

Net Savings Link, Inc.  
Form 10-Q  
October 20, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY  
PERIOD ENDED AUGUST 31, 2011  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-53346

NET SAVINGS LINK, INC.  
(Exact name of registrant as specified in its charter)

Nevada  
(State of incorporation)

101 North Garden, Suite 240  
Clearwater, FL 33755  
(Address of principal executive offices)

(727) 442-2600  
(Registrant's telephone number)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (SS 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large Accelerated Filer | <input type="checkbox"/> | Accelerated Filer         | <input type="checkbox"/>            |
| Non-accelerated Filer   | <input type="checkbox"/> | Smaller Reporting Company | <input checked="" type="checkbox"/> |

(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
YES  NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of October 17, 2011, there were 198,839,513 shares of the registrant's \$0.001 par value common stock issued and outstanding.

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#### Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Net Savings Link, Inc. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations of these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking

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statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

\*Please note that throughout this Quarterly Report, except as otherwise indicated by the context, references in this report to “Company”, “we”, “us” and “our” are references to Net Savings Link, Inc.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

NET SAVINGS LINK, INC.  
(A Development Stage Company)  
Consolidated Balance Sheets  
(Unaudited)

|   | August 31,<br>2011 | November 30, 2010 |
|---|--------------------|-------------------|
| <b>ASSETS</b>   |                    |                   |
| Current assets  |                    |                   |
| Cash  | \$ 473,631         | \$ 21,366         |
| Prepaid expenses and other current assets   | 8,936              | -                 |
| <b>Total Current Assets</b>   | <b>482,567</b>     | <b>21,366</b>     |
| Property and equipment, net of accumulated depreciation of \$4,190  | 33,482             | -                 |
| Website development, net of amortization \$1,964  | 76,601             | 40,000            |
| <b>Total Assets</b>   | <b>\$ 592,650</b>  | <b>\$ 61,366</b>  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                    |                   |
| Current Liabilities:  |                    |                   |
| Accounts payable  | \$ 10,176          | \$ 32,241         |
| Due to related parties  | 161,493            | 146,235           |
| <b>Total Current Liabilities</b>  | <b>171,669</b>     | <b>178,476</b>    |
| <b>Total Liabilities</b>  | <b>171,669</b>     | <b>178,476</b>    |
| <b>STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                    |                   |
| Common stock, \$0.001 par value, 1,000,000,000 shares authorized,<br>198,839,513 and 185,760,000 shares issued and outstanding,<br>respectively | 198,840            | 185,760           |
| Additional paid-in capital  | 2,449,455          | (108,028)         |
| Deficit accumulated during the development stage  | (2,227,314)        | (194,842)         |
| <b>Total Stockholders' Equity (Deficit)</b>   | <b>420,981</b>     | <b>(117,110)</b>  |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$ 592,650</b>  | <b>\$ 61,366</b>  |

(DEFICIT)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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NET SAVINGS LINK, INC.  
(A Development Stage Company)  
Consolidated Statements of Operations  
(Unaudited)

|  | Three Months Ended<br>August 31, |              | Nine Months Ended<br>August 31, |              | February 21,<br>2007<br>(Inception) to<br>August 31, 2011 |
|--|----------------------------------|--------------|---------------------------------|--------------|---|
|  | 2011                             | 2010         | 2011                            | 2010         |   |
| REVENUES   | \$ 840                           | \$ -         | \$ 1,242                        | \$ -         | \$ 1,242  |
| OPERATING EXPENSES   |                                  |              |                                 |              |   |
| Depreciation and amortization expense                      | 5,156                            | -            | 6,154                           | -            | 6,154   |
| General and administrative                                 | 192,232                          | 111,298      | 413,862                         | 135,169      | 722,157   |
| Total Operating Expenses                                   | 197,388                          | 111,298      | 420,016                         | 135,169      | 728,311   |
| OPERATING LOSS   | (196,548)                        | (111,298)    | (418,774)                       | (135,169)    | (727,069)   |
| OTHER INCOME (EXPENSE)                                     |                                  |              |                                 |              |   |
| Loss on derivative   | (2,293,086)                      | -            | (3,704,814)                     | -            | (3,704,814)   |
| Interest expense   | (897,816)                        | -            | (981,031)                       | -            | (981,031)   |
| Gain on extinguishment of debt                             | 3,072,147                        | -            | 3,072,147                       | -            | 3,072,147   |
| Other income   | -                                | -            | -                               | -            | 113,453   |
| Total Other Income (Expense)                               | (118,755)                        | -            | (1,613,698)                     | -            | (1,500,245)   |
| NET LOSS   | \$ (315,303)                     | \$ (111,298) | \$ (2,032,472)                  | \$ (135,169) | \$ (2,227,314)  |
| BASIC NET LOSS PER COMMON SHARE                            | \$ (0.01)                        | \$ (0.00)    | \$ (0.01)                       | \$ (0.00)    |   |
| BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 186,523,767                      | 77,400,000   | 186,523,767                     | 77,400,000   |   |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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NET SAVINGS LINK, INC.  
(A Development Stage Company)  
Consolidated Statements of Cash Flows  
(Unaudited)

