hereto, fairly present in all material respects the financial condition, results of operations and cash flows for the two years ended December 31, 2012, and December 31, 2011, in conformity with generally accepted accounting principles in the United States, consistently applied.

The Issuer has duly caused this report to be signed and certified on its behalf by the undersigned, duly authorized, on this 25th Day of January, 2014.

/s/ Delmar Janovec

Delmar Janovec
President and Principal
Financial Officer

**CROUCH & ASSOCIATES
1453 SOUTH MAJOR STREET
SALT LAKE CITY, UTAH 84115**

January 9, 2014

BizAuctions, Inc.
Mr. Delmar Janovec, President
3440 E. Russell Road, Suite 206
Las Vegas, NV 89120

Dear Mr. Janovec,

I have compiled the accompanying consolidated balance sheets of BizAuctions, Inc. and its wholly-owned subsidiary (the "Company") as of December 31, 2012, and December 31, 2011, and the related consolidated statements of loss, changes in stockholders' deficit and cash flows for the years then ended in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements have been prepared in accordance with United States generally accepted accounting principles.

I have participated in the decision making process regarding certain financial transactions and am therefore not independent.

/s/ Brent Crouch

Brent Crouch
January 9, 2014
Salt Lake City, Utah

BIZAUKCTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2012 <u>(unaudited)</u>	December 31, 2011 <u>(unaudited)</u>
ASSETS:		
Current Assets:		
Cash	\$ 27,902	\$ 41,536
Inventory-(Note D)	86,834	108,249
Accounts receivable	-	18,151
Note receivable-(Note H)	10,000	177,417
Due from affiliates-(Note C)	145,349	209,382
Total Current Assets	<u>270,085</u>	<u>554,735</u>
Plant, Property and Equipment (net)	341	71,499
Deposits	11,527	45,966
Intangible assets - Candwich License	250,000	
Total Assets	<u>\$ 531,953</u>	<u>\$ 672,200</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 663,900	\$ 696,671
Note Payable - related party-(Note F)	278,203	258,015
Note Payable, short-term-(Note G)	2,153,152	2,566,707
Total Current Liabilities	<u>3,095,255</u>	<u>3,521,393</u>
Contingencies and commitments	95,571	95,571
Total Liabilities	<u>\$ 3,190,826</u>	<u>\$ 3,616,964</u>
STOCKHOLDERS' DEFICIT		
Preferred stock, Series D, \$.001 par value;25,000,000 shares authorized 10,000,000 shares issued and outstanding,	10,000	10,000
Preferred stock, Series C convertible stock, 20,000,000 shares authorized 135,000 shares issued and outstanding converts to \$5 of common shares per each share of preferred	135	135
Preferred stock - Series A convertible stock, 100,000,000 shares authorized; voting rights - 10 votes to one share of common; 42,000,000 issued and outstanding	42,000	42,000
Common stock, \$.001 par value; 20,000,000,000 shares authorized; 98,333,434 and 1,061,790 issued and outstanding at December 31, 2012, and December 31, 2011	98,333	1,062
Additional paid-in Capital	7,356,095	6,945,537
Subscription receivable		
Retained deficit	<u>(10,165,436)</u>	<u>(9,943,498)</u>
Total Stockholders' Deficit	<u>(2,658,873)</u>	<u>(2,944,764)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 531,953</u>	<u>\$ 672,200</u>

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

BIZAUKCTIONS, INC.
CONSOLIDATED STATEMENT OF LOSS
(unaudited)

	Year ended	
	December 31, 2012	December 31, 2011
Revenues	\$ 167,203	\$ 2,309,398
Cost of goods sold	195,496	2,111,372
Gross profit	<u>(28,293)</u>	<u>198,026</u>
Operating expenses:		
Selling, general and administrative expenses	484,826	1,382,954
Depreciation and amortization	<u>19,712</u>	<u>38,498</u>
Total operating expenses	504,538	1,421,452
Other income and expenses:		
Interest expense	<u>247,136</u>	<u>479,923</u>
Loss before tax and extraordinary items	(779,967)	(1,703,349)
Loss on obsolete inventory		(300,000)
Interest income		4,245
Loss on write-down of Note Receivable		(25,000)
Gain (loss) on sale of region		37,718
Relief of debt income	725,446	
Loss on write-down of Note Receivable	(167,417)	
Gain (loss) on sale of joint venture		375,000
Income tax expenses	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ (221,938)</u>	<u>\$ (1,611,386)</u>
Net loss per common share	\$ (0.06)	\$ (1.93)
Weighted average common shares outstanding	3,892,360	835,131

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

BIZAUKCTIONS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FROM DECEMBER 31, 2009 TO DECEMBER 31, 2012
(Restated for a 1 for 17,000 reverse split effective 2-21-2012)
(unaudited)

	Preferred stock		Common Stock		Additional	Retained
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit
Balance at December 31, 2009	52,000,000	\$ 52,000	430,581	\$ 431	\$ 6,136,000	\$ (7,225,040)
Conversion of note for common stock			320,930	321	297,549	
Conversion of note for common stock-related party			88,235	88	59,912	
Conversion of preferred stock to common stock	(10,000)	(50,000)	7,353	7	49,993	
Stock issued for services	10,000	50,000	3,788	4	43,174	
Net loss for the year ended December 31, 2010						(1,107,072)
Balance at December 31, 2010	52,000,000	\$ 52,000	850,888	\$ 851	\$ 6,586,628	\$ (8,332,112)
Stock issued for services			49,137	49	71,401	
Conversion of note for common stock			161,765	162	86,588	
Conversion of note for preferred stock	30,000	30			88,470	
Rescind agreement of preferred stock	104,500	105			112,450	
Net loss for the year ended December 31, 2011						(1,611,386)
Balance at December 31, 2011	52,134,500	\$ 52,135	1,061,790	\$ 1,062	\$ 6,945,537	\$ (9,943,498)
Conversion of note for common stock			400,000	400	10,600	
Conversion of note-related party for common stock			68,765,585	68,766	111,395	
Stock issued for services			2,856,059	2,856	51,313	
Stock issued pursuant to Reg D 504			250,000	250	12,250	
Stock issued for License			25,000,000	25,000	225,000	
Net income for the period ended December 31, 2012						(221,938)
Balance at December 31, 2012	52,134,500	\$ 52,135	98,333,434	\$ 98,333	\$ 7,356,095	\$ (10,165,436)

