STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

INTERIM FINANCIAL STATEMENTS

June 30, 2010

(Stated in U.S. Dollars)

(Unaudited)

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM BALANCE SHEETS
(Stated in U.S. Dollars)
(Unaudited)

	June 30, 2010	December 31, 2009
ASSETS		
Current		
Cash	$ 39	$ 311
Prepaid expenses	655	-
	$ 694	$ 311
LIABILITIES		
Current		
Accounts payable – Note 6	$ 562,722	$ 550,702
Loans payable – Note 3	686,896	624,712
TOTAL LIABILITIES	1,249,618	1,175,414
Class A Convertible Preferred stock, $0.001 par value 10,000,000 authorized, 198,000 outstanding – Note 4	792,000	792,000
CAPITAL DEFICIT		
Capital Stock – Notes 4, 5 and 6		
Common stock, $0.001 par value		
100,000,000 authorized		
27,610,326 outstanding (2009: 27,610,326)	27,610	27,610
Additional paid-in capital	7,765,583	7,765,583
Deficit accumulated during the development stage	(9,834,117)	(9,760,296)
	(2,040,924)	(1,967,103)
	$ 694	$ 311

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 3 and 6

SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)
(Unaudited)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009	Cumulative from February 28, 1989 (Date of Inception) to June 30, 2010
General and Administrative Expenses					
Accounting and audit fees	$ 26,171	$ 29,753	$ 43,811	$ 43,753	$ 393,108
Amortization	-	-	-	-	3,616
Communications	163	331	345	618	106,034
Consulting fees – Notes 5 and 6	-	4,000	-	10,000	3,419,546
Interest – Notes 3 and 6	13,305	12,047	26,146	23,674	482,092
Investor relations	-	-	-	-	91,385
Legal fees	-	-	-	-	166,684
Management fees – Note 6	-	-	-	-	546,325
Office and general – Note 6	120	651	180	734	143,327
Regulatory fees	3,227	5,146	3,877	5,600	39,325
Rent – Note 6	-	-	-	-	135,615
Transfer agent fees (recovery)	375	125	750	565	45,258
Travel	-	-	-	-	112,770
Loss on disposal of equipment	-	-	-	-	1,481
Write-down of advances to related party	-	-	-	-	606,337
Operating loss	(43,361)	(52,053)	(75,109)	(84,944)	(6,292,903)
Unauthorized distribution	-	-	-	-	(69,116)
Termination fee	-	-	-	-	(792,000)
Gain (loss) on foreign exchange	7,401	(9,644)	1,288	(6,904)	(31,703)
Gain on settlement of payables	-	-	-	-	25,233
Write-down of deferred investment costs – Note 2	-	(1)	-	(1)	(34,210)
Net loss for the period	$ (35,960)	$ (61,698)	$ (73,821)	$ (91,849)	$ (7,194,699)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	
Weighted average number of common shares outstanding	27,610,326	27,610,326	27,610,326	27,610,326	

SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)
(Unaudited)

	Six months ended June 30, 2010	Six months ended June 30, 2009	Cumulative from February 28, 1989 (Date of Inception) to June 30, 2010
Operating Activities			
Net loss for the period	$ (73,821)	$ (91,849)	$ (7,194,699)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	-	-	3,616
Beneficial conversion feature on convertible debt	-	-	239,662
Communications	-	-	28,000
Consulting fees	-	10,000	2,478,554
Gain on settlement of payables	-	-	(25,233)
Net interest accrued on loans	26,146	23,674	118,752
Legal fees	-	-	25,000
Loss on disposal of equipment	-	-	1,481
Management fees	-	-	7,000
Stock-based compensation	-	-	736,053
Termination fees	-	-	792,000
Write-down of deferred costs	-	1	34,210
Write-down of advances to related party	-	-	606,337
Changes in non-cash item:			
Prepaid expenses	(655)	-	(655)
Accounts payable	12,020	11,690	700,667
Net cash used in operating activities	(36,310)	(46,484)	(1,449,255)
Investing Activities			
Organization costs	-	-	(750)
Acquisition of capital assets	-	-	(4,347)
Deferred investment costs	-	-	(34,210)
Advances to related party	-	-	(606,337)
Net cash used in investing activities	-	-	(645,644)
Financing Activities			
Loans payable	36,038	46,977	921,609
Due to related parties	-	-	15,526
Proceeds from issuance of common stock	-	-	1,162,631
Payment of offering costs	-	-	(30,270)
Additional paid-in capital	-	-	25,442
Net cash provided by financing activities	36,038	46,977	2,094,938
Increase (decrease) in cash during the period	(272)	493	39
Cash, beginning of the period	311	256	-
Cash, end of the period	$ 39	$ 749	$ 39
Supplementary disclosure of cash flows:			
Cash paid for Interest	$ -	$ -	$ 93,859