|   | For the Nine Months Ended |                 | February 21,<br>2007                 |
|---|---------------------------|-----------------|--------------------------------------|
|   | August 31,<br>2011        | 2010            | (Inception) to<br>August 31,<br>2011 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |                           |                 |                                      |
| Net loss  | \$ (2,032,472)            | \$ (135,169)    | \$ (2,227,314)                       |
| Items to reconcile net loss to net cash used in operating activities: |                           |                 |                                      |
| Depreciation and amortization   | 6,154                     | -               | 6,154                                |
| Gain on exchange of debt  | -                         | -               | (113,453)                            |
| Debt discount amortization  | 949,932                   | -               | 949,932                              |
| Loss on derivative  | 3,704,814                 | -               | 3,704,814                            |
| Gain on extinguishment of debt  | (3,072,147)               | -               | (3,072,147)                          |
| Changes in operating assets and liabilities                           |                           |                 |                                      |
| Increase (decrease) in prepaid and other assets                       | (8,936)                   | 50,433          | (8,936)                              |
| Increase in accounts payable and accrued liabilities                  | 15,968                    | -               | 48,208                               |
| Increase in related party accounts payable                            | 15,257                    | -               | 161,493                              |
| <b>Net Cash Used in Operating Activities</b>                          | <b>(421,430)</b>          | <b>(84,736)</b> | <b>(551,249)</b>                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |                           |                 |                                      |
| Purchase of equipment   | (37,672)                  | -               | (37,672)                             |
| Purchase of website development                                       | (38,565)                  | -               | (78,565)                             |
| <b>Net Cash Used in Investing Activities</b>                          | <b>(76,237)</b>           | <b>-</b>        | <b>(116,237)</b>                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |                           |                 |                                      |
| Proceeds from note payable  | -                         | 84,428          | 113,453                              |
| Proceeds from convertible note payable                                | 949,932                   | -               | 949,932                              |
| Contributed capital   | -                         | -               | 9,000                                |
| Common stock issued for cash  | -                         | -               | 68,732                               |
| <b>Net Cash Provided by Financing Activities</b>                      | <b>949,932</b>            | <b>84,428</b>   | <b>1,141,117</b>                     |
| <b>INCREASE (DECREASE) IN CASH</b>                                    | <b>452,265</b>            | <b>(2,308)</b>  | <b>473,631</b>                       |
| <b>CASH AT BEGINNING OF PERIOD</b>                                    | <b>21,366</b>             | <b>3,708</b>    | <b>-</b>                             |
| <b>CASH AT END OF PERIOD</b>  | <b>\$ 473,631</b>         | <b>\$ 1,400</b> | <b>\$ 473,631</b>                    |
| <b>CASH PAID FOR:</b>   |                           |                 |                                      |
| Interest  | \$ -                      | \$ -            | \$ -                                 |

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|  |    |           |    |   |    |           |
|--|----|-----------|----|---|----|-----------|
| Income taxes   | \$ | -         | \$ | - | \$ | -         |
| <b>NON-CASH FINANCING ACTIVITIES:</b>                            |    |           |    |   |    |           |
| Common stock issued for convertible notes and accrued Interest   | \$ | 980,964   | \$ | - | \$ | 980,964   |
| Discount on convertible notes payable from derivative instrument | \$ | 949,932   | \$ | - | \$ | 949,932   |
| Settlement of derivative liability                               | \$ | 4,654,746 | \$ | - | \$ | 4,654,746 |
| Debt paid by related party                                       | \$ | 7,000     | \$ | - | \$ | 7,000     |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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NET SAVINGS LINK, INC.  
(A Development Stage Company)  
Notes to the Consolidated Unaudited Financial Statements