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

BIZAUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Year Ended	
	December 31, 2012	December 31, 2011
Cash flows from operating activities:		
Net income (Loss)	\$ (221,938)	\$ (1,611,386)
Adjustment to reconcile net loss to cash used in operations:		
Stock issued to pay expenses (company and affiliates)	54,168	71,450
Depreciation	19,712	38,498
Relief of debt income	(725,446)	
Bad debts written off	167,417	70,090
Change in operation accounts:		
Accounts payable and accrued expenses	207,731	332,669
Inventory	21,415	433,456
Deposits	34,439	(24,995)
Notes receivable	167,417	117,417
Accounts receivable	18,151	(8,151)
Note payable related party	120,188	131,850
	<u>(136,746)</u>	<u>(449,102)</u>
Cash flows from investing activities:		
Purchase assets		(33,401)
Sale assets	51,446	22,858
	<u>51,446</u>	<u>(10,543)</u>
Cash flows from financing activities:		
Proceeds from the sale of common stock	12,500	
Proceeds (payments) from loans - affiliates	64,033	186,629
Proceeds from loans - related party	11,700	
Proceeds from loans (net)		216,556
Payments on loans	(16,567)	-
	<u>71,666</u>	<u>403,185</u>
Increase (decrease) in cash	(13,634)	(56,460)
Cash - Beginning of the year	41,536	97,996
Cash - End of the Period	<u>\$ 27,902</u>	<u>\$ 41,536</u>

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

BizAuctions, Inc.
(formerly Kootenai Corp.)
(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statement follows.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in this year-end report.

The consolidated financial statements include a company which is effectively controlled directly by the Parent Company, where control is defined as the power to govern the financial operation policies. This control is generally evidenced when the company directly or indirectly owns more than 50% of the voting rights of the company's share capital. Significant intercompany transactions have been eliminated in consolidation.

Inventory is valued at the lower of cost or market as of the respective balance sheet dates.

In May of 2006, the Company's former parent, Green Endeavors LTD., formerly Net2Auction, Inc., purchased 50,000 shares (50,000,000 shares prior to the pre-reverse stock split on June 27, 2006) to gain a 50.02% ownership of BizAuctions, Inc. On June 27, 2006, the Company had a reverse stock split whereby each shareholder received 1 share for each 1,000 shares owned. On June 28, 2006, the former parent company, Green Endeavors LTD., acquired 50,000,000 post reverse split shares to gain a 99.9% ownership of the Company's outstanding common stock. In this transaction, the Company acquired 100% of BizAuctions, Corp. from its parent. This transaction was valued at \$154,400 or \$0.003 per share.

As of December 31, 2012, and December 31, 2011, AmeriResource Technologies, Inc. ("Parent" or its "Affiliates") controlled approximately 0.0003% and 0.02%, respectively, of the outstanding common stock of the Company. Upon the conversion of the Series A and Series D Preferred stock owned by the Parent would give approximately 93% and 81% voting control as of December 31, 2012, and December 31, 2011 of the Company.

Effective August 17, 2006, a forward stock split was effective whereby each shareholder of record received 2 shares of common stock for each share owned.

Business and Basis of Presentation

BizAuctions, Inc. was formed as a Delaware Corporation on May 5, 1995 as Topper's Brick Oven Pizza, Inc. Since the inception of the Company there have been three subsequent name changes to its current name, BizAuctions, Inc.

BizAuctions has established itself as a leader within the eBay marketplace through its online auctions of well known name brand merchandise. BizAuctions designation on eBay as a Power-Seller ranks the Company among the most successful on eBay in terms of sales and customer satisfaction. With a worldwide audience of approximately 290 million plus registered users, eBay provides the Company a well known and established forum to market and sell our merchandise in a competitive bidding format.

BizAuctions, Inc.
(formerly Kootenai Corp.)
(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Business and Basis of Presentation-(Continued)

The Company strategy is that of the most basic of economic principles: Buy low and sell high. We have contracted with retailer-wholesalers to purchase salvaged merchandise at a discount and sell for a profit on eBay, Amazon, Craig's List, and at our retail-outlet store. This salvaged merchandise is generally overstock inventory, display models, and customer returns. We sell brand name general merchandise, home goods, appliances, clothes and electronics. BizAuctions list the merchandise through Kyozeu software which is fully integrated and compliant with eBay, Amazon, and Craig's List. Once an auction ends, payment is collected via PayPal or credit card. We have our own designated Account Executives with eBay, Amazon, and PayPal to help BizAuctions achieve the highest potential.

BizAuctions operates out of its retail-warehouse in Chula Vista, CA, a suburb of San Diego, CA, and has 5 full time employees at the end of this reporting quarter. We are currently providing liquidation services to retailers and other wholesalers in California. Since the inception of the Company, we have created an efficient business model that will allow for expansion in good economic times. The current operational capacity is limited to the Company purchasing power and the current economic conditions.

The Company is in the process of redefining its business model and is making contacts with other major retailers and wholesalers for liquidation services. The Company is in discussions with other major retailers-wholesalers that provide a broad base of merchandise for the potential liquidation of inventory that has been either phased out or is a surplus for the wholesaler.

