Consolidated financial statements of

BIOX Corporation

For the three and nine month periods ended June 30, 2010 and 2009

(unaudited)

BIOX Corporation

For the three and nine month periods ended June 30, 2010 and 2009
(unaudited)

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BIOX Corporation

Consolidated statements of operations and comprehensive loss

(All dollar amounts are expressed in thousands, except share and per share amounts)
(unaudited)

	Three months ended June 30		Nine months ended June 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
Sales (Notes 9 and 10)	**6,581**	10,837	**32,989**	32,750
Cost of sales				
Direct expenses	**9,426**	9,900	**32,590**	30,644
Production facility depreciation and amortization	**985**	956	**2,934**	2,856
	10,411	10,856	**35,524**	33,500
Gross margin	**(3,830)**	(19)	**(2,535)**	(750)
Operating expenses				
General and administrative	**1,701**	1,126	**4,435**	3,702
Amortization of furniture, equipment and intangible assets	**73**	22	**219**	348
	1,774	1,148	**4,654**	4,050
Operating loss	**5,604**	1,167	**7,189**	4,800
Other expenses				
Stock-based compensation (Note 8)	**60**	72	**80**	647
Interest and fees on loans (Note 5)	**160**	204	**511**	821
Financing and accretion (Note 5)	**13**	10	**48**	151
Expansion planning and development	**100**	-	**466**	-
Disposal of property, plant and equipment	**103**	-	**145**	-
Loss (gain) on foreign exchange	**26**	96	**175**	(160)
Valuation of warrants (Note 13)	**-**	-	**3,861**	-
Costs related to the qualifying transaction (Note 12)	**6**	-	**634**	-
	468	382	**5,920**	1,459
Net loss before interest income	**6,072**	1,549	**13,109**	6,259
Interest income	**(48)**	(2)	**(64)**	(9)
Net loss and comprehensive loss for the period	**6,024**	1,547	**13,045**	6,250
Basic and diluted loss per common share	**0.13**	0.07	**0.40**	0.29
Weighted average number of common shares	**45,748,690**	21,747,066	**32,461,400**	21,747,066

BIOX Corporation

Consolidated statements of deficit

(All dollar amounts are expressed in thousands)
(unaudited)

	Three months ended June 30		Nine months ended June 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
Deficit, beginning of period	**82,358**	74,395	**75,337**	69,692
Net loss for the period	**6,024**	1,547	**13,045**	6,250
Deficit, end of period	**88,382**	75,942	**88,382**	75,942

BIOX Corporation

Consolidated balance sheets

(All dollar amounts are expressed in thousands)
(unaudited)

	At June 30 2010	At September 30 2009
	$	$
Assets		
Current		
Cash and cash equivalents (Note 3)	**31,632**	202
Accounts receivable (Note 9)	**4,267**	9,094
Prepaid expenses and sundry assets	**1,124**	556
Inventory (Note 4)	**6,971**	3,729
	43,994	13,581
Restricted cash (Note 5)	**1,173**	1,173
Property, plant and equipment, net (Note 10)	**58,211**	58,728
Intangible assets, net (Note 10)	**1,341**	1,440
	104,719	74,922
Liabilities		
Current		
Accounts payable and accrued liabilities	**6,653**	10,452
Demand loan	**980**	1,545
Current portion of long-term debt (Note 5)	**1,380**	1,380
	9,013	13,377
Long-term debt (Note 5)	**10,001**	11,059
Asset retirement obligation	**2,012**	1,872
	21,026	26,308
Shareholders' equity		
Capital stock (Note 6)	**167,787**	122,668
Warrants (Note 13)	**3,152**	-
Contributed surplus (Notes 6, 7 and 8)	**1,136**	1,283
Deficit	**(88,382)**	(75,337)
	83,693	48,614
	104,719	74,922

BIOX Corporation

Consolidated statements of cash flows

(All dollar amounts are expressed in thousands)
(unaudited)