1. Nature of Operations and Continuance of Business

The unaudited interim consolidated financial statements included herein have been prepared by Net Savings Link, Inc. (“we”, “our” or the “Company”) in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission. We suggest that these interim financial statements be read in conjunction with the audited financial statements and notes thereto included in our Form 10-K for the year ended November 30, 2010, as filed with the SEC. We believe that all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein and that the disclosures made are adequate to make the information not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year as reported in Form 10-K have been omitted.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the period from inception through August 31, 2011, the Company has generated limited revenue and has an accumulated deficit of \$2,227,314. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company’s future operations. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Related Party Transactions

As of August 31, 2011, the Company owes \$15,975 to the President and CEO of the Company for back due wages.

As of August 31, 2011, the Company owes \$145,118 to the Vice President and director of the Company for back due wages.

As of August 31, 2011, the Company owes \$400 to an employee of the Company for back due wages.

4. Convertible Promissory Notes Payable

During the period ended August 31, 2011, the Company issued four Unsecured Convertible Promissory Notes (the “Convertible Promissory Notes”) to the same entity in increments of \$100,000, \$499,952, \$249,980 and \$100,000, or a total of \$949,932. The Convertible Promissory Notes were unsecured, due two years from the date of issuance, accrued interest at 10% per annum and were convertible into shares of the Company’s common stock at any time at the option of the holder at fifty percent (50%) of the fair market value of one share of the Company’s common stock based on the lowest bid during the ten days prior to the conversion date.

Due to their being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options embedded in the Convertible Promissory Notes, the conversion options are deemed and classified as

derivative liabilities and recorded at fair value.

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NET SAVINGS LINK, INC.  
(A Development Stage Company)  
Notes to the Consolidated Unaudited Financial Statements

## 4. Convertible Promissory Notes Payable (Continued)

A summary of changes in Convertible Promissory Notes payable for the period ended August 31, 2011 is as follows:

|   |        |           |
|---|--------|-----------|
| Beginning balance                           | \$     | -         |
| Gross proceeds from the notes payable       |        | 949,932   |
| Less: debt discount from conversion options |        | (949,932) |
| Add: amortization of discount               |        | 949,932   |
| Less: conversions to common stock           |        | (949,932) |
| <br>Total notes payable                     | <br>\$ | <br>-     |

During the nine month ended August 31, 2011, the holders of the Notes elected to convert all of the outstanding principal of \$949,932 and interest of \$31,032 on the Notes into 13,079,513 shares of common stock, or \$0.075 per share. As the conversion price was greater than the contractually obligated conversion price of \$0.0255 per share, the Company recorded a gain on extinguishment of debt and an offsetting reduction in paid-in capital. Under the original terms, the note was convertible into 38,469,166 shares. As part of the settlement, the note was converted into only 13,079,513 shares. The gain on the settlement resulted from the fair value of the 25,389,643 shares not issued under the original loan terms calculated at the conversion date fair market value of \$0.12 per share, or \$3,072,147.

## 5. Derivative Liabilities

The Company analyzed the conversion options embedded in the Convertible Promissory Notes for derivative accounting consideration under Accounting Series Codification 815, Derivatives and Hedging, and determined that the instruments embedded in the Convertible Promissory Notes should be classified as liabilities and recorded at fair value due to their being no explicit limit to the number of shares to be delivered upon settlement of the conversion options. Additionally, the Convertible Promissory Notes contain dilutive issuance clauses. Under these clauses, based on future issuances of the Company's common stock or other convertible instruments, the conversion price of the Convertible Promissory Notes can be adjusted downward. Because the number of shares to be issued upon settlement of the Convertible Promissory Notes cannot be determined under this instrument, the Company cannot determine whether it will have sufficient authorized shares at a given date to settle any other future share instruments.

The fair values of the three instruments were determined using a Black-Scholes option-pricing model. Upon the issuance dates of the Convertible Promissory Notes, \$949,932 was recorded as debt discount and \$2,548,259 was recorded as day one loss on derivative liability. During August 2011, the related convertible notes were converted to common stock and the derivative liability was extinguished through a charge to paid-in capital. During the nine months ended August 31, 2011, the Company recognized a net loss on mark-to-market of the conversion options of \$3,704,814 as a result of the fair value of the options upon extinguishment being greater than their day one loss fair value.