BizAuctions sales for the year ended December 31, 2012 has decreased approximately \$2,142,195 over the year ending December 31, 2011. The decrease in revenues is due to the sale of a substantial portion of the retail operations during the 3rd quarter of calendar year 2011.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Income Taxes

The Company has adopted Financial Accounting Standard No. 109 (SFAS 109) which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

Net Loss Per Common Share

The Company computes earnings per share under Financial Accounting Standard No. 128, "Earnings Per Share" (SFAS 128). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the year. Dilutive common stock equivalents consist of shares issuable upon conversion of convertible preferred

BizAuctions, Inc.
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(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Net Loss Per Common Share-(Continued)

shares. During the years ended December 31, 2012, and December 31, 2011, common stock equivalents are not considered in the calculation of the weighted average number of common shares outstanding because they would be anti-dilutive, thereby decreasing the net loss per common share.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

Revenue Recognition

Revenue for product sales is recognized at the time the product is shipped to or picked up by the customer.

Advertising

The Company follows the policy of charging the costs of advertising to expenses as incurred. For the years ended December 31, 2012, and December 31, 2011, advertising costs were not material to the statement of loss.

Liquidity

As shown in the accompanying financial statements, the Company has incurred a net loss of (\$221,938), and (\$1,611,386) during the years ended December 31, 2012, and December 31, 2011, respectively. As of December 31, 2011, the Company had working capital deficit of (\$2,925,170). In order for the Company to sustain operations, additional working capital must be raised by increases in revenue realizing profitable margins, by the sale of equity securities, advances or loans from its parent company or its affiliates.

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and related party receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

Stock Based Compensation

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee

BizAuctions, Inc.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Stock Based Compensation-(Continued)

compensation and the effect of the method used on reported results. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the exercise price of the related option. The Company has adopted the annual disclosure provisions of SFAS No. 148 in its financial reports for the years-ended December 31, 2012, and December 31, 2011.

Comprehensive Income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130), establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, SFAS 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company adopted SFAS 130 during the periods ended December 31, 2012, and December 31, 2011, and has no items of comprehensive income to report.

Segment Information

Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS 131) establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS 131 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions to allocate resources and assess performance. The information disclosed herein, materially represents all of the financial information related to the Company's principal operating segment.

New Accounting Pronouncements

SFAS No. 168. In June of 2009, the Financial Accounting Standards Board, ("FASB"), issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles-replacement of SFAS No. 162. No 168 established the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with generally accepted accounting principles. No.168 explicitly recognizes rule and interpretive releases of the Securities and Exchange Commission (SEC) under federal securities laws issued for fiscal years and interim periods ending after September 15, 2009. The Company has adopted SFAS No. 168 and there was no impact on the Company's consolidated financial statements or results of operations.

SFAS No. 165. In May of 2009, the Financial Accounting Standards Board, ("FASB"), issued SFAS No. 165, Subsequent Events No. 165 establishes general standards of accounting for, and requires disclosures of events that occur after the balance sheet date but before the financial statements are issued or available

BizAuctions, Inc.
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(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements-(Continued)

to be issued. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009, and should be applied prospectively. The Company has adopted SFAS 165 and there was no impact on the Company's consolidated financial statements or results of operations.

NOTE B – ACQUISITION

On June 28, 2006, the Company entered into a purchase agreement ("Agreement") with Green Endeavors LTD., formerly Net2Auction, Inc., to acquire a 100% interest in BizAuctions, Corp. for the issuance of Fifty (50,000,000) million shares of common restricted stock.

NOTE C – DUE FROM AFFILIATES

Due from affiliate is comprised of balances due from its affiliates or parent, in the amount of \$145,349 at December 31, 2012, and \$209,382 at December 31, 2011.

NOTE D – INVENTORY

Inventory consists of unsold merchandise purchased from retailer-wholesalers for re-sale on internet outlets and the BizAuctions retail-outlet stores. Inventory is valued at the lower of cost or market.

NOTE E – RELATED PARTY TRANSACTIONS

During the calendar year 2012, the Company issued 33,333,300 shares of common restricted stock at \$0.015, per share to an officer and director of the Company in exchange for a partial reduction of a note payable, in the amount of \$49,999.

During the calendar year 2012, the Company issued 1,090,910 shares of common restricted stock at \$0.037, per share to an officer and director of the Company in exchange for a partial reduction of a note payable in the amount of \$40,367.

During the calendar year 2012, the Company issued 508,075 shares of common restricted stock at \$0.02, per share, to an officer and director of the Company in exchange for a partial reduction of a note payable, in the amount of \$10,162.

During the calendar years 2009 and 2008, the Company issued its parent 60,000,000 shares of common restricted stock and 42,000,000 of Series A Preferred for services rendered and financial guarantees.

During the calendar year 2009, the Company issued 50,000,000 shares of common restricted stock to the officers of the Company for services rendered and financial guarantees.

During the calendar year 2009, the Company issued its parent 10,000,000 shares of Series D Preferred in exchange for the partial reduction of debt in the amount of \$179,046 owed to its parent.

BizAuctions, Inc.
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(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E – RELATED PARTY TRANSACTIONS-(CONTINUED)

During the calendar year 2008, the Company issued 8,000,000 shares of restricted common stock to an officer of the Company for the conversion of debt in the amount of \$80,000 that was owed to the officer of the Company.

On June 28, 2006, the Company purchased 100% of Green Endeavors LTD., formerly Net2Auction, Inc.'s subsidiary, BizAuctions, Corp. for the issuance of Fifty (50,000,000) million shares of its common restricted stock. The total value of the transaction was \$154,400.

NOTE F – NOTES PAYABLE-RELATED PARTY

At December 31, 2012, the Company had notes payable to an officer of the Company in the amount of \$165,577. The note is payable on demand and is non-interest bearing and is convertible into common stock, at the option of the note holder.

At December 31, 2012, the Company had notes payable to Brent Crouch, a former officer, in the amount of \$212,626. The note is payable on demand and interest of 9% and is convertible into common stock, at the option of the note holder.

NOTE G – NOTES PAYABLE

The Company entered into a Promissory Note with an investor in July and in the amount of \$100,000. The note is due on September 27, 2011 with an interest charge of \$10,000. The note can be extended at the option of the note holder. (For additional information, see Note L-Subsequent Events.)