	Three months ended June 30		Nine months ended June 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
Cash provided by (used in):				
Operating activities				
Net loss for the period	**(6,024)**	(1,547)	**(13,045)**	(6,250)
Add items not involving cash				
Amortization of property, plant and equipment and intangible assets	**1,058**	978	**3,153**	3,204
Amortization of deferred financing charges (Note 5)	**10**	10	**31**	73
Debenture accretion	**-**	-	**-**	78
Stock-based compensation (Note 8)	**60**	72	**80**	647
Accretion of asset retirement obligation	**47**	43	**140**	128
Interest on debt financing (Note 5)	**52**	56	**52**	56
Valuation of warrants (Note 13)	**-**	-	**3,861**	-
Non-cash disposal of property, plant and equipment	**103**	-	**145**	-
	(4,694)	(388)	**(5,583)**	(2,064)
Net change in non-cash working capital balances related to operations (Note 11)	**(3,459)**	(71)	**(1,803)**	259
	(8,153)	(459)	**(7,386)**	(1,805)
Investing activities				
Purchase of property, plant and equipment, net	**(2,376)**	(800)	**(3,766)**	(1,846)
Increase in restricted cash	**-**	(1,173)	**-**	(1,173)
	(2,376)	(1,973)	**(3,766)**	(3,019)
Financing activities				
Proceeds from debt financing (Note 5)	**-**	-	**1,380**	13,800
Repayment of secured debentures	**-**	-	**-**	(13,600)
Repayment of debt financing (Note 5)	**(345)**	(345)	**(2,415)**	(690)
Proceeds from (repayment on) demand loan	**10**	2,590	**(565)**	2,590
Financing charges (Note 5)	**-**	-	**-**	(411)
Proceeds from issuance of common shares (Note 6)	**-**	-	**46,700**	6
Share issuance costs (Note 6)	**-**	-	**(2,518)**	-
	(335)	2,245	**42,582**	1,695
Net (decrease) increase in cash and cash equivalents during the period	**(10,864)**	(187)	**31,430**	(3,129)
Cash and cash equivalents, beginning of period	**42,496**	475	**202**	3,417
Cash and cash equivalents, end of period	**31,632**	288	**31,632**	288
Supplemental cash flow information				
Interest paid	**180**	196	**607**	725

1. Nature of the business

BIOX Corporation ("BIOX") was incorporated on September 26, 2000 under the Canada Business Corporations Act ("CBCA") and commenced operations thereafter.

BIOX has developed a manufacturing process for the production of biodiesel fuel from recycled vegetable oils, agricultural seed oils, yellow greases and tallow. Since inception, the efforts of BIOX have been devoted to the development of the technology and the knowledge to achieve this goal. During April 2007, BIOX completed the construction and commissioning of a commercial plant with a nameplate capacity of 67 million litres per year and commenced commercial operations. BIOX started producing at full targeted capacity at the beginning of the third quarter of fiscal 2008.

On March 1, 2010, BIOX completed a Qualifying Transaction resulting in a reverse take over of JJR IV Acquisition Inc. ("JJR IV"), a capital pool company formerly listed on the TSX Venture Exchange. Pursuant to the Qualifying Transaction, BIOX and JJR IV amalgamated under the CBCA and continued as "BIOX Corporation" (the "Company").

The Company earns revenue from the sale of biodiesel and its by-products.

2. Basis of presentation

The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These financial statements should be read in conjunction with the annual financial statements and notes thereto. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in Canada for annual financial statements. The annual financial statements of BIOX for the three years ended September 30, 2009, 2008 and 2007 are available on SEDAR under BIOX Corporation and are included in the JJR IV Acquisition Inc. Management Information Circular dated January 27, 2010. The financial information included herein reflects all adjustments which in the opinion of management are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the three and nine month periods ended June 30, 2010 and 2009 are not necessarily indicative of the results to be expected for the full year. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are consistent with those described in the audited consolidated financial statements of the Company for the year ended September 30, 2009.

The consolidated financial statements include the accounts of BIOX Corporation and its wholly-owned subsidiaries, BIOX Canada Limited, Heckbert 27 Kft, BIOX USA Limited, BIOX Montreal Inc. and BIOX Hamilton II Inc. Intercompany transactions and balances have been eliminated on consolidation.

3. Cash and cash equivalents

Cash and cash equivalents at June 30, 2010 include cash accounts only including a liquid Premium Investment Account yielding a rate of 0.60%. For the year ended September 30, 2009, the Company held one short-term guaranteed investment certificate in the amount of $48,094 with an interest rate of 0.15% held as security for a letter of credit for $43,310 in favour of a utility.