The Company valued the conversion options derivatives using the Black-Scholes option-pricing model. Assumptions used include (1) risk-free interest rates between 0.07% to 0.73%, (2) lives of between 1.75 and 2.0 years, (3) expected volatility of between 628% to 688%, (4) zero expected dividends, (5) conversion prices as set forth in the Convertible Promissory notes, and (6) the common stock price of the underlying share on the valuation date.



NET SAVINGS LINK, INC.  
(A Development Stage Company)  
Notes to the Consolidated Unaudited Financial Statements

## 5. Derivative Liabilities (continued)

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on August 31, 2011.

|             | Level 1 | Level 2 | Level 3 | Total |
|-------------|---------|---------|---------|-------|
| Assets      |         |         |         |       |
| None        | \$      | -\$     | -\$     | -\$   |
| Liabilities |         |         |         |       |
| None        | \$      | -\$     | -\$     | -\$   |

## 6. Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and includes expenditures that substantially increase the useful lives of existing assets. Maintenance and repairs are charged to current operations as incurred. Upon sale, retirement, or other disposition of these assets, the costs and related accumulated depreciation are removed from the respective accounts, and any gain or loss on the disposition is included in other income.

Depreciation expense is computed using the straight-line method over the following estimated useful lives:

| Description            | Useful Life |
|------------------------|-------------|
| Computer equipment     | 3 years     |
| Software               | 3 years     |
| Furniture and fixtures | 7 years     |

Depreciation expense for the nine months ended August 31, 2011 was \$4,190.

## 7. Intangible Assets - Website Development Costs

The Company's intangible website asset consist of licenses for the use of Internet domain names or Universal Resource Locators, capitalized website development costs, other information technology licenses and marketing and technology related intangibles. All such assets are capitalized at their original cost and amortized over their estimated useful of 5 years. The website was placed into service during July 2011.

Amortization expense for the nine months ended August 31, 2011 was \$1,964.

## 8. Subsequent Events

During October 2011, the Company amended its articles of incorporation to increase its authorized capital from 200,000,000 shares of common stock with a par value of \$0.001 per share to 1,000,000,000 shares of common stock with a par value of \$0.001 per share.





ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements that involve known and unknown risks, significant uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, or implied, by those forward-looking statements.

You can identify forward-looking statements by the use of the words may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, intends, potential, proposed, or continue or the negative of those terms.

These statements are only predictions. In evaluating these statements, you should consider various factors which may cause our actual results to differ materially from any forward-looking statements. Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

RESULTS OF OPERATIONS

Working Capital

|                           | August 31,<br>2011 | November 30,<br>2010 |
|---------------------------|--------------------|----------------------|
| Current Assets            | \$ 482,567         | \$ 21,366            |
| Current Liabilities       | 171,669            | 178,476              |
| Working Capital (Deficit) | \$ 310,898         | \$ (157,110)         |

Cash Flows

|  | Nine months ended<br>August 31, 2011 | Nine months ended<br>August 31, 2010 |
|--|--------------------------------------|--------------------------------------|
| Cash Flows used in Operating Activities          | \$ (421,430)                         | \$ (19,901)                          |
| Cash Flows used in Investing Activities          | (76,237)                             | -                                    |
| Cash Flows provided by Financing Activities      | 949,932                              | 16,193                               |
| Net Increase (decrease) in Cash During<br>Period | \$ 452,265                           | \$ (3,708)                           |

Balance Sheet

As at August 31, 2011, the Company had total assets of \$592,650 compared with total assets of \$61,366 as at November 30, 2010. The assets are comprised of cash balances in the Company's bank account and website development costs. The increases are attributed to proceeds from financing received during the period.

The Company had total liabilities of \$171,669 at August 31, 2011 compared with \$178,476 as at November 30, 2010. The decrease in total liabilities is mainly attributed to a reduction in accounts payable, partially offset by an increase in amounts due to related parties for wages.

Operating Revenues

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During the three and nine months ended August 31, 2011, the Company received \$840 and \$1,242 in commissions revenue, respectively, compared to no revenue in the same periods ended August 31, 2010.

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### Operating Expenses

During the three months ended August 31, 2011, the Company incurred operating expenses totaling \$197,388 compared with \$111,298 for the three months ended August 31, 2010. The increase in operating expenses is attributed to an increase in overall operating activity as the Company had minimal operations during the same period in fiscal 2010.

