

The logo for TRANZBYTE features the word "TRANZ" in a blue, sans-serif font, followed by a stylized blue and white graphic element resembling a swoosh or a stylized 'Z', and then the word "BYTE" in the same blue, sans-serif font. The entire logo is set against a white background with a subtle blue gradient behind the text.

T R A N Z B Y T E

AMENDMENT 1

TRANZBYTE CORPORATION
Fka
(Altitude Organic Corporation)

INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
For the Nine Months Ended

March 31, 2013 and 2012

TRANZBYTE CORPORATION
CONSOLIDATED BALANCE SHEET
UNAUDITED
AT MARCH 31, 2013

ASSETS

CURRENT ASSETS:

Cash	\$	469
Total current assets		<u>469</u>

OTHER ASSETS:

Investments		480,000
Intellectual property		1,276,131
Less accumulated amortization		<u>(725,939)</u>
Total assets	\$	<u><u>1,030,661</u></u>

LIABILITIES

CURRENT

Accounts payable and accrued expenses	\$	668,728
Loans from shareholders		1,897,139
Debentures payable and accrued interest		<u>731,481</u>
Total current liabilities		3,297,348

STOCKHOLDERS' DEFICIT

Preferred stock Series B		65,000
Preferred stock Series C		1
Common stock		2,439,265
Additional paid-in capital		12,681,453
Accumulated (deficit)		<u>(17,452,406)</u>
Total stockholders' deficit		<u>(2,266,687)</u>
Total liabilities and stockholders' deficit	\$	<u><u>1,030,661</u></u>

See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three months ended March 31		Nine months ended March 31	
	2013	2012	2013	2012
REVENUE				
Revenue - Altitude Organic	\$ 0	\$	\$	\$ 21,023
OPERATING EXPENSES				
General and administrative	\$ 5,883	\$ 11,213	\$ 16,507	\$ 33,419
Sales & marketing	0	0	0	13,156
Consulting	86,667	64,700	206,667	185,100
Legal & accounting	31,564	53,776	124,814	122,392
Officer compensation	30,000	24,777	118,735	161,705
Travel	0	910	0	4,783
Shareholder communication	3,674	3,847	12,161	11,303
Rent & utilities	6,129	6,134	14,311	18,422
Interest expense	29,458	16,708	61,826	110,943
Depreciation & amortization	8,000	8,000	24,000	16,000
Total Operating Expenses	<u>201,375</u>	<u>190,065</u>	<u>579,021</u>	<u>677,223</u>
Net (loss)	<u>\$ (201,375)</u>	<u>\$ (190,065)</u>	<u>\$ (579,021)</u>	<u>\$ (656,200)</u>

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 for debt			44,355,568	44,356
Shares issued for services			500,000	500
Shares issued for debentures prin & accrued intr			113,060,000	113,060
Shares issued for acquisition of Proxima R-F	6,500,000	1		
Net (loss) for nine months ended Mar. 31, 2012				
Balance at March 31, 2012	<u>13,000,000</u>	<u>65,001</u>	<u>643,414,633</u>	<u>643,415</u>

Balance at June 30, 2012	13,000,000	\$65,001	909,829,249	\$909,830
Shares issued to loans from shareholder			43,538,244	43,538
Shares issued for debt			6,865,530	6,865
Shares issued for debentures prin & accrued intr			1,476,880,167	1,476,880
Shares issued for services			2,152,120	2,152
Net (loss) for nine months ended Mar. 31, 2013				
Balance at March 31, 2013	<u>13,000,000</u>	<u>\$65,001</u>	<u>2,439,265,310</u>	<u>\$2,439,265</u>

	Paid-In Capital	Accumulated (Deficit)	Total
Balance at June 30, 2011	13,127,531	(15,735,117)	(2,057,087)
Shares issued for debt	89,561		133,917
Shares issued for services	900		1,400
Shares issued for debentures prin & accrued intr	146,085		259,145
Shares issued for acquisition of Proxima R-F			1
Net (loss) for nine months ended Mar. 31, 2012		(656,200)	(656,200)
Balance at March 31, 2012	<u>13,364,077</u>	<u>(16,391,317)</u>	<u>(2,318,824)</u>

Balance at June 30, 2012	\$13,287,911	(\$16,873,385)	(\$2,610,643)
Shares issued to loans from shareholder	39,045		82,583
Shares issued for debt	8,135		15,000
Shares issued for debentures prin & accrued intr	(668,152)		808,728
Shares issued for services	14,514		16,666
Net (loss) for nine months ended Mar. 31, 2013		(579,021)	(579,021)
Balance at March 31, 2013	<u>\$12,681,453</u>	<u>(\$17,452,406)</u>	<u>(\$2,266,687)</u>