Non-cash Transactions – Note 5

SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to June 30, 2010
(Stated in U.S. Dollars)
(Unaudited)

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, February 28, 1989	-	$ -	$ -	$ -	$ -
Issuance of stock to insiders on March 7, 1989 – at $0.30	33,347	33	9,967	-	10,000
Balance December 31, 1989	33,347	33	9,967	-	10,000
Issuance of stock during public offering for $3.00 per share, net of offering costs of $27,270	33,348	33	72,697	-	72,730
Net loss	-	-	-	(84,159)	(84,159)
Balance, December 31, 1990	66,695	66	82,664	(84,159)	(1,429)
Net loss	-	-	-	(3,416)	(3,416)
Balance, December 31, 1991	66,695	66	82,664	(85,575)	(4,845)
Net loss	-	-	-	(2,713)	(2,713)
Balance, December 31, 1992	66,695	66	82,664	(90,288)	(7,558)
Net loss	-	-	-	(1,614)	(1,614)
Balance, December 31, 1993	66,695	66	82,664	(91,902)	(9,172)
Net loss	-	-	-	(1,863)	(1,863)
Balance December 31, 1994	66,695	66	82,664	(93,765)	(11,035)
Issuance of stock for services rendered – at $0.03	50,000	50	1,450	-	1,500
Contributed capital	-	-	24,842	-	24,842
Net loss	-	-	-	(16,735)	(16,735)
Balance, December 31, 1995	116,695	116	$ 108,956	(110,500)	(1,428)
Net loss	-	-	-	(9,068)	(9,068)
Balance December 31, 1996	116,695	116	108,956	(119,568)	(10,496)
Issuance of stock for cash - $0.011	2,000,000	2,000	19,300	-	21,300
Contributed capital	-	-	600	-	600
Net loss	-	-	-	(22,261)	(22,261)
Balance, December 31, 1997	2,116,695	2,116	128,856	(141,829)	(10,857)
Issuance of stock services					
- at $0.001	7,000,000	7,000	-	-	7,000
- at $0.01	620,000	620	5,580	-	6,200
Net loss	-	-	-	(52,308)	(52,308)
Balance, December 31, 1998	9,736,695	9,736	134,436	(194,137)	(49,965)
Net loss	-	-	-	(35,995)	(35,995)

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STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to June 30, 2010
(Stated in U.S. Dollars)
(Unaudited)

		Common Stock Shares	Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, December 31, 1999		9,736,695	$ 9,736	$ 134,436	$ (230,132)	$ (85,960)
Issuance of stock for cash pursuant to a private placement	– at $0.30	1,133,334	1,133	338,867	-	340,000
Issue of stock for finders' fee		50,000	50	(50)	-	-
Net loss		-	-	-	(336,431)	(336,431)
Non-cash compensation charge		-	-	78,707	-	78,707
Balance December 31, 2000		10,920,029	10,919	551,960	(566,563)	(3,684)
Issuance of stock for services	– at $0.50	328,356	328	163,851	-	164,179
	- at $1.55	13,383	13	20,731	-	20,744
	- at $3.50	366,667	367	1,282,964	-	1,283,331
Issuance of stock for cash pursuant to a private placement	- at $0.30	883,332	883	264,117	-	265,000
Issuance of stock pursuant to the exercise of warrants	- at $2.00	28,800	29	57,571	-	57,600
Less: Issue costs		-	-	(17,858)	-	(17,858)
Net loss		-	-	-	(2,296,406)	(2,296,406)
Non-cash compensation charge		-	-	136,378	-	136,378
Balance, December 31, 2001		12,540,567	12,539	2,459,714	(2,862,969)	(390,716)
Issuance of stock for prepaid consulting					-	
	- at $0.35	80,000	80	27,920	-	28,000
Issuance of stock for deferred costs	- at $0.05	1,300,000	1,300	63,700	-	65,000
Issuance of stock for services	– at $0.05	100,000	100	4,900	-	5,000
	- at $0.055	60,000	60	3,240	-	3,300
	- at $0.10	105,000	105	10,395	-	10,500
	- at $0.148	27,000	27	3,973	-	4,000
	- at $0.20	175,000	175	34,825	-	35,000
	- at $0.209	17,143	17	3,583	-	3,600
	- at $0.35	120,000	120	41,880	-	42,000
Issuance of stock for debt	– at $0.20	458,135	458	91,169	-	91,627
	- at $0.209	222,751	223	46,156	-	46,379
Net loss		-	-	-	(214,758)	(214,758)
Balance, December 31, 2002		15,205,596	15,204	2,791,455	(3,077,727)	(271,068)
Non-cash compensation charge		-	-	53,500	-	53,500
Issue of stock for services	– at $0.14	1,450,000	1,450	201,550	-	203,000
Issue of stock for cash pursuant to a private placement	– at $0.10	650,000	650	64,350	-	65,000
Net loss		-	-	-	(1,208,941)	(1,208,941)

