GUYANA PRECIOUS METALS INC.

(formerly known as Coronation Minerals Inc.)

(an exploration stage company)

Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2010

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Guyana Precious Metals Inc. (an exploration stage company) (formerly known as Coronation Minerals Inc.) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2009 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	**$ 2,901,361**	$ 2,872,044
Short-term investment (Note 5)	**145,000**	160,000
Prepaid expenses and other receivables	**25,318**	25,443
GST receivable	**-**	43,254
	3,071,679	3,100,741
Fixed assets (net of accumulated amortization of $8,487)	**38,911**	42,066
Mineral properties and deferred exploration costs (Note 6)	**3**	3
	$ 3,110,593	$ 3,142,810
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**$ 539,092**	$ 447,991
Shareholders' equity		
Share capital (Note 7)	**16,464,838**	16,464,838
Contributed surplus	**2,559,826**	2,525,674
Warrants (Note 9)	**3,538,936**	3,538,936
Deficit	**(19,992,099)**	(19,834,629)
	2,571,501	2,694,819
	$ 3,110,593	$ 3,142,810

See accompanying notes to interim consolidated financial statements.

Contingency (Note 11)

Approved by the board of directors

Signed "J.Patrick Sheridan" — Director

Signed "Alan Ferry" — Director

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31, 2010	Three months ended March 31, 2009
Operating expenses and other income		
Management fees	**$ 36,000**	$ 36,000
Stock-based compensation (Note 8)	**34,152**	-
Professional fees	**14,046**	27,394
Office	**13,507**	20,194
Transfer, listing, and filing fees	**7,715**	7,218
Shareholder communications	**4,845**	7,685
Loss on foreign exchange	**4,106**	-
Amortization	**3,155**	-
Loss from operations	**(117,526)**	(98,491)
Interest	**56**	26,673
Unrealized (loss) gain on short-term investment	**(15,000)**	75,000
Mineral exploration property - holding costs and royalties	**(25,000)**	(25,000)
	(39,944)	76,673
Net loss and comprehensive loss for the period	**$ (157,470)**	$ (21,818)
Loss per share - basic and diluted	**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding	**104,295,690**	104,295,690

See accompanying notes to interim consolidated financial statements.

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Interim Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2008	**$ 17,252,328**	**$ 2,270,680**	**$ 2,016,027**	**$ (18,269,849)**	**$ 3,269,186**
Future income taxes related to flow-through financing	(939,588)	-	-	-	(939,588)
Net loss for the period	-	-	-	(21,818)	(21,818)
Balance, March 31, 2009	**$ 16,312,740**	**$ 2,270,680**	**$ 2,016,027**	**$ (18,291,667)**	**$ 2,307,780**
Balance, December 31, 2009	**$ 16,464,838**	**$ 2,525,674**	**$ 3,538,936**	**$ (19,834,629)**	**$ 2,694,819**
Stock-based compensation (Note 8)	-	34,152	-	-	34,152
Net loss for the period	-	-	-	(157,470)	(157,470)
Balance, March 31, 2010	**$ 16,464,838**	**$ 2,559,826**	**$ 3,538,936**	**$ (19,992,099)**	**$ 2,571,501**

See accompanying notes to interim consolidated financial statements.

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31, 2010	Three months ended March 31, 2009
Cash (used in) provided by		
Operations		
Net loss	**$ (157,470)**	$ (21,818)
Items not affecting cash:		
Amortization	**3,155**	-
Stock-based compensation (Note 8)	**34,152**	-
Unrealized loss (gain) on short-term investment	**15,000**	(75,000)
Net change in non-cash working capital:		
Prepaid expenses and other receivables	**125**	7,195
GST receivable	**43,254**	145,603
Accounts payable and accrued liabilities	**91,101**	21,081
	29,317	77,061
Investing		
Additions to mineral properties	**-**	(14,021)
Net change in cash and cash equivalents	**29,317**	63,040
Cash and cash equivalents, beginning of period	**2,872,044**	3,018,945
Cash and cash equivalents, end of period	**$ 2,901,361**	$ 3,081,985
Cash and cash equivalents consist of:		
Cash	**$ 381,361**	$ 216,258
Cash equivalents	**2,520,000**	2,865,727
	$ 2,901,361	$ 3,081,985

See accompanying notes to interim consolidated financial statements.