The Company entered into a Promissory Note with an investor in on April 6, 2011 and in the amount of \$25,000. The note is due on April 6, 2013 with an interest rate of 15% and is convertible into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of April 6, 2011.

The Company entered into a Promissory Note with an investor on May 4, 2011 and in the amount of \$20,000. The note is due on May 4, 2013 with an interest rate of 15% and is convertible into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 4, 2011.

The Company entered into a Promissory Note with an investor on May 24, 2011 and in the amount of \$10,000. The note is due on May 24, 2013 with an interest rate of 15% and is convertible into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 24, 2011.

The Company entered into a Promissory Note with an investor in January of 2011, and in the amount of \$100,000. The note is due on January 3, 2012 with an interest rate of 15% and can be extended for an additional year upon the note holder's option. (For additional information, see Note L-Subsequent Events.)

BizAuctions, Inc.
(formerly Kootenai Corp.)

(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on January 27, 2011 and in the amount of \$50,000. The note is due on January 27, 2013 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Promissory Note with an investor in February and in the amount of \$50,000. The note is due on July 2, 2011 with an interest rate of 15% and can be extended for an additional six months upon the note holder's option.

The Company entered into a Promissory Note with an investor in February and in the amount of \$50,000. The note is due on July 14, 2011 with an interest rate of 15% and can be extended for an additional six months upon the note holder's option.

The Company entered into a working capital loan with Strategic Funding in October of 2011, and in the amount of \$45,000 with an interest charge of \$17,505. The loan is to be paid back at the rate of 15% of the total monthly net credit card sales. The loan balance at the end of the period ending December 31, 2012, is \$50,304. (For additional information, please see Note L-Subsequent Events of this report.)

The Company entered into a Convertible Promissory Note with an investor on December 15, 2010 and in the amount of \$25,000. The note is due on December 15, 2012 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on December 8, 2010 and in the amount of \$50,000. The note is due on December 8, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 8, 2010.

The Company entered into a Convertible Promissory Note with an investor on December 15, 2010 and in the amount of \$50,000. The note is due on December 15, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 15, 2010.

The Company entered into a Convertible Promissory Note with an investor on December 1, 2010 and in the amount of \$25,000. The note is due on December 1, 2012 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on November 23, 2010 and in the amount of \$25,000. The note is due on November 23, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 23, 2010.

BizAuctions, Inc.
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(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on November 16, 2010 and in the amount of \$50,000. The note is due on November 16, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 16, 2010.

The Company entered into a Promissory Note with an investor on October 21, 2010 and in the amount of \$150,000. The note is due on October 21, 2011 with an interest rate of 15% and can be extended for an additional one year upon the note holder's option. (For additional information, see Note L-Subsequent Events.)

The Company entered into a Convertible Promissory Note with an investor on October 12, 2010 and in the amount of \$25,000. The note is due on October 12, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 12, 2010.

The Company entered into a Convertible Promissory Note with an investor on October 14, 2010, and in the amount of \$25,000. The note is due on October 14, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 14, 2010.

The Company entered into a Promissory Note with an investor on September 15, 2010 and in the amount of \$150,000. The note is due on September 15, 2011 with an interest rate of 15% and can be extended for an additional one year upon the note holder's option. (For additional information, see Note L-Subsequent Events.)

The Company entered into a Convertible Promissory Note with an investor on September 2, 2010, and in the amount of \$10,000. The note is due on September 2, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of September 2, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 30, 2010 and in the amount of \$25,000. The note is due on August 30, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 30, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 28, 2010 and in the amount of \$10,000. The note is due on August 28, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 28, 2010.

BizAuctions, Inc.
(formerly Kootenai Corp.)
(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on August 23, 2010 and in the amount of \$30,000. The note is due on August 23, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 23, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 16, 2010, and in the amount of \$30,000. The note is due on August 16, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 16, 2010.

The Company entered into a Convertible Promissory Note with an investor on July 30, 2010 and in the amount of \$57,000. The note is due on July 30, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of July 30, 2010.

The Company entered into a Convertible Promissory Note with an investor on June 28, 2010, and in the amount of \$77,000. The note is due on June 28, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of June 28, 2010.

The Company entered into a Convertible Promissory Note with an investor on June 1, 2010, and in the amount of \$45,000. The note is due on June 1, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of June 1, 2010.

The Company entered into a Convertible Promissory Note with an investor on May 18, 2010, and in the amount of \$45,000. The note is due on May 18, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 18, 2010.

The Company entered into a Convertible Promissory Note with an investor on April 30, 2010, and in the amount of \$50,000. The note is due on April 30, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of April 30, 2010.

BizAuctions, Inc.
(formerly Kootenai Corp.)

(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a note with Ford Motor Credit in the amount of \$51,164 in April, 2010 for the purchase of a 2010 vehicle with an interest rate of 15%. The note is due on April 28, 2015, and the current balance was \$39,133. The Company entered into an agreement with Ford Motor Credit in October of 2012 that allowed for the return of the vehicle and to be sold at auction. If the auction price was not adequate to pay-off the existing loan amount due, the Company would be responsible for the balanced owed.

The Company entered into a Convertible Promissory Note with an investor on April 1, 2010, and in the amount of \$75,000. The note is due on April 1, 2012 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on March 30, 2010, and in the amount of \$50,000. The note is due on March 30, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of March 30, 2010.

The Company entered into a Convertible Promissory Note with an investor on March 4, 2010, and in the amount of \$60,000. The note is due on March 4, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of March 4, 2010.

The Company entered into a Convertible Promissory Note with an investor on February 1, 2010, and in the amount of \$75,000. The note is due on February 1, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of February 1, 2010.

The Company entered into a Convertible Promissory Note with an investor on December 30, 2009 and in the amount of \$75,000. The note is due on December 30, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 30, 2009.

The Company entered into a Convertible Promissory Note with an investor on December 17, 2009 and in the amount of \$50,000. The note is due on December 17, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 17, 2009.