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SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to June 30, 2010
(Stated in U.S. Dollars)
(Unaudited)

		Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, December 31, 2003		17,305,596	$ 17,304	$ 3,110,855	$ (4,286,668)	$(1,158,509)
Non-cash compensation charge		-	-	161,450	-	161,450
Issue of stock for cash pursuant to the exercise of warrants	– at $0.10	320,000	320	31,680	-	32,000
	– at $0.05	643,715	644	31,542	-	32,186
Issue of stock for cash pursuant to the exercise of options	– at $0.25	205,000	205	51,045	-	51,250
Issue of stock for debt	– at $0.05	563,000	563	29,437	-	30,000
	– at $0.06	825,364	825	47,712	-	48,537
	– at $0.30	50,000	50	14,950	-	15,000
Issuance of stock for services	– at $2.00	10,000	10	19,990	-	20,000
	– at $0.35	350,000	350	122,150	-	122,500
Cancellation of stock issued for deferred costs	– at $0.05	(1,300,000)	(1,300)	(63,700)	-	(65,000)
Net loss		-	-	-	(517,324)	(517,324)
Balance, December 31, 2004		18,972,675	18,971	3,557,111	(4,803,992)	(1,227,910)
Non-cash compensation charge		-	-	25,700	-	25,700
Issue of stock for cash pursuant to the exercise of warrants	– at $0.07	75,820	76	5,232	-	5,308
	– at $0.10	357,760	358	35,417	-	35,775
	– at $0.11	299,724	300	31,270	-	31,570
	– at $0.21	16,803	17	3,483	-	3,500
Issue of stock for debt	– at $0.39	635,901	636	249,524	-	250,160
Issuance of stock for services	– at $0.25	950,000	950	236,550	-	237,500
	– at $0.36	100,000	100	35,900	-	36,000
	– at $0.50	121,000	121	60,379	-	60,500
	– at $0.54	20,000	20	10,680	-	10,700
	– at $0.84	50,000	50	41,950	-	42,000
Issuance of stock dividend	– at $0.65	4,060,643	4,061	2,635,357	(2,639,418)	-
Net loss		-	-	-	(517,270)	(517,270)
Balance, December 31, 2005		25,660,326	25,660	6,928,553	(7,960,680)	(1,006,467)
Issue of stock for cash pursuant to a private placement	– at $0.40	200,000	200	79,800	-	80,000
Issue of stock for finder's fee	– at $0.40	100,000	100	39,900	-	40,000
Share issue costs		-	-	(43,000)	-	(43,000)
Beneficial conversion feature on convertible debt		-	-	77,800	-	77,800
Net loss		-	-	-	(401,655)	(401,655)

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SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to June 30, 2010
(Stated in U.S. Dollars)
(Unaudited)

		Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, December 31, 2006		25,960,326	$ 25,960	$ 7,083,053	$ (8,362,335)	$(1,253,322)
Issue of stock for cash pursuant to a private placement	– at $0.25	200,000	200	49,800	-	50,000
Issuance of stock for services	– at $0.20	700,000	700	139,300	-	140,000
Non-cash compensation charge		-	-	29,240	-	29,240
Beneficial conversion feature on convertible debt		-	-	39,600	-	39,600
Net loss		-	-	-	(519,345)	(519,345)
Balance, December 31, 2007		26,860,326	26,860	7,340,993	(8,881,680)	(1,513,827)
Issuance of stock for services	– at $0.07	750,000	750	51,250	-	52,000
Non-cash compensation charge		-	-	251,078	-	251,078
Beneficial conversion feature on convertible debt		-	-	122,262	-	122,262
Net loss		-	-	-	(723,811)	(723,811)
Balance, December 31, 2008		27,610,326	27,610	7,765,583	(9,605,491)	(1,812,298)
Net loss		-	-	-	(154,805)	(154,805)
Balance, December 31, 2009		27,610,326	27,610	7,765,583	(9,760,296)	(1,967,103)
Net loss		-	-	-	(73,821)	(73,821)
Balance, June 30, 2010		27,610,326	$ 27,610	$ 7,765,583	$ (9,834,117)	$(2,040,924)

1. Nature of Operations and Ability to Continue as a Going Concern

The Company is in the development stage and is devoting its efforts to exploring new investment opportunities, including real estate development projects.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2010, the Company had not yet achieved profitable operations, has an accumulated deficit of $9,834,117 since its inception, has a working capital deficiency of $1,248,924 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totalling $1,249,618. To the extent that cash needs are not achieved from operating cash flow and existing cash on hand, the Company will be required to raise necessary cash through shareholder loans, equity issuances and/or other debt financing. Amounts raised will be used to continue the development of the Company's investment activities, and for other working capital purposes.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances; however there is no assurance of additional funding being available. The Company has historically satisfied its capital needs primarily by issuing equity securities. Management plans to continue to provide for its capital needs during the year ended December 31, 2010, by issuing equity securities and/or related party advances.

The accompanying unaudited interim financial statements have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included. Such adjustments consist of normal recurring adjustments. These interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the fiscal year ended December 31, 2009, included in the Company's 10-K Annual Report as filed with the United States Securities and Exchange Commission.

The results of operations for the six months ended June 30, 2010 are not indicative of the results that may be expected for the full year.

2. Deferred Costs

Deferred costs consist of consultants' fees and payments to reimburse Star Leisure and Entertainment Inc. ("Star Leisure") with respect to the acquisition of Gulf Star World Development W.L.L ("Gulf Star"). By a letter of agreement dated July 11, 2002, the Company agreed to purchase 80% of the outstanding shares of Gulf Star, a Bahrain corporation, from Star Leisure. Star Leisure is controlled by a director of the Company. Gulf Star is the 100% owner and developer of the residential and tourist project known as the Dream Island Resort, located in Bahrain. In 2005, due to the uncertainty of the future viability of the Dream Island project, the Company wrote-down the associated deferred investment costs to a nominal value of $1. On May 20, 2009 the letter of agreement was terminated and the remaining related investment costs written-off.

3. Loans Payable

	June 30, 2010	December 31, 2009
a) Loan payable to a company controlled by a director of the Company	$ 12,640	$ 11,920

(Stated in U.S. Dollars)

	including accrued interest of $5,838 (December 31, 2009 - $5,118). The loan is unsecured, bearing interest at 12% per annum and is repayable on demand.				
b)	Loans payable to companies controlled by directors of the Company. The loans are unsecured, non-interest bearing, and repayable upon demand.		142,366		106,329
c)	Loan payable to a company controlled by a director of the Company, including accrued interest payable of $46,715 (December 31, 2009 - $36,653), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. The principal sum of $163,766 may be converted into 2,320,858 units. Conversion of these loans and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from $0.05 to $0.23. Upon conversion of this loan, warrants with a fair value of $73,685 will be recognized as an interest expense and credited to additional paid-in capital.		210,481		200,419
d)	Loan payable to a company controlled by a director of the Company, including accrued interest of $66,200 (December 31, 2009 - $50,835), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. The principal sum of $255,209 may be converted into 4,526,436 units. Conversion of this loan and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from $0.05 to $0.12. Upon conversion of this loan, warrants with a fair value of $113,338 will be recognized as an interest expense and credited to additional paid-in capital.		321,409		306,044
		$	686,896	$	624,712

4. Capital Stock – Notes 3 and 5

Class A Convertible Preferred Shares

The Class A convertible preferred shares issued in 2003 have a par value of $0.001 and are convertible to common shares at $4.00 per share during the first 180 days following issuance, and thereafter at the average of twenty consecutive days closing prices, but shall not be less than $1.50 per share or greater than $6.00 per share. The Company has the right to redeem its Class A convertible preferred stock at any time by paying to the holders thereof the sum of $4 per share.

The aggregate liquidation value of the Class A convertible preferred shares is $792,000. A merger or consolidation of the Company that results in the Company's stockholders immediately prior to the transaction not holding at least 50% of the voting power of the surviving entity shall be deemed a liquidation event.

Stock Option Plan

The Company's board of directors approved a stock option plan. Under the plan directors, employees and consultants may be granted options to purchase common stock of the Company at a price of not less than 100% of the fair market value of the stock. The total number of options granted must not exceed 15% of the outstanding common stock of the Company. The plan expires on July 1, 2017.

Stock-based Compensation

In previous periods, the Company granted share purchase options to directors, employees, and consultants of the Company at the closing price of the Company's common stock on the date of the grants. The options have been granted with a term of 5 years.

The fair value of each option grant was estimated on the date of the grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

During the six-month periods ended June 30, 2010 and 2009 the Company did not grant any stock options to consultants.

(Stated in U.S. Dollars)

4. Capital Stock – Notes 3 and 5 – (cont'd)

Stock-based Compensation – (cont'd)

During the period ended June 30, 2010, the change in share purchase options outstanding are as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Options outstanding at December 31, 2008	4,125,000	$0.15	3.96 years	$ -
Cancelled during the period	(400,000)	$0.15	4.24 years	-
Options outstanding at December 31, 2009	3,725,000	$0.15	3.42 years	$ -
Options outstanding at June 30, 2010	3,725,000	$0.15	2.92 years	$ -

As at June 30, 2010, the Company had share purchase options outstanding as follows:

Number of Options	Exercise Price	Expiry Date
3,725,000	$0.15	June 1, 2013

As at June 30, 2010 and December 31, 2009 all of the outstanding share purchase options were exercisable.

(Stated in U.S. Dollars)

5. Non-Cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. The Company issued common shares for settlement of debts, convertible loans, and for services provided to the Company during the following years:

Year		Number of Preferred Shares	Number of Common Shares	Weighted Average Price Per Share	Total
1995	Consulting fee	-	50,000	$0.03	$ 1,500
1998	Management fee	-	7,000,000	$0.001	7,000
1998	Consulting fee	-	620,000	$0.01	6,200
2000	Finders fee	-	50,000	$0.001	50
2001	Consulting fee	-	708,406	$2.07	1,468,254
2002	Deferred cost	-	1,300,000	$0.05	65,000
2002	Consulting fee	-	684,143	$0.19	131,400
2002	Debt settlement	-	680,886	$0.20	138,006
2003	Consulting fee	-	1,450,000	$0.14	203,000
2003	Termination fee	198,000	-	$4.00	792,000
2004	Loan conversion	-	825,364	$0.06	48,537
2004	Loan settlement	-	613,000	$0.07	45,000
2004	Consulting fee	-	360,000	$0.40	142,500
2004	Deferred cost (cancellation)	-	(1,300,000)	$0.05	(65,000)
2005	Communications	-	56,000	$0.50	28,000
2005	Consulting fees	-	1,135,000	$0.29	333,700
2005	Legal fees	-	50,000	$0.50	25,000
2005	Loan conversion	-	635,901	$0.39	250,160
2005	Stock dividend	-	4,120,643	$0.65	2,678,418
2006	Finders' fee	-	100,000	$0.40	40,000
2007	Consulting fees	-	700,000	$0.20	140,000
2008	Consulting fees	-	750,000	$0.07	52,000
		198,000	20,589,343		$ 6,530,725

These amounts have been excluded from the investing and financing activities of the statements of cash flows.

(Stated in U.S. Dollars)

6. Related Party Transactions – Notes 2 and 3

The Company was charged the following by stockholders, directors, by companies controlled by directors and/or stockholders of the Company, and by companies with directors in common:

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009	Cumulative from February 28, 1989 (Date of Inception) to June 30, 2010
Consulting fees	$ -	$ -	$ -	$ -	$ 249,043
Interest	13,305	12,047	26,146	23,674	334,327
Management fees	-	-	-	-	546,325
Office and general	-	-	-	-	26,944
Rent	-	-	-	-	130,232
	$ 13,305	$ 12,047	$ 26,146	$ 23,674	$ 1,286,871

At June 30, 2010, accounts payable includes $477,325 (December 31, 2009 - $475,026) due to directors of the Company and companies controlled by directors of the Company in respect of unpaid management fees and expenses incurred on behalf of the Company.

The Company entered into two Management Services Agreements dated January 1, 2007 with a director and a company controlled by a director of the Company. Under the terms of these agreements they were each paid $7,500 per month, plus taxes where applicable, for management services. These agreements were for a 24-month period and expired on December 31, 2008. Effective September 12, 2008, one of the agreements was terminated and the other was not renewed subsequent to December 31, 2008. If the Company is unable to pay for the services, the consultant may elect to settle any portion of outstanding amounts plus interest with units of the Company. Each unit shall consist of one common share and one share purchase warrant entitling the holder to purchase one additional common share of the Company. The price for the units and warrants will be determined based on a discount to the 10 day average market price ranging from 50% to 60%, but no less than $0.05 per share.