1. Nature and continuance of operations

Guyana Precious Metals Inc. (the "Company" or "Guyana") (formerly known as Coronation Minerals Inc.) was incorporated under the Alberta Business Corporations Act on March 16, 1994 under the name of Minera Sierra Madre Inc. Effective December 15, 1999, the Company changed its name to MSA Capital Corp. and, subsequently, on October 28, 2002, changed its name to Coronation Minerals Inc. Pursuant to a resolution passed by shareholders on June 18, 2009, the Company changed its name to Guyana Precious Metals Inc. which management believes better reflects the activities of the Company of acquiring early stage properties for mineralization in Guyana, South America and surrounding regions. The Company's long-term goal is to develop properties and achieve production on the new acquisitions in Guyana, South America.

On August 17, 2009, the Company announced that it has filed articles of amendment to change its name to “Guyana Precious Metals Inc.” The Company commenced trading under its new name on the TSX Venture Exchange at the open on August 18, 2009, under the new stock symbol “GPM”.

Guyana Goldfields Inc. ("GGI") has agreed to provide established logistical and geological support to Guyana in connection with Guyana's new strategic direction. GGI is a significant shareholder of Guyana and four directors act on both the boards of Guyana and GGI. In addition, the Chief Executive Officer are common to both companies. GGI and Guyana have signed an "area of influence" agreement, which restricts Guyana from participating in property acquisition and development within a defined area of GGI's exploration and development activities in Guyana. In addition, GGI will have a right of first opportunity to acquire advanced stage properties in which there is a defined resource.

The Company is engaged in the exploration and development of mineral properties. The Company is in the process of determining whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition of such mineral properties.

The acquisition of title to mineral properties is a very time consuming process. Although the Company has taken every precaution to ensure that legal title to its mineral properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

As at March 31, 2010, the Company had an accumulated deficit of $19,992,099. This condition, combined with the uncertainties surrounding the recoverability of the mineral properties, cast significant doubt as to the ability of the Company to continue as a going concern. Management is considering various financing alternatives, including private placements, to raise capital. However, it is not possible to determine with certainty whether these initiatives will be successful or adequate.

The unaudited interim consolidated financial statements have been prepared on the basis that contemplates the realization of assets and discharge of liabilities in the ordinary course of business into the foreseeable future. No adjustments to assets or liabilities have been made in these unaudited interim consolidated financial statements in the event that the Company is not able to continue normal business operations. Should it be determined that the Company is no longer a going concern, the Company's financial statements will need to include material adjustments that reflect a liquidation basis of preparation.

2. Significant accounting policies

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Accordingly, they do not include all of the information and notes to the unaudited interim consolidated financial statements required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2010 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2010.

The consolidated balance sheet at December 31, 2009 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian GAAP for annual financial statements. The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2009. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2009.

Future accounting changes

International Financial Reporting Standards (“IFRS”)
In January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The Company is currently in the process of evaluating the potential impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. It is anticipated that the Company's financial results and financial position as disclosed in the Company’s current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests
The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS lAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

3. Capital management

The Company's objective when managing capital is to maintain adequate levels of funds to support the acquisition, exploration and development of mineral properties.

The Company considers its capital to be equity, which is comprised of share capital, contributed surplus, warrants and deficit, which at March 31, 2010 totaled $2,571,501 (December 31, 2009 - $2,694,819).

The Company manages its capital structure in a manner that provides sufficient funding for development, exploration and development of mineral properties and operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

4. Property and financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, foreign currency risk, and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and short-term investments. Cash and cash equivalents and short-term investments are held with reputable Canadian and Barbadian chartered banks, from which management believes the risk of loss to be minimal.

Liquidity risk
Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash and cash equivalents balance of $2,901,361 (December 31, 2009 - $2,872,044) to settle current liabilities of $539,092 (December 31, 2009 - $447,991). All of the Company's financial liabilities have contractual maturities of less than 30 days or are repayable on demand and are subject to normal trade terms.