(tabular information in thousands except for share and per share amounts)

4. Inventory

	At June 30 2010	At September 30 2009
	$	$
Raw materials	**1,241**	1,812
Work in process	**48**	53
Finished goods	**5,682**	1,864
	6,971	3,729

The amount of inventories recognized as an expense for the three and nine month periods ended June 30, 2010 are $9,452,970 and $32,589,747, respectively ($9,900,132 and $30,643,712 for the three and nine month periods ended June 30, 2009, respectively).

The Company recorded a write-down of inventory of $1,366,664 for the three month and nine month periods ended June 30, 2010 (June 30, 2009 – nil) which was recognized as an expense in cost of sales for the period.

5. Long-term debt

During the year ended September 30, 2009, the Company entered into a $13,800,000 term debt agreement with Farm Credit Canada Bank ("FCC"). The loan was issued December 10, 2008 for a term of 5 years with a 10 year amortization at an interest rate equal to FCC prime variable rate plus 2.0%. Payments of $115,000 principal plus the variable interest are paid monthly. The debt is secured by all assets of BIOX Canada Limited as well as by a guarantee from BIOX Corporation and Heckbert 27 Kft. In addition, the Company maintains a segregated reserve fund in the amount of $1,173,000 in trust for FCC which has been disclosed as restricted cash on the balance sheet.

During the three and nine month periods ended June 30, 2010, $345,000 and $1,035,000 respectively of principal payments were made against the loan. During the three and nine month periods ended June 30, 2010, interest charges of $155,696 and $475,984 were incurred and included in interest and fees on loans compared to $173,114 and $418,552 incurred during the same periods in 2009. As well, during the nine months ended June 30, 2009, a transaction fee of $25,000 related to the debt was charged to interest and fees on loans. The balance of the loan as at June 30, 2010 was $11,730,000 (September 30, 2009 - $12,765,000). Interest payable on the debt as at June 30, 2010 is $52,348 (September 30, 2009 - $54,487).

During the year ended September 30, 2009, all charges related to the financing were netted against the financing and are being deferred and amortized over its ten-year amortization period. During the year ended September 30, 2009, the Company incurred $412,443 in legal costs related to the financing that have been deferred and netted against the long-term debt of which a total of $63,215 has been amortized and expensed. During the three and nine month periods ended June 30, 2010, $10,298 and $30,894 was amortized and is included in the financing and accretion expense compared to $10,271 and $21,930 during the same periods in 2009. During the year ended September 30, 2009, $32,321 of the deferred financing was amortized.

(tabular information in thousands except for share and per share amounts)

5. Long-term debt (continued)

On January 18, 2010, BIOX entered into a $1,380,000 term debt agreement with FCC. The loan was issued January 27, 2010 for a term of 5 months at an interest rate of 5.25%. During the nine months ended June 30, 2010 interest charges of $7,473 were incurred (for the three month period ended June 30, 2010 – nil) and included in interest and fees on loans. As well, FCC charged BIOX a processing fee of $15,000 which was charged to financing expense. The full balance of the loan was paid in full on March 5, 2010.

Prior to June 30, 2010, FCC provided the Company with a waiver of the Fixed Charge Coverage ratio covenant (EBITDA plus Cash Equity Injection divided by the total of principal, interest on funded debt, interest on the operating line, cash taxes and capital expenditures) for the three month period ended June 30, 2010.

6. Capital stock

The Company is authorized to issue an unlimited number of common shares. Common shares grant the holder the right to one vote and the right to receive dividends at the discretion of the Board of Directors, paid in equal or equivalent amounts per share on all of the common shares at the time outstanding without preference or distinction.

Authorized, unlimited

Common shares

Issued

	#	$
Balance, September 30, 2009	21,709,118	122,668
Issuance of common shares on exercise of options (i)	37,955	227
Issuance of common shares on completion of the qualifying transaction (ii)	23,850,000	46,700
Exercise of warrants (iii)	151,617	710
Share issuance costs (ii)	-	(2,518)
Balance, June 30, 2010	**45,748,690**	**167,787**

		At June 30 2010	At September 30 2009
	#	**$**	$
Common shares (September 30, 2009 - 15,709,118)	**45,748,690**	**167,787**	75,187
Class A common shares (September 30, 2009 - 6,000,000)	**-**	**-**	47,481
	45,748,690	**167,787**	122,668

(tabular information in thousands except for share and per share amounts)

6. Capital stock (continued)

(i) In October 2009, 37,955 common shares were issued upon the exercise of employee stock options for cash proceeds of $379. Reallocated to capital stock from contributed surplus upon the exercise of the 37,955 options was $227,303.