The Company entered into a Convertible Promissory Note with an investor on December 3, 2009 and in the amount of \$110,000. The note is due on December 3, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 3, 2009.

BizAuctions, Inc.
(formerly Kootenai Corp.)

(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on November 2, 2009 and in the amount of \$50,000. The note is due on November 2, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 2, 2009.

The Company entered into a Convertible Promissory Note with an investor on November 23, 2009 and in the amount of \$20,000. The note is due on November 23, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 23, 2009.

The Company entered into a Convertible Promissory Note with an investor on November 15, 2009 and in the amount of \$16,000. The note is due on November 15, 2011 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on October 26, 2009 and in the amount of \$25,000. The note is due on October 26, 2011 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on October 21, 2009 and in the amount of \$10,000. The note is due on October 21, 2011 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 21, 2009.

The Company entered into a Convertible Promissory Note with an investor on October 9, 2009 and in the amount of \$25,000. The note is due on October 9, 2011 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 9, 2009.

The Company entered into a Convertible Promissory Note with an investor on October 5, 2009 and in the amount of \$15,000. The note is due on October 5, 2011 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 5, 2009.

The Company entered into a Convertible Promissory Note with an investor on September 11, 2009 and in the amount of \$50,000. The note is due on September 11, 2012 with 10% interest and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on July 24, 2009 and in the amount of \$10,000. The note is due on July 24, 2011 with 15% interest and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of July 24, 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on July 23, 2009 and in the amount of \$20,000. The note is due on July 23, 2011 with 15% interest and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of July 23, 2009.

The Company entered into a Convertible Promissory Note with an investor in May 29, 2009 and in the amount of \$5,000. The note is due on May 29, 2012 with 15% interest and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 29, 2009.

The Company entered into a Convertible Promissory Note with an investor on May 22, 2009 and in the amount of \$5,000. The note is due on May 22, 2011 with 15% interest and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 22, 2009.

The Company entered into a Convertible Promissory Note with an investor on May 15, 2009 and in the amount of \$57,720. The note is due on May 15, 2011 with 10% interest and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on May 11, 2009 and in the amount of \$8,850. The note is due on May 11, 2011 with 15% interest and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 11, 2009.

The Company entered into a Convertible Promissory Note with an investor on March 31, 2009 and in the amount of \$23,500. The note is due on March 31, 2011 with 10% interest and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on March 31, 2009 and in the amount of \$55,800. The note is due on March 31, 2011 with 10% interest and can be converted into common stock upon the note holder's option.

The Company borrowed \$125,000 from an investor on June 28, 2006, through a Convertible Promissory Note. The note which bears interest at the rate of 10% is convertible into common stock of the Company at a ratio of \$0.01 per share. The note plus accrued interest may be converted into common stock at the option of the note holder after the maturity date of June 28, 2008. No interest or principal payments are due prior to the maturity date. An officer of the Company is liable as a co-signer on the note. The note will be converted into Twelve Million Five Hundred Thousand (12,500,000) shares of restricted common stock.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H – NOTE RECEIVABLE

The Company had recorded a receivable in the amount of \$147,362 that is owed from an Asset Purchase Agreement that was entered into with 88LG in October of 2011 for the sale of its retail operations, Lucky 7's brand name, inventory, and furniture, fixtures, and equipment that was associated with the operations for a price to be determined by the actual costs of the inventory and FF & E, to be verified by paid invoices, checks, and bill of lading. This note was deemed uncollectible during the quarter ended March 31, 2012 therefore the Company recorded a write down of the note. (For additional information, see Note M-Other Matters.)

The Company made a loan on August 10, 2007 and in the amount of \$10,000 to Candwich, Inc. The note has been extended since the initial due date of October 10, 2007, and is due on December 31, 2013, with interest due in the amount of \$5,500.00.

The Company made a loan on April 6, 2010 and in the amount of \$50,000 to La Jolla Liquidation & Auction Co. with an interest rate of 15% with the note being due on or before April 6, 2011. The Company had reduced the amount owing to \$25,000, at December 31, 2011, and then deemed the note uncollectable during the 1st quarter ending March 31, 2012 therefore, recorded a write down of the note.

NOTE I– STOCHOLDERS' DEFICIT

Preferred Stock:

The Company is authorized to issue 150,000,000 shares with 100,000,000 of Series A Preferred stock, 5,000,000 shares of Series B Preferred stock, 20,000,000 shares of Series C Preferred stock, and 25,000,000 shares of Series D Preferred stock.

The Series A Preferred stock is convertible at the option of the holder into common stock at the rate of 10 shares of common for every one share of Series A Preferred after one year from the date of issue. Each share of Series A Preferred stock has voting rights equal to 10 shares of common stock.

The Series B Preferred stock is convertible at the option of the holder into common stock at the rate of 1 share of common for each share of Series B after one year from the date of issue. Each share of Series B Preferred stock has voting rights equal to 1 share of common stock

The Series C Preferred stock has a stated conversion value of \$5.00, per share, upon conversion to common stock. Each share of Series C Preferred stock has voting rights equal to five shares of common stock.

The Series D Preferred stock has a stated conversion value of \$2.00 divided by 50% of the average closing price of the Common Stock on five business days preceding the date of conversion. Each share of the Series D Preferred stock has voting rights equal to the conversion factor at the time of conversion.

As of December 31, 2012, and December 31, 2011 respectively, the Company had 42,000,000 and 42,000,000 shares of Series A preferred stock outstanding, 0 and 0 shares of Series B preferred stock outstanding, 134,500 and 134,500 shares of Series C preferred stock outstanding, 10,000,000 and 10,000,000 shares of Series D preferred stock outstanding.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I- STOCHOLDERS' DEFICIT-(CONTINUED)

Issuances of Preferred stock during the calendar year 2012:

There were no issuances of Preferred Series stock during the calendar year, 2012.

Common Stock:

The Company is authorized 20,000,000,000 shares of common stock with a par value of \$.001 per share. As of December 31, 2012, and December 31, 2011, the Company has issued and has outstanding, 98,334,434, and 872,659 shares of common stock. (For additional information, see Note L.-Other Maters of this report.)