During the nine months ended August 31, 2011, the Company incurred operating expenses totaling \$420,016 compared with \$135,169 for the nine months ended August 31, 2010. The increase in operating expenses is attributed to an increase in overall operating activity as the Company had minimal operations during the same period in fiscal 2010.

### Net Loss

During the three months ended August 31, 2011, the Company realized net loss of \$315,303 compared with a net loss of \$111,298 for the three months ended August 31, 2010. The increase in net loss was primarily due to a \$2,293,086 loss on mark-to-market of derivatives during the three months ended August 31, 2011 and an increase in operational costs as a result of commencement of sales operations during the current fiscal year whereas, in the prior year, the Company only had minimal activity, partially offset by a gain on extinguishment of debt related to conversion of debt on favorable terms of \$3,072,147.

During the nine months ended August 31, 2011, the Company incurred a net loss of \$2,032,472 compared with a net loss of \$135,169 for the nine months ended August 31, 2010. The increase in net loss was primarily due to the recognition of \$3,704,814 in loss on mark-to-market of derivatives and the Company's commencement of sales operations during the current fiscal year, partially offset by a \$3,072,147 gain on extinguishment of debt related to conversion of debt on favorable terms.

### Liquidity and Capital Resources

As at August 31, 2011, the Company had a cash balance of \$473,631 and working capital of \$310,898 compared with a cash balance of \$21,366 and a working capital deficit of \$157,110 at November 30, 2010. The increase in working capital is mainly due to the receipt of \$949,932 in cash in exchange for four convertible promissory notes payable during the nine months ended August 31, 2011.

### Cash Flows from Operating Activities

During the nine months ended August 31, 2011, the Company used \$421,430 of cash flow from operating activities compared with use of \$84,736 of cash flow during the nine months ended August 31, 2010. The increase in the use of cash flow for operating activities reflect the increase in operating activity for the period as the Company has raised additional financing in order to finance the repayment of existing and future obligations.

### Cash Flows from Investing Activity

During the nine months ended August 31, 2011, the Company used \$76,237 in the purchase of office equipment and development of its website. The Company did not have any investing activities during the same period in 2010.

### Cash Flows from Financing Activities

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During the nine months ended August 31, 2011, the Company received proceeds of \$949,932 from four convertible promissory notes payable, which were unsecured, convertible into the common stock of the Company, due interest at 10% per annum, and due two years from the dates of issuance. During the nine months ended August 31, 2010, the Company received \$82,428 from the issuance of a note payable.

#### Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive acquisitions and activities. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

#### Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

#### Future Financings

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

#### ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, including the Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that these disclosure controls and procedures are not effective because procedures were not in place to provide for timely, complete, accurate reporting of events. The foregoing was a result of our president's lack of experience with his reporting and disclosure obligations. Our president is committed to educating himself through the seminars and consulting with attorneys to become fully knowledgeable with his obligations. In addition, currently there are no written policies or procedures that clearly define the roles in the disclosure and reporting process.

There were no changes in our internal control over financial reporting during the quarter ended May 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### PART II - OTHER INFORMATION

#### ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.



## ITEM 6. EXHIBITS.

| Exhibit | Document Description  | Incorporated by reference |         |        | Filed<br>herewith |
|---------|---|---------------------------|---------|--------|-------------------|
|         |   | Form                      | Date    | Number |                   |
| 3.1     | Articles of Incorporation.  | S-1                       | 6/09/08 | 3.1    |                   |
| 3.2     | Bylaws.   | S-1                       | 6/09/08 | 3.2    |                   |
| 4.1     | Specimen Stock Certificate.   | S-1                       | 6/09/08 | 4.1    |                   |
| 14.1    | Code of Ethics.   | S-1                       | 6/09/08 | 14.1   |                   |
| 31.1    | Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |                           |         |        | X                 |
| 32.1    | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.         |                           |         |        | X                 |
| 101.INS | XBRL Instance Document.   |                           |         |        | X                 |
| 101.SCH | XBRL Taxonomy Extension – Schema.   |                           |         |        | X                 |
| 101.CAL | XBRL Taxonomy Extension – Calculations.   |                           |         |        | X                 |
| 101.DEF | XBRL Taxonomy Extension – Definitions.  |                           |         |        | X                 |
| 101.LAB | XBRL Taxonomy Extension – Labels.   |                           |         |        | X                 |
| 101.PRE | XBRL Taxonomy Extension – Presentation.   |                           |         |        | X                 |





## EXHIBIT INDEX

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