(ii) On December 9, 2009, BIOX completed a Private Placement of 23,350,000 Subscription Receipts at a price of $2.00 per Subscription Receipt for aggregate gross proceeds of $46,700,000. Upon closing of the Private Placement, the gross proceeds of the Private Placement were deposited with an escrow agent. Upon completion of the Qualifying Transaction on March 1, 2010, the escrowed funds were released to BIOX and each subscription receipt was automatically exchanged for one common share of BIOX. Net costs related to the equity raise of $2,518,153 consisted of agent fees and expenses of $2,087,000, legal and accounting fees of $453,002, and interest earned on the funds of $21,849. Under the terms of the Amalgamation Agreement between BIOX and JJR IV, 500,000 common shares of the Company were issued to the previous shareholders of JJR IV and 45,097,066 of the Company were issued to the former shareholders of BIOX for zero consideration. All Class A Common Shares of BIOX held before the Qualifying Transaction have been converted to Common Shares of the Company as discussed in Note 12.

(iii) The holders of the previously outstanding secured debentures hold special warrants which are exercisable, for no additional consideration, for share purchase warrants at the holder's option. A cashless exercise of a portion of the warrants was completed on March 23, 2010 through the exercise of 446,428 share purchase warrants for 151,617 common shares for a conversion value of $709,821 (Note 13).

7. Contributed surplus

	At June 30 2010	At September 30 2009
	$	$
Balance, beginning of period	**1,283**	3,720
Exercise of options during the period (Note 6(i))	**(227)**	(3,155)
Stock based compensation during the period (Note 8)	**80**	718
Balance, end of period	**1,136**	1,283

8. Employee stock option plans

In 2000, BIOX established a stock option plan (the "Plan") for employees, officers, directors and consultants. The exercise and vesting period was to be determined by the Board of Directors and the exercise period could not exceed five years from the date of issue.

On February 17, 2006, the Board of Directors granted 2,276,783 options under the Plan to employees and a director at an exercise price of $0.01 per common share, which was below their fair value of $6.00. As at June 30, 2010, 37,955 (September 30, 2009 - 636,473) options with an exercise price of $0.01 per share had vested and had been exercised. The ascribed value of these options, including the reclassification of $227,303 (September 30, 2009 - $3,155,291) of contributed surplus to capital stock, was $227,303 (September 30, 2009 - $2,500,292).

All options issued through the Plan were exercised before the Plan ended on the date of the Qualifying Transaction (Note 12).

(tabular information in thousands except for share and per share amounts)

8. Employee stock option plans (continued)

A new long-term incentive plan was established under the new amalgamated Company on the date of the Qualifying Transaction. On March 1, 2010, the Board of Directors granted 475,000 options to certain employees of the Company at an exercise price of $2.00 per common share. These options vest daily over 3 years. The value of the options is $717,250 based on the number of options granted multiplied by $1.51 which corresponds to the fair value of option awards as determined under the Black-Scholes model, an established methodology with a risk free interest rate of 2.5%, an expected life of 5 years, a dividend rate of 0.0%, and 100% expected volatility.

On February 6, 2008, JJR IV granted 1,200,000 stock options at an exercise price of $0.10 per option. These options vested immediately. On February 25, 2010, JJR IV completed a 24:1 share consolidation which resulted in the existing JJR IV options being consolidated into 50,000 BIOX Corporation stock options at an exercise price of $2.40 per share. The options expire twelve months following the completion of the Qualifying Transaction on February 28, 2011.

Stock-based compensation

On March 1, 2010, 475,000 options were granted to certain employees of the Company under its long-term incentive plan. During the three and nine month periods ended June 30, 2010, stock-based compensation of $59,613 and $79,919 respectively, was recorded as an expense, and added to contributed surplus for the fair value of the stock options granted determined using the Black-Scholes model as discussed above. There were no such new option grants for the same period in 2009.