Issuances of common stock during the calendar year 2012:

During the calendar year, the Company issued 200,000 shares of common stock for the partial conversion of a note payable at \$0.037, per share.

During the calendar year, the Company issued 200,000 shares of common stock for the partial conversion of note payable at \$0.017, per share.

During the calendar year, the Company issued 500,000 shares of common restricted stock at \$0.02, per share, to a consultant and former officer of the Company in exchange for a partial reduction of a note payable, in the amount of \$10,000.

During the calendar year, the Company issued 508,075 shares of common restricted stock at \$0.02, per share, to an officer of the Company in exchange for a partial reduction of a note payable, in the amount of \$10,162.

During the calendar year, the Company issued 439,393 shares of common restricted stock for consulting services rendered at a value of \$29,561.

During the calendar year, the Company issued 250,000 shares of common stock to an accredited investor for the purchase price of \$12,500.00 under Regulation D-504.

During the calendar year, the Company issued 1,090,910 shares of common restricted stock at \$0.037, per share, to an officer of the Company in exchange for a partial reduction of a note payable in the amount of \$40,367.00.

During the calendar year, the Company issued 2,416,666 shares of restricted common stock for consulting services rendered at a value of \$24,166.

During the calendar year, the Company issued 25,000,000 shares of restricted common stock, at \$0.02, per share, to Mark Kirkland for the vending-distribution rights of the Candwich technology and products for the states of California and Nevada.

During the calendar year, the Company issued 33,333,300 shares of restricted common stock, at \$0.015 per share, to Brent Crouch, to a consultant and former officer, in exchange for the partial reduction of a note payable, in the amount of \$49,999.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I– STOCHOLDERS’ DEFICIT-(CONTINUED)

During the calendar year, the Company issued 33,333,300 shares of common restricted stock at \$0.015, per share, to an officer in exchange for the partial reduction of a note payable, in the amount of \$49,999.00

Issuances of common stock during the calendar year 2011:

During the calendar year the Company issued 850,000,000 shares of common stock for the partial conversion of a note payable at \$0.0004, per share.

During the calendar year the Company issued 551,700,000 shares of common stock for the partial conversion of a note payable at \$0.0004, per share.

During the calendar year the Company issued 996,970,417 shares of common stock for the partial conversion of a note payable at \$0.0004, per share.

During the calendar year the Company issued 66,666,667 shares of common stock for the conversion of a note payable at \$0.0002, per share.

During the calendar year the Company issued 125,000,000 shares of common stock that was converted from 10,000 shares of Series C Preferred at \$5.00, per share, to a consultant for services rendered.

During the calendar year, the Company issued 150,000,000 shares of common stock for the partial conversion of notes payable at \$0.0004, per share.

During the calendar year, the Company issued 3,178,000 shares of common stock at par value, per share, to a consultant for services rendered.

During the calendar year, the Company issued 1,500,000,000 shares of common stock for the partial conversion of a note payable at \$0.0004, per share.

During the calendar year, the Company issued 50,000,000 shares of common stock for the partial conversion of a note payable at \$0.0004, per share.

During the calendar year, the Company issued 100,000,000 shares of common stock for the partial conversion of a note payable at \$0.0001, per share.

NOTE J – COMMITMENTS AND CONTINGENCIES

The Company entered into a Lease Agreement (“Lease”) with Mazal Realty Investments, LP, (the “Landlord”), on November 26, 2012 for the premise located at 693 Palomar Street, Suite B, Chula Vista, CA, 91910. The premise governed by the lease is a retail space consisting of approximately 2,000 sq. ft of retail space at 693 Palomar Street, Suite B, Chula Vista, CA 91910. The lease is for a twelve (12) month period and is on a month to month lease basis that can be extended for an additional twelve (12) month period at the following sq. ft. prices;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J – COMMITMENTS AND CONTINGENCIES-(CONTINUED)

Base Year:

693 Palomar Street, Suite B, Chula Vista, CA 91910- November 26, 2012 through November 25, 2013, \$2,462.50, per month, with cam charges of \$610.00.

Option Year:

693 Palomar Street, Suite B, Chula Vista, CA 91910- November 26, 2013 through November 25, 2014, \$2,548.70, per month, with cam charges of \$610.00.

The Company entered into a Lease Agreement (“Lease”) with FS San Ysidro LLC (“Landlord”) on April 2, 2011 for the premises located at 4530 Camino De La Plaza, units K128 and K128A, San Ysidro, California 92173. The premise governed by the lease is a free-standing retail space consisting of approximately 3,800 square feet. The Lease term is for three (3) years, with an Option for an additional three (3) year period and at the following monthly rate. (For additional information on the above lease, see Note K and M of this report.)

Base Years:

4530 Camino De La Plaza, units K128 and K128A, from April 2, 2011 through April 2, 2014, \$9,120 with cam charges of \$2,090.

Option Years:

4530 Camino De La Plaza, units K128 and K128A, from April 2, 2014 through April 2, 2017 is based upon the greater of the national Consumer Price Index (CPI) or no less than a 3% increase. Based upon a 3% increase the rent is \$9,394, with cam charges of \$2,090.

The Company is in default pursuant to the terms of the lease and is working with the landlord to sublease the space. (For additional information, see Note K-Legal of this report.)

The Company entered into a Sub-Lease Agreement (“Lease”) with Aero Abre, Inc. (“Lessor”) on June 1, 2011 for the premise located at 1365 Grand Avenue, Suites 104 & 105, San Marcos, CA 92078. The premise governed by the lease is a retail space consisting of approximately 4,800 sq. ft. The lease term is for a three (3) year period and at the following monthly prices:

Base years:

1365 Grand Avenue, Suites 104 & 105, from June 1, 2011 through May 31, 2012 is \$5,000, including cam charges.

1365 Grand Avenue, Suites 104 & 105, from June 1, 2012 through May 31, 2013 is \$5,186, including cam charges.

1365 Grand Avenue, Suites 104 & 105, from June 1, 2013 through May 31, 2014 is \$5,360, including cam charges.

The Company was working with the Lessor to lease the retail space to potential retailers at the time of this reporting period. (For additional information, please see Note M-Other Matters of this report.)