4. Property and financial risk factors (continued)

Market risk

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. The Company regularly monitors its cash management policy.

Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company incurs expenditures in Canada and Barbados and its functional and reporting currency is the Canadian dollar. Purchases are transacted in Canadian and US dollars. The Company maintains a Canadian dollar bank account in Canada and a US dollar bank account in Barbados. The Company does not undertake currency hedging activities.

Equity price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's investment in common shares of Northern Platinum Ltd. ("Northern") is subject to fair value fluctuations arising from changes in the equity market.

Fair value

The Company has, for accounting purposes, designated its cash and cash equivalents and short-term investment as held-for-trading, which are measured at fair value. Other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value due to their short term nature. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value due to its short term nature.

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

4. Property and financial risk factors (continued)

Sensitivity analysis

The sensitivity analysis shown in the notes below may differ materially from actual results.

(i) Interest rate risk is minimal as cash and cash equivalents include investment-grade short-term deposit certificates with fixed interest rates.

(ii) Cash denominated in US dollars is subject to foreign currency risk. As at March 31, 2010, had the US dollar weakened/strengthened by 10% against the Canadian dollar with all other variables held constant, the Company's loss for the three months ended March 31, 2010 would have been approximately $11,000 higher/lower as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments. Similarly, as at March 31, 2010, reported shareholders' equity would have been approximately $11,000 lower/higher had the US dollar weakened/strengthened by 10% as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments.

(iii) The Company's investment in the common shares of Northern is subject to fair value fluctuations. As at March 31, 2010, if the quoted market price of Northern had decreased/increased by 10% with all other variables held constant, net loss for the three months ended March 31, 2010 would have been $14,500 higher/lower. Similarly, as at March 31, 2010, reported shareholders' equity would have been $14,500 lower/higher as a result of the 10% decrease/increase in the quoted market price of Northern.

Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2010:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
- Cash	$ -	$ 381,361	$ -	$ 381,361
- Cash equivalents	-	2,520,000	-	2,520,000
Short-term investment	145,000	-	-	145,000
	$ 145,000	$ 2,901,361	$ -	$ 3,046,361

(Expressed in Canadian Dollars)

5. Short-term investment

During 2005, the Company entered into an agreement with Northern to purchase a 100% interest in Northern's Wellgreen Project. Under the terms of the agreement the Company purchased a $1 million private placement of Northern capital stock in the form of 1,000,000 units. Each unit consisted of one common share and one half share purchase warrant with each full warrant giving the holder the right to purchase an additional share of Northern for $1.50 for a period of 24 months. These warrants expired unexercised during 2007. During 2008, the agreement was terminated due to commodity and equity market conditions.

6. Mineral properties and deferred exploration costs

On a quarterly basis, management of the Company reviews exploration costs to ensure mineral properties and deferred exploration costs include only costs and projects that are eligible for capitalization. As of March 31, 2010, the Company's mineral properties and deferred exploration costs consisted of the following:

Description	Balance December 31, 2009	Expenditures	Write-down	Balance March 31, 2010
Coppermine River, Nunavut	$ 1	$ -	$ -	$ 1
Rory Group, Yukon	1	-	-	1
RC Group, Nunavut	1	-	-	1
	$ 3	$ -	$ -	$ 3

Description	Balance December 31, 2008	Expenditures	Write-down	Balance December 31, 2009
Coppermine River, Nunavut	$ 1	$ -	$ -	$ 1
Wellgreen, Yukon	184,104	34,556	(218,659)	1
RC Group, Nunavut	1	-	-	1
	$ 184,106	$ 34,556	$ (218,659)	$ 3

(Expressed in Canadian Dollars)

7. Share capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred, non-voting redeemable shares. The issued and outstanding common shares consist of the following:

	Number of Shares	Amount
Balance, December 31, 2009 and March 31, 2010	104,295,690	$ 16,464,838

8. Stock options

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2009 and March 31, 2010	8,220,000	0.17

(i) On May 11, 2009, the Company granted 3,950,000 options to management, directors and consultants of the Company at a price of $0.10 per share. The options expire May 11, 2012. The options vest over eighteen months as to 25% immediately, 25% after six months, 25% after one year and 25% after eighteen months. The fair value of these options at the date of the grant was estimated using the Black-Scholes valuation model with the following assumptions: a three year expected term, 158% volatility, risk-free interest rate of 1.53% per annum; and a dividend rate of 0%. The fair value assigned to these options was $327,850 which will be expensed to the statement of operations and comprehensive loss with the corresponding amount allocated to contributed surplus as the options vest. For the three months ended March 31, 2010, the impact on expenses was $34,152 (three months ended March 31, 2009 - $nil).