		At June 2010		At September 30 2009
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
	#	**$**	#	$
Options outstanding, beginning of period	**37,955**	**0.01**	455,365	0.01
Granted	**-**	**-**	219,063	0.01
Exercised	**(37,955)**	**0.01**	(636,473)	0.01
Options outstanding, end of period	**-**	**-**	37,955	0.01
Options outstanding, beginning of period	**-**	**-**	6,500	0.25
Expired	**-**	**-**	(6,500)	0.25
Exercised	**-**	**-**	-	-
Options outstanding, end of period	**-**	**-**	-	-
Employee options outstanding, beginning of period	**-**	**-**	-	-
Granted	**475,000**	**2.00**	-	-
Exercised	**-**	**-**	-	-
Employee options outstanding, end of period	**475,000**	**2.00**	-	-
Non-employee options outstanding, beginning of period	**-**	**-**	-	-
Granted	**50,000**	**2.40**	-	-
Exercised	**-**	**-**	-	-
Non-employee options outstanding, end of period	**50,000**	**2.40**	-	-

(tabular information in thousands except for share and per share amounts)

8. Employee stock option plans (continued)

The following table summarizes information about the Company's stock options outstanding and exercisable as at the dates noted below:

	Options outstanding			Options exercisable	
	Options	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
	#	**(years)**	**$**	**#**	**$**
June 30, 2010	**475,000**	**4.60**	**2.00**	**52,934**	**2.00**
	50,000	**0.70**	**2.40**	**50,000**	**2.40**
September 30, 2009	37,955	1.25	0.01	37,955	0.01

9. Sales revenue

	Three months ended June 30		Nine months ended June 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
Revenue from sales	**5,167**	8,273	**25,358**	25,359
ecoEnergy for Biofuels Producer payment incentive (i)	**1,414**	2,564	**7,631**	7,391
	6,581	10,837	**32,989**	32,750

(i) The Company has qualified for production incentives under the Canadian Federal government's ecoEnergy for Biofuels program. This program supports the production of renewable alternatives to gasoline and diesel, and encourages the development of a competitive domestic industry for renewable fuels. The program came into effect on April 1, 2008 and provides up to 26 cents per litre of eligible production sold. The rate in effect varies where it is $0.26 for the first year of the program, $0.24 for the second year of the program, $0.20 for the third year and then a prescribed decline to the end. In order to qualify, biodiesel sold must meet an international quality standard and must be produced in Canada. In addition, a number of conditions must be met for a project to qualify. The Company has met all of the qualifying criteria including environmental assessment, and has been fully approved to participate in the program. The production incentive runs for seven years for each project, nine years overall.

During the three and nine month periods ended June 30, 2010, the Company has recognized incentive revenues from the program and submitted producer payment claims totaling $1,413,965 and $7,631,483 compared to the $2,564,305 and $7,391,120 recognized in the three and nine month periods ended June 30, 2009. As at June 30, 2010, $2,616,302 (September 30, 2009 - $6,784,329 including a retroactive claim of $4,180,820) of these claims were outstanding, and included in accounts receivable.

(tabular information in thousands except for share and per share amounts)

9. Sales revenue (continued)

U.S. Federal Tax Incentive

The U.S. federal excise tax incentive, referred to as the biodiesel tax incentive, expired on December 31, 2009. On July 20, 2010 the U.S. Senate voted for cloture with final passage on a modified bill H.R. 4213 Unemployment Compensation Extension Act of 2010 which limited the scope of the legislation to an extension of federal unemployment insurance benefits. A number of tax extensions previously included in H.R. 4213, including the biodiesel tax incentive, were not included in the legislation and therefore have not been reinstated. As a result of the uncertainty as to whether and when the biodiesel tax incentive proposal will be reinstated and whether or not the biodiesel tax incentive, if reinstated, would apply retroactively, the Company's Q3 2010 financial results; including sales, revenue per litre sold, and valuation of finished goods inventory, have been adversely impacted. At June 30, 2010 BIOX had sold biodiesel that included $1.6 million of contingent revenue that cannot be recognized until the biodiesel tax incentive is reinstated. This amount has not been recorded in the financial statements.

10. Segment information

The Company has locations in Canada, the United States and Hungary. Current operations are based primarily in Canada. The following table sets out net property, plant and equipment, intangible assets, and sales by country as at:

	June 30 2010	September 30 2009
	$	$
Property, plant and equipment and intangible assets (net)		
Canada	**58,339**	58,866
Hungary	**1,213**	1,302
	59,552	60,168

	Three months ended June 30		**Nine months ended June 30**	
	2010	2009	**2010**	2009
	$	$	**$**	$
Sales				
Canada	**5,297**	10,787	**31,613**	32,700
United States	**1,284**	50	**1,376**	50
	6,581	10,837	**32,989**	32,750

(tabular information in thousands except for share and per share amounts)

11. Consolidated statements of cash flows

The consolidated statement of cash flows include the following changes in non-cash working capital balances related to operations:

	Three months ended June 30		Nine months ended June 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
Accounts receivable	**(401)**	(570)	**4,827**	2,955
Prepaid expenses and sundry assets	**(922)**	(272)	**(568)**	(308)
Inventory	**(3,816)**	364	**(8,295)**	(3,132)
Grant receivable	**-**	-	**-**	500
Accounts payable and accrued liabilities	**1,680**	407	**2,233**	244
Net change in non-cash working capital balances related to operations	**(3,459)**	(71)	**(1,803)**	259

12. Private placement and related Qualifying Transaction

On March 1, 2010, BIOX completed a Qualifying Transaction with JJR IV. In December 2009, prior to the Qualifying Transaction, BIOX completed a private placement of $46.7 million of subscription receipts exercisable into 23,350,000 common shares of JJR IV at a price per share of $2.00. Upon closing of the private placement, the gross proceeds of the private placement were deposited with an escrow agent. Upon completion of the Qualifying Transaction, the funds raised in the private placement were released from escrow and each subscription receipt was automatically exchanged for one common share of the Company.

Certain shareholders of BIOX held 6,000,000 Class A Common Shares of BIOX having rights identical to the common shares held, granting the holder the right to one vote and the right to receive dividends at the discretion of the Board of Directors. These Class A Common Shares, at the time of the Qualifying Transaction were automatically exchanged for one common share of the Company.

These consolidated financial statements include the completion of the Qualifying Transaction in the period. BIOX Corporation, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of JJR IV. The comparative figures that are presented in the consolidated financial statements are those of BIOX Corporation.

Total costs related to the Qualifying Transaction were incurred in the amount of $6,294 and $633,554 for the three and nine month periods ended June 30, 2010 respectively, including legal, accounting, filing and other expenses. These costs are reflected as an increase in the consolidated deficit. The treatment of the Qualifying Transaction and its related costs is in accordance with guidance provided in Emerging Issues Committee's ("EIC") Abstract No. 10 - Reverse Takeover Accounting.

(tabular information in thousands except for share and per share amounts)

13. Warrant valuation

	$
Balance, September 30, 2009	-
Valuation of the warrants upon completion of qualifying transaction (i)	3,861
Exercise of warrants (ii)	(709)
Balance, June 30, 2010	**3,152**

(i) As of September 30, 2009, the Company had outstanding warrants. The holders of the previously outstanding secured debentures hold special warrants which may be exercised, for no additional consideration, for share purchase warrants as a qualifying financing has been completed and therefore an exercise price has been determined. As of September 30, 2009, the number of warrants to be issued was not known. As a result of the private placement and the completion of the Qualifying Transaction the exercise price of the warrants was determined at $1.40 per common share based on 70% of the per share value of the private placement. The number of warrants issued was based on $3,400,000 divided by the exercise price resulting in 2,428,571 warrants. The fair value of the warrants issued of $1.59 was calculated using the Black-Scholes model based on a stock price of $2.00, an assumed expected life of 5 years, 100% expected volatility, a dividend rate of 0.0% and a risk-free interest rate of 2.5% for a total valuation of $3,861,428.

(ii) On March 22, 2010, 446,428 warrants were converted into 151,617 common shares as part of a cashless exercise of the warrants. The value of the conversion of $709,821 was determined using a rate of $1.59 per Series A Special warrant as calculated above (Note 6(iii)).