The Leases were guaranteed by Delmar Janovec.

The Company has made a security deposits on the leases totaling \$47,118.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J – COMMITMENTS AND CONTINGENCIES-(CONTINUED)

Rent expense totaled \$17,527, and \$184,160 respectively, during the years ended December 31, 2012, and December 31, 2011.

The Company recorded contingencies in the amount of \$95,571 that consisted of trade payables for various vendors owed by the Company. These trade payables were accrued more than seven years ago (beyond the statute of limitations in most states) or prior to the Company acquiring the subsidiary.

NOTE K-LEGAL

FS San Ysidro, LLC, Plaintiff, vs. BizAuctions Corp., a Nevada corporation, and Delmar Janovec, an individual. The complaint was filed on January 30, 2012 in the Superior Court of California, County of San Diego South County Division, Case No. 37-2012-00074849-CU-BC-SC). The complaint is for breach of written lease and guarantees and at the time of the filing, damages were in the amount of \$24,232.74, plus legal fees incurred as a result of the breach. The complaint allows for the on-going monthly lease amount of \$11,419.00 being included in the complaint and until the retail space is leased to a new tenant. (For additional information, see Note L-Subsequent Events of this report.)

Kenneth J. Sullivan Family Trust, vs. BizAuctions, Inc., a Delaware corporation, BizAuctions Corp., a Nevada corporation, Lucky 7's, Inc., a Nevada Corporation, and Delmar Janovec, an individual. The complaint was filed on July 27, 2012 in the District Court, Clark County, Nevada, Case No. A-12-665844-B. The complaint is for breach of fiduciary duty for Lucky 7's, misappropriation, conversion and waste of corporation assets, unjust enrichment, misrepresentation and fraud, and attorney fees.

Kenneth J. Sullivan Family Trust, vs. BizAuctions, Inc., a Delaware corporation, BizAuctions Corp., a Nevada corporation, and Delmar Janovec, an individual. The complaint was filed on August 21, 2012 in the District Court, Clark County, Nevada, Case No. A-12-667160-C. The complaint is for breach of promissory note contracts, breach of implied covenant of good faith and fair dealing, unjust enrichment, misrepresentation and fraud, and attorney fees.

The Companies and Delmar Janovec have entered into a Forbearance Agreement and Stock Transfer Agreement with the Plaintiffs on September 25, 2012 for a period of ninety-seven (97) days or until December 31, 2012 that requires payments in the amount of \$3,000.00 due on October 15th, November 15, and December 15, 2012. All payments were made pursuant to the terms of the Forbearance Agreement.

The Stock Transfer Agreement required Delmar Janovec to transfer 799,861 shares of his personal BizAuctions common restricted stock to the Plaintiffs that was completed on October 1, 2012. (For additional information, see Note L-Subsequent Events of this report.)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE L - SUBSEQUENT EVENTS

Kenneth J. Sullivan Family Trust, vs. BizAuctions, Inc., a Delaware corporation, BizAuctions Corp., a Nevada corporation, Lucky 7's, Inc., a Nevada Corporation, and Delmar Janovec, an individual. The complaint was filed on July 27, 2012 in the District Court, Clark County, Nevada, Case No. A-12-665844-B. The complaint is for breach of fiduciary duty for Lucky 7's, misappropriation, conversion and waste of corporation assets, unjust enrichment, misrepresentation and fraud, and attorney fees.

Kenneth J. Sullivan Family Trust, vs. BizAuctions, Inc., a Delaware corporation, BizAuctions Corp., a Nevada corporation, and Delmar Janovec, an individual. The complaint was filed on August 21, 2012 in the District Court, Clark County, Nevada, Case No. A-12-667160-C. The complaint is for breach of promissory note contracts, breach of implied covenant of good faith and fair dealing, unjust enrichment, misrepresentation and fraud, and attorney fees.

The Companies and Delmar Janovec have entered into an Extension of the Forbearance Agreement with the Plaintiffs, Kenneth J. Sullivan Family Trust, on February 11, 2013, effective from February 1 through September 30, 2013 that requires payments in the amount of \$3,000.00 due on the 15th of each month and through September 30, 2013. At the time of the filing of this report, payments were made pursuant to the terms of the Forbearance Agreement.

The Company and the Plaintiffs through their counsels have entered into preliminary discussions for a settlement of these complaints in January of 2014.

Strategic Funding Source, Inc.-BizAuctions Corp., a Nevada Corporation. The Default Judgment was filed on November 22, 2013 in the Los Angeles Central District Court, Case No. BC 528-364, Dept. 4B. Pursuant to the terms of the Agreement, the Company received notice from Strategic Funding in June of 2013; the Company is in default and demanded payment in the amount of \$50,304, plus interest, for payment on the note.

David M. Cox vs. BizAuctions Corp., a Nevada corporation. The complaint was filed on March 22, 2013 in the Superior Court of California, County of San Diego South Division, Case No. 37-2013-00040808-CU-BC-CTL. The complaint is for breach of a consignment contract and at the time of the filing, damages were in the amount of \$35,000.00, plus legal fees incurred as a result of the breach.