See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE ORGANIC CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Three months ended March 31		Nine months ended March 31	
	2013	2012	2013	2012
OPERATING ACTIVITIES				
Net (loss) for the period	\$ (201,375)	\$ (190,065)	\$ (579,021)	\$ (656,200)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Shares issued - debt and services	31,666	101,677	31,666	135,317
Shares issued - loans to shareholders	39,250		82,583	
Shares issued - debentures & interest	343,750	25,000	808,728	259,145
Depreciation & amortization	8,000	8,000	24,000	16,000
Changes in assets and liabilities				
(Incr)/decr - accounts receivable				(21,000)
Incr/(decr) in accounts payable			(7,997)	(274,735)
Incr/(decr) in debentures payable	(259,222)	(20,071)	(189,857)	153,111
Incr/(decr) in accrued interest	2,931	11,779	(4,044)	(15,776)
Incr/(decr) - loans from shareholders	99,200	61,558	(102,350)	400,391
Net cash (used in) provided by operating activities	64,200	(2,122)	63,708	(3,747)
INVESTING ACTIVITIES				
Preferred Shares for Proxima RF	(65,000)		(65,000)	
Net cash (used in) provided by investing activities	(65,000)	0	(65,000)	0
FINANCING ACTIVITIES				
Net cash (used in) provided by financing activities	0	0	0	0
INCREASE (DECREASE) IN CASH	(800)	(2,122)	(1,292)	(3,747)
CASH, BEGINNING OF PERIOD	1,269	3,883	1,761	5,508
CASH, END OF PERIOD	\$ 469	\$ 1,761	\$ 469	\$ 1,761

See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE CORPORATION
Notes to Unaudited Consolidated Financial Statements
For the nine months ended March 31, 2013 and 2012
(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 has a 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.

The Company, in association with its previous spin-out subsidiary, PanPacific International and Vending Design Concepts, that are engaged in developing an advanced automated dispensary (Project 21) designed for use by adult customers around the world. Beta testing and preliminary rollout of the machines are being planned to occur before the end of this calendar year. Once rolled out, the automated dispensaries will be part of company's proprietary Zazz Network.

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 state 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 March 31, 2013 was \$48,000.

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 its 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 March 31, 2013 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 March 31, 2013 the debenture accrued \$108 in accrued interest resulting in the Company owing \$4,324 in principal and \$8,137 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 March 31, 2013 the debenture accrued \$276 in interest. At March 31, 2013, the Company owed the Holder \$11,015 in principal and \$2,848 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. During the quarter ended March 31, 2013 the debenture accrued \$189 in interest. At March 31, 2013 the Company owed the debenture holder \$7,570 of principal and \$376 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. During the quarter ended March 31, 2013 the debenture accrued \$187 in interest. At March 31, 2013 the Holder was owed \$7,500 in principal and \$1,301 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 \$3713. During the quarter ended March 31, 2013 the Company issued 150,000,000 shares to the Holder reducing the principal by \$53,450 and accrued interest by \$29,050. During the same quarter \$3,000 of interest accrued on the debenture. At March 31, 2012, the Company owed the Holder \$90,150 in principal and \$3,000 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 quarter ended March 31, 2013, interest accrued on the debenture of \$661. At March 31, 2013, the principal balance was \$26,444 and the accrued interest was \$3,305.

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 March 31, 2012 the Company issued a total of 475,000,000 common shares under four separate demand notices reducing the principal by \$261,250. Accrued interest expense during the quarter was \$2,662. At March 31, 2013, the principal balance was \$27,000 and the accrued interest was \$27,011.

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 March 31, 2013 was \$5,250 that resulted in the Company owing \$210,000 in principal and \$7,000 in accrued interest at March 31, 2013.

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 March 31, 2013 was \$4,125 resulting in the Company owing \$165,000 in principal and \$5,500 in accrued interest at March 31, 2013.

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 March 31, 2013 was \$3,000 resulting in the Company owing \$120,000 in principal and \$4,000 in accrued interest at March 31, 2013.

NOTE 5: LOANS FROM SHAREHOLDERS

During the quarter ended March 31, 2013, the Company paid down loans from shareholders by \$54,250 but unpaid cash advances of \$36,950 and unpaid services during the quarter from existing shareholders valued at \$116,500 resulted in the ending balance at March 31, 2013 being \$1,897,139.

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 March 31, 2013 the Company had authorized 30,000,000 preferred shares with 13,000,000 preferred shares outstanding at \$.01 par 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 May 29, 2012, the Company increased its authorized common shares to 1,350,000,000 at a par value of \$.001.

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

On January 17, 2013, the Company increased its authorized common shares to 2,750,000,000 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.

During the quarter ended March 31, 2013, the Company reduced loans from shareholders by \$39,250 by issuing 14,034,333 common shares for \$15,000 of accrued debt for past legal services and 20,347,833 common shares to the Company's President for unpaid services of \$24,250. The number of common shares that were earned by the Company's President from October 2011 through January 2012 were 8,633,818 and the common shares earned from October 2012 through December 2012 were 11,714,015.

During the quarter ended March 31, 2013 the Company paid down \$314,700 of debentures payable along with accrued interest on the debentures of \$29,050 under five separate conversion notices with the issuance of 625,000,000 common shares.

Also during the quarter ended March 31, 2013, the Company paid down \$15,000 of accrued debt to two consultants with the issuance of 6,865,530 common shares and paid the same two consultants \$16,666 for services with 2,152,120 common shares.

At March 31, 2013, the Company had 2,750,000,000 authorized common shares and 2,439,265,310 common shares issued and outstanding.