The following are the stock options outstanding at March 31, 2010:

Number of Options Granted	Number of Options Vested	Fair Value	Weighted Average Exercise Price	Remaining Contractual Life (in years)	Expiry Date
3,950,000	1,975,000	$ 327,850	$ 0.10	2.12	May 11, 2012
3,900,000	3,900,000	842,400	0.25	3.24	June 24, 2013
350,000	350,000	53,550	0.18	3.41	August 26, 2013
20,000	20,000	2,620	0.16	3.51	October 3, 2013
8,220,000	6,245,000	$ 1,226,420	$ 0.17	2.71	

(Expressed in Canadian Dollars)

9. Warrants

The following table shows the continuity of warrants during the period:

	Number of Warrants	Allocated Value
Balance, December 31, 2009 and March 31, 2010	28,662,665	$ 3,538,936

The following are the warrants outstanding at March 31, 2010:

Number of Warrants	Fair Value	Exercise Price	Expiry Date
21,620,277	$ 2,677,541	$ 0.30	June 30, 2011 (a)
7,042,388	926,207	0.30	June 30, 2011 (a)
-	(64,812)	-	Share issue expenses
28,662,665	$ 3,538,936	$ 0.30	

(a) The warrants will expire at 5:00 p.m. (Toronto time) on June 30, 2011, provided that if the closing price of the common shares for any 20 consecutive trading days exceeds $0.50, the Company may accelerate the expiry time to the date which is the later of (A) 30 days following the date of mailing of written notice of the accelerated expiry time to the holders, and (B) 30 days following the date a press release is issued by the Company announcing the accelerated expiry time.

10. Related party transactions

The Company had the following related party transactions:

	Three months ended March 31, 2010	Three months ended March 31, 2009
Management fees paid to the Chief Executive Officer	$ 30,000	$ 30,000
Management fees paid to the Chief Financial Officer [(3)]	$ 6,000	$ 6,000
Office expenses accrued to GGI [(1)]	$ 2,801	$ 7,004
Professional fees paid/accrued [(3)]	$ 5,083	$ 13,258

[(1)] Included in accounts payable and accrued liabilities is $2,942 (December 31, 2009 - $1,961) payable to GGI with which four directors act on both the Boards of Guyana and GGI. In addition, the President and Chief Executive Officer is common to both companies The balance pertains to office expenses paid on behalf of Guyana by GGI.

[(2)] As at March 31, 2010, accounts payable and accrued liabilities include $221,301 (December 31, 2009 - $221,301) payable to a former officer of the Company for services provided. This amount is unsecured, non-interest bearing and has no specific terms of repayment.

10. Related party transactions (continued)

(3) The Chief Financial Officer of Guyana is the president of a company providing accounting services to Guyana. Included in accounts payable and accrued liabilities is $7,180 (December 31, 2009 - $7,697) payable to this company. The balance is non interest bearing and is payable on demand.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

GGI and Guyana have signed an "area of influence" agreement, which restricts Guyana from participating in property acquisition and development within a defined area of GGI's exploration and development activities in Guyana. In addition, GGI will have a right of first opportunity to acquire advanced stage properties in which there is a defined resource.

11. Contingency

Effective January 1, 2008 the former president of the Company signed a Consulting Agreement (“Agreement”) with the Company which provided for a compensation settlement of $8,000 per month for a period of 24 months if there was a change in control of the Company. On March 3, 2008, a Special Meeting of the Shareholders of the Company (“Meeting”) was held. During the Meeting, there was a change in the composition of the board of directors which, under the Agreement, constituted a change in control.

The current Board of Directors of the Company disputes the validity of the Agreement and as such has not accrued any liability in these unaudited interim consolidated financial statements.