FS San Ysidro, LLC, Plaintiff, vs. BizAuctions Corp., a Nevada corporation, and Delmar Janovec, an individual. The complaint was filed on January 30, 2012 in the Superior Court of California, County of San Diego South County Division, Case No. 37-2012-00074849-CU-BC-SC). The complaint is for breach of written lease and guarantees and at the time of the filing, damages were in the amount of \$24,232.74, plus legal fees incurred as a result of the breach. The complaint allows for the on-going monthly lease amount of \$11,419.00 being included in the complaint and until the retail space is leased to a new tenant

The Company, the guarantors of the Lease, and FS San Ysidro, LLC, entered into negotiations and a Settlement Agreement in January of 2013 for a payment of \$10,000.00 upon the execution of the Settlement Agreement and a final payment of \$90,000.00 by March 31, 2013. Final payment was made by March 31, 2013, with full release of the Action, with prejudice, in May of 2013.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M –OTHER MATTERS

On December 16, 2011, the Board of Directors, as approved by written consent of the majority shareholders in excess of 60% of the voting rights of the Company, received the approval and authorization for a reclassification or reverse split of the common stock for a 1:17,000, and filed with the State of Delaware for an amendment to the Articles of Incorporation on December 19, 2011, with an effective date of December 28, 2011. The shareholders of record on December 16, 2011 received notice of the action taken by the Board of Directors. The Company filed with FINRA and CUSIP for the reclassification of the common stock on December 23, 2011, with final approval on February 17, 2012.

The Company entered into a Asset Purchase Agreement with 88LG, Inc. in October of 2011 for the sale of its retail operations, the Lucky 7's brand name, inventory, and furniture, fixtures, and equipment that was associated with the retail operations for a price to be determined by the actual costs of the inventory and FF & E, to be verified by paid invoices, checks, and bill of lading.

The Company and 88LG have been in discussions regarding the costs of the inventory and FF & E, and have referred the issues to their counsels for review. The Company had been paid to date, \$173,261.40.

The lease expenses for the retail stores was to be paid by 88LG, and assumed after a period of six (6) months, pursuant to the terms of the Agreement. The Company received notice from 88LG that the stores would be closed down on November 17, 2011.

The Company through its counsel had notified 88LG they are in breach of the agreement and 88LG had notified the Company through its counsel the Company is in breach of the agreement. The Company after further discussions with its Counsel made the decision to not pursue the action in the Courts due to the costs of pursuing action first through a non-binding arbitration and then in the Courts of Los Angeles County.

The Company and its Joint-Venture Partner on the San Marcos Lucky 7's retail store, Aero Abre, Inc. entered into a Recession Agreement of the Joint-Venture Agreement during the 3rd Qtr. of 2011. The Recession Agreement calls for the purchase of the 49% joint-venture agreement for the issuance of Fifty-Five Thousand, (55,000), shares of Preferred Series C Convertible stock with a face value of \$5.00, per share upon conversion to common stock, purchase of the furniture, fixtures, and equipment for a price of Ten Thousand, (\$10,000-US) dollars, and assumption of the lease agreement for the retail space with the landlord, repayment of the lease deposit and the first and last month's rents, in the amount of \$7,000.

The Company and Aero Abre, Inc. entered into a Recession Agreement during the 3rd Qtr. of 2011 for the purchase of its retail contracts in the State of Arizona. The Agreement calls for the issuance of Forty-nine Thousand Five Hundred (49,500) shares of Preferred Series C Convertible stock that is restricted stock with a face value of \$5.00, per share, for the repayment of the deposit in the amount of One Hundred Twelve Thousand Five Hundred (\$112,500-US) Dollars, and the loss of potential investments or interests earned on the deposit amount, and the cancellation of the note to the Company.

The Company entered into a Investment Agreement in May, 2011 with Kodiak Capital Group LLC, a Delaware Limited Liability Company, an accredited investor, for an investment to purchase \$1,000,000.00 of common stock pursuant to the provisions of Section 4(2) under the Securities Act of 1933, as amended (the "1933 Act"), Regulation A or Rule 504 (each as defined herein), and the rules and regulations promulgated there under, or any combination thereof, or upon such other exemption from the registration requirements of the 1933 Act as may be available with respect to any or all of the investments

BizAuctions, Inc.
(formerly Kootenai Corp.)
(Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M –OTHER MATTERS-(CONTINUED)

in Common Stock. Funding was initiated during the 2nd Qtr. of 2012. (For additional information, see the Quarterly Report for period ending June 30, 2012, under Note L-Other Matters.)

The Company entered into an Agreement in March of 2011 to sell 40% of the common stock of Lucky 7's (Four Million Eight Hundred Thousand (4,800,000), to a non-affiliate 3rd party for Five Hundred Thousand Dollars (\$500,000.00). The Agreement called for a payment in the amount of One Hundred Fifty Thousand (\$150,000.00) due on the execution of the Agreement, One Hundred Seventy-five Thousand, (\$175,000.00) due on or before July 30, 2011 and the remaining balance of One Hundred Seventy-five Thousand (\$175,000.00) due on or before November 28, 2011. The 3rd payment in the amount of \$175,000.00 was made subsequent to the filing of the year-end report. (For additional information, see Note K-Legal, and Note L-Subsequent Events of this report.)

NOTE N - INCOME TAXES

The Company has adopted Financial Accounting Standard No. 109 which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

At December 31, 2012, the Company has available for federal income tax purposes a net operating loss carry forward of approximately, (\$ 10,000,000) , beginning to expire in the year 2025, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the start-up status of the Company, the tax benefits will not be recognized until income is realized. Due to significant changes in the Company's ownership, the future use of its existing net operating losses may be limited.

Components of deferred tax assets as of December 31, 2012, are as follows:

Non Current:	
Net operating loss carry forward	\$ 3,400,000
Valuation allowance	(3,400,000)

Net deferred tax asset	\$ --
	=====

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O - GOING CONCERN

The accompanying consolidated statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements during the years-ended December 31, 2012, and December 31, 2011, the Company incurred a loss from operations of (\$197,770), and (\$1,611,386), respectively, and has not obtained profitable operation under its current operating plan. This may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon advances from its Parent company and its affiliates, the sale of additional equity stock, loans, and management's ability to develop profitable operations. Management anticipates the Company will attain profitable status and improve its liquidity through the continued developing, marketing and selling of its products and additional equity investments in the Company. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern. In order to improve the Company's liquidity, the Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing. If operations and cash flows continue to improve through these efforts, management believes that the Company can continue to operate and achieve profitability. However, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems.