GOLD REEF INTERNATIONAL, INC.
Form 51-102F1 - MANAGEMENT'S DISCUSSION AND ANALYSIS
For the twelve months ended December 31, 2009 and December 31, 2008

April 29, 2009

This management's discussion and analysis (MD&A) refers to material information regarding the operating and financial results of Gold Reef International, Inc. (the Company) for the twelve months ended December 31, 2009, and 2008, and was prepared on April 29, 2009. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the twelve months ended December 31, 2009, and 2008. The Company's reporting currency is the United States dollar and all amounts in this MD&A are expressed in United States dollars unless otherwise noted. The Company reports its financial position, results of operations and cash-flows in accordance with Canadian generally accepted accounting principles.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

The Company was incorporated in Ontario on December 21, 2000 to acquire, explore and develop prospective natural resource properties. The Company is engaged exclusively in mineral exploration and does not expect to have production or cash flow in the near future.

The Company, through its wholly-owned subsidiary, Gold Reef of Nevada, Inc. has accumulated a number of mining claims in Nevada (collectively the "Properties") and evaluated precious metals prospects as an outgrowth of an exploration program commenced in 2002.

The Company has completed exploration in 2008 over these and other areas where results were anomalous in gold and pathfinder elements over in several areas. There are several additional geochemically and geologically prospective areas, which require additional work to determine the significance of gold anomalies associated with structural zones and fault intersections. In 2007, these exploration efforts included the acquisition of proprietary geophysical data, as well as the drilling of four reverse circulation holes totaling approximately 8,000 ft. on the Company's Golden Trail Prospect. The Company has completed the initial stage of the two phase drilling program at its Golden Trail Project. Four vertical reverse circulation holes were completed into the Paleozoic sedimentary units to confirm the potential for possible mineralization associated with a buried intrusive, which was indicated by a surface skarn outcrop and geophysical signatures. The second phase program, to test structural zones which contain significant gold and pathfinder elements including a 28.1 grams per ton gold occurrence, was proposed to take place when a suitable drill rig is available to drill angle holes. The four holes of this stage were drilled to 2,150 ft., 2,010 ft., 1,930 ft., and 2,010 ft. The results of this initial program can be found on the Company's Form 7 Monthly Progress Report of November 1, 2007 filed with the CNQ Stock Exchange at www.cnq.ca.

Rimrock

As at December 31, 2009, the Company holds 108 (2005 – 86) staked claims in the Lander County region of Nevada. To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Nevada State Office) and the local counties in the cumulative approximate amount of $140 (2008 - $125) per claim.

In addition to the claims, the Company signed a sublease agreement, as amended, with Newmont USA Limited ("Newmont") dated February 14, 2007 and an Amendment to acquire a 100% interest in a sublease of approximately 6,000 acres in the Lander County region of Nevada. To acquire the interest, the Company must spend $7,250,000 over seven years with $1,500,000 to be spent over the first three years. Newmont may elect to back into a 51% joint venture interest by spending an amount equal to 200% of the exploration expenditures made by the Company. However, if Newmont does not acquire the 51% joint venture interest, the Company can acquire the rights in the property for a payment of $1,000,000 and by providing to Newmont a sliding scale net smelter return royalty ranging from 3% at a gold price less than $300 to 5% at a gold price of $500 and greater.

Beginning on the eighth anniversary date, if the Company has not expended at least $750,000, the Company must pay a rental fee of $10 per acre increasing annually by 5% per year. To date the Company has spent approximately $1,600,000 of the $1,500,000 required to be spent in the first three years.

The Company may terminate the agreement at any time after the completion of $750,000 in expenditures. If this agreement is terminated, the Company is required to satisfy all requirements to maintain the Newmont Property in good standing through 90 days after the effective date of termination. In addition, the Company would reclaim all disturbance caused by its activities on the Newmont Property.

During the year management has determined there is an impairment on its Rimrock claims and property under sublease as a result of an expected sale to a company with common shareholders. Management expects the proceeds on the sale of these claims and property under sublease to be CDN$150,000 and as a result has written down the mineral claims and deferred exploration costs by $1,586,300 to the expected net recoverable amount. As at December 31, 2009, the Company had received a deposit of $66,605 (CDN$70,000) towards this transaction.

Golden Trail

As at December 31, 2009, the Company currently holds 4 claims in the Elko County region of Nevada. To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Nevada State Office) and the local counties in the cumulative approximate amount of $140 per claim. The company wrote-off exploration costs associated with these claims in a prior year and management has planned to renew exploration and evaluation on these claims in 2010.

Following are the highlights of the Company's exploration programs in the twelve months ended December 31, 2009:

Rimrock Project – Lander County, Nevada

The Company has received final assay results for all six core holes of its first phase drilling program and is in the process of interpreting geochemical signatures of the various stratigraphic intervals.

The Company has collected over two thousand rock chip samples within the 16 square mile area with gold and pathfinder elements significantly anomalous in over 50% of the samples. The Company has recently completed the initial phase of a multi-phase drilling program designed to identify stratigraphic units and test favorable geologic and geophysical targets within the large area. Drill results have confirmed the presence of a very large system of variably hydrothermally altered Paleozoic sedimentary rock units dissected by numerous northwest to northeast-trending fault zones containing anomalous gold, silver and base metals.

The Company believes that the Rimrock Project has potential for the discovery of sediment-hosted gold/silver deposits similar to the Carlin and Battle Mountain-Eureka trends. Identification of possible mafic intrusives along the western margin of the Northern Nevada Rift, favorable structures and widespread gold/silver and base metal geochemical anomalies associated with Paleozoic sedimentary units over a sixteen square mile area justifies a major exploration effort in this area. It is possible that an undiscovered, buried gold trend similar to the Carlin Trend is present along the western edge of the Northern Nevada Rift. The Company considers the area to be a long-term exploration effort due to its immensity.

Geologic and geochemical data and observations

There are at least three stages of mineralization at Rimrock which include:

a. Base metal veining within white bull-quartz-like veins containing coarse sphalerite, brassy cubic pyrite, and minor galena.

b. Brecciated base metal veining associated with low-angle structures as at the Snowstorm Mine and at least drill holes R3, R9, R7, and possibly R6.

c. Broad zones of hydrothermal alteration that are weakly anomalous in gold, and silver and very weakly anomalous in zinc, lead, copper molybdenum, and arsenic. Bismuth and cadmium values are very low or absent in these zones. In map view, these zones are associated with high-angle northerly-trending normal faults of generally small displacement which cut earlier base metal mineralization. This alteration and mineralization is common in core holes R1, R6 and R7.

As indicated above drilling results have confirmed the presence of a very large system (in excess of eight miles long by two miles wide) of variably hydrothermally altered upper plate Paleozoic sedimentary rock units dissected by numerous northwest to northeast-trending fault zones containing geochemically anomalous gold, silver and base metals. Geochemical associations within the reported silver-bearing structures discovered in two of the three core holes with significant silver intercepts are almost identical to the geochemical signatures of the silver mineralization at the Snowstorm Mine. It is possible that additional drilling can delineate silver-bearing structural zones, which could then be developed into a quantifiable resource of silver, with minor lead and zinc.

In addition to the silver targets on the southern portion of the Rimrock property, The Company is encouraged by the thick sections of hydrothermally altered upper plate rocks. Over half of the 8,281 feet cut broad zones of hydrothermal alteration, including silicification and potassic (adularia-sericite) alteration, that are anomalous (5 times detection limit) in gold, silver, and/or pathfinder elements (antimony, arsenic, copper, mercury, molybdenum, silver and zinc). Multiple stages of quartz veining and secondary stockwork veining associated with fine-grain sulfides are very common. Geophysical data will be incorporated into Metal Miners Plus© to enhance selection of future drill targets on this large land holding.

In accordance with the Newmont Agreement, the Company prepared and submitted a summary report to Newmont.

Infill gravity and magnetic surveys conducted by Big Sky Geophysics was completed in June 2008. Preliminary results continue to be encouraging. Strong gravity highs appear to be related to buried mafic intrusives and the North 10 to 20 degrees west trend mimic the orientation of the Northern Nevada Rift. A mafic magma associated minette (lamprophyre) dike was cored in R6 (1,603-1,623’) confirming the presence of mafic intrusives in the area.

New Management

On April 1, 2010 the Company announced that two experienced mining executives, Edward Ellwood and Eric Plexman, joined the Gold Reef board of directors and have been appointed as the Company’s Senior Officers.

Edward L. Ellwood, MBA, has been appointed as the Company’s President and CEO. Mr. Ellwood has over 20 years experience serving as a director or officer of publicly traded mineral companies listed on Canadian exchanges. Currently, Mr. Ellwood is an independent director of RX Exploration Inc. (CNSX Symbol: RXE), a management consultant and private business owner in London, Ontario.

Mr. Plexman has been appointed as the Company’s Corporate Secretary and CFO. Mr. Plexman has over 30 years experience serving as a director or officer of publicly traded mineral companies listed on Canadian exchanges.

Maxwell Polinsky resigned from the positions of President and CEO but remains on the Gold Reef Board of Directors. Murray Nye resigned from the Gold Reef Board of directors.

Selected Annual Information

The following table provides selected financial information and should be read in conjunction with the Company's Audited Consolidated Financial Statements.

	$ Year Ended Dec 31, 2009	$ Year Ended Dec 31, 2008	$ Year Ended Dec. 31, 2007	$ Year Ended Dec. 31, 2006
Revenue	Nil	Nil	Nil	Nil
Income (loss) for the period (1)	198,423	(449,430)	(1,477,261)	(481,699)
Net income (loss) for the year	(1,387,877)	(3,147,449)	(1,666,979)	(481,699)
Net income (loss) per share (2)	(0.033)	(0.070)	(0.044)	(0.016)
Total assets	262,391	1,881,483	3,979,320	1,949,111
Long-term debt	Nil	Nil	Nil	Nil
Dividends per share	Nil	Nil	Nil	Nil

Notes: (1) before write down of mineral claims and deferred exploration costs
(2) basic and diluted

Overall Performance

In summary the Company's financial condition has increased over the past twelve months ended December 31, 2009. Working capital increased by $282,729 from ($604,571) at December 31, 2008 to ($321,842) at December 31, 2009. The net increase is namely attributable to:
(a) proceeds of sale of shares of $Nil (Jan-Dec 2008-$869,451);
(b) expending $32,712 (Jan-Dec 2008-$1,760,310) on mineral properties; and
(c) working capital of $37,872 (Jan-Dec 2008-$438,679) used in other corporate operations.
(d) debt settlement with former shareholders of $353,312 (Jan-Dec 208-$Nil).

Subsequent Events

There are no scheduled geologic activities planned at this time. The new management and directors are examining the financial status of the Issuer and their future actions with respect to the affairs and activities of the Issuer.

On February 15, 2010, the Company was named along with former directors of the Company and served with a claim in The District Court, 150th Judicial District, Bexar County, Texas. The Plaintiff is alleging several past directors of the Company have used technology that belonged to the Plaintiff for the Company's benefit in direct contradiction of the agreement between the parties involved. The Plaintiffs are claiming monetary damages against all of the named Defendants, which include the Company, of $1,000,000,000, and the Company is defending the lawsuit. Management believes that this is a frivolous claim and that the Company should not have been named in the claim as a result of transferring the technology in question, Metal Miners Plus, to the former directors. The mining interests retained by the Company after the debt settlement are included in the claim however, management thinks there is little possibility that the mining interests will be negatively impacted by this claim. The outcome of the above claim is not determinable and therefore, no provision is recorded.

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with suppliers and former employees. Management believes that adequate provisions have been recorded in the financial statement accounts where required.

Results of Operations

The following is a discussion of the financial condition and results of operations of the Company. It should be read in conjunction with the Company's Consolidated Financial Statements and the notes thereto.

Selected Financial Information

Total assets as at the end of December 31, 2009 were $262,391 (December 31, 2008- $1,881,483) and consisted of cash and cash equivalents $19,060 (December 31, 2008-$34,151), capital assets $19,893 (December 31, 2008-$70,306), mineral claims and deferred costs $145,150 (December 31, 2008-$1,698,738) which represent staking costs to secure the Company's mineral exploration project, exploration expenditures as well as the expected net recoverable amount on the sale of the remaining claims, and reclamation bonds $78,288 (December 31, 2008-$78,288).

Total liabilities as at December 31, 2009 were $447,617 (December 31, 2008-$678,832) consisting primarily of trade payables, a deposit on sale of claims and non-interest bearing demand loans owed to current and former Directors of the Company.

The Company has no long term financial liabilities except for management's estimated site restoration costs relating to their exploration program of $40,110 (December 31, 2008-$40,110).

The Company has received a deposit on the sale of claims for $70,000 Cdn. The company expects the claims will be sold for $150,000 Cdn.

The Company has no sales and has never earned revenues with the exception of non material interest revenue. Raising capital through sales of its common shares funds the Company's exploration operations.

Three months Ended December 31, 2009 Compared to Three months Ended December 31, 2008

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

Gain on Debt Settlement: For the three months ended December 31, 2009, the Company realized a gain on the Debt Settlement with former shareholders in the amount of $353,312. No gain on debt settlement was realized for the three months ended December 31, 2008.

Expenses: Expenses for the three months ended December 31, 2009 were $73,473, an increase of $31,215 over the amount of $42,258 for the three months ended December 31, 2008. These amounts are for professional fees, office and administrative, as well as travel expenses and amortization.

Write-off of mineral claims and deferred exploration costs: During the three months ended December 31, 2009 the Company wrote-off costs originally recorded as mineral claims and deferred exploration in the amount of $1,586,300. This amount represents an impairment on its remaining claims as a result of a potential sale of these claims. This amount is a decrease of $1,111,719 over the claims written off in 2008. In the three months ended December 31, 2008 the Company wrote-off $2,698,019. This amount represents claims the Company was no longer pursuing.

Net earnings (loss). The Company incurred a net loss of $1,306,461 for the three months ended December 31, 2009, a decrease of $1,433,816 over the three months ended December 31, 2008 ($2,740,277). Since the Company had no revenue, the net losses are attributable to the debt settlement agreement and the expenses noted above.

Twelve months Ended December 31, 2009 Compared to Twelve months Ended December 31, 2008

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

Gain on Debt Settlement: For the twelve months ended December 31, 2009, the Company realized a gain on the Debt Settlement with former shareholders in the amount of $353,312. No gain on debt settlement was realized for the three months ended December 31, 2008.

Expenses: Expenses for the twelve months ended December 31, 2009 were $154,889, a decrease of $294,541 over the amount of $449,430 for the twelve months ended December 31, 2008. These amounts are for professional fees, office and administrative which included the payroll expenses, as well as travel expenses and amortization.

Write-off of mineral claims and deferred exploration costs. During the twelve months ended December 31, 2009 the Company wrote-off costs originally recorded as mineral claims and deferred exploration in the amount of $1,586,300. This amount represents an impairment on its remaining claims as a result of a potential sale of these claims. This amount is a decrease of $1,111,719 over the claims written off in 2008. In the twelve months ended December 31, 2008 the Company wrote-off $2,698,019. This amount represents claims the Company was no longer pursuing.

Net earnings (loss). The Company incurred a net loss of $1,387,877 for the twelve months ended December 31, 2009, a decrease of $1,759,572 over the twelve months ended December 31, 2008 ($3,147,449). Since the Company had no revenue, the net losses are attributable to the debt settlement agreement and the expenses noted above.

Summary of Quarterly Results to December 31, 2009

Description	Dec 31/09 $	Sep 30/09 $	Jun 30/09 $	Mar 31/09 $	Dec 31/08 $	Sep 30/08 $	Jun 30/08 $	Mar 31/08 $
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income/(Loss)	(1,306,461)	(33,263)	(35,911)	(12,242)	(2,740,277)	(48,461)	(136,492)	(222,219)
Net Income/(Loss) per Share – Basic and Diluted	(0.0307)	(0.0008)	(0.0008)	(0.0003)	(0.0645)	(0.0011)	(0.0032)	(0.005)

Liquidity

As at December 31, 2009, the Company had cash and cash equivalents in the amount of $19,060 (December 31, 2008-$34,151) and accounts payable and accrued liabilities, restoration liability and deposit on claim sale of $447,617 (December 31, 2008-$678,832, which included loans due to former directors). As a result, the Company has liquidity risk and is dependent on raising capital.

Capital Resources

For its long term business objectives, the Company will require funds for ongoing exploration work on the Nevada claims of its wholly owned subsidiary, Gold Reef of Nevada, Inc. as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over either the near or long term or none are presently contemplated other than as disclosed above and/or over normal operating requirements.

The Company is not in default of its obligations on the Properties at this time.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount. Related party transactions have been listed below, unless they have been disclosed elsewhere.

(a) Included in accounts payable and accrued liabilities is approximately $145,000 (December 31, 2008-$132,000) of amounts owing to a former director.

(b) Included in professional fees is approximately $12,500 (December 31, 2008-$50,000) of amounts paid to a former director for legal services.

(c) Included in office and administrative costs is $NIL (2008 - $25,000) of amounts paid to a former director for consulting services

(d) Included in office and general is $Nil (December 31, 2008-$9,835) of management fees paid to a company controlled by a former director and officer of the Company.

During the year, the Company settled amounts owing to former directors in the amount of $389,119 with the following:

(i) certain capital assets with a net book value of $35,808;
(ii) certain mining claims that were written-off in a prior year;

(iii) sold the Company's developed exploration data management system, called Metal Miners Plus with a net book value of $NIL for $1

The above debt settlement resulted in a gain of $353,312.

Therefore, no loans were outstanding to current and former Directors as of December 31, 2009. In 2008, the activities of the Company were in part by loans in the amount of$148,500 from former Director Crandell Addington, $48,500 from former Director Lou Kost, Jr., $182,120 from former Director Sadik al-Bassam, $15,000 from Panther Resources, LLLP, a company controlled by former Directors. These loans bore no interest and were payable on demand. The activities of the Company have also been financed in part by demand loans to an arm-length 3rd party. These loans represent deposits on a potential sale of claims to the aforementioned third party.

Changes in Accounting Policies

Effective January 1, 2009 the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development". The adoption of this standard did not have any impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Issued and Not Yet Applied

In January 2009, the CICA issued Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replaces CICA Sections 1581 – Business Combinations and 1600 - Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two Sections must also be adopted at the same time.

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Accounting Standards Board ("AAcSB") confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company has developed a three phase changeover plan to adopt IFRS by January 1, 2011 as follows:

(i) Scope and Plan: This first phase involves the development of an initial project plan and structure, the identification of differences between IFRS and existing Canadian GAAP, and an assessment of their applicability and the expected impact on the Company.

(ii) Design and Build: The second phase includes the detailed review, documentation and selection of accounting policy choices relating to each IFRS standard. This phase will also include assessing the impact of the conversion on business activities, including the effect on information technology and data systems, income tax, internal controls over financial reporting, and disclosure controls. In this phase, accounting policies will be finalized, first-time adoption exemptions and exceptions will be considered, and draft financial statements and note disclosures will be prepared.

(iii) Implement and Review: The final phase involves the actual implementation of IFRS standards. This phase will involve the finalization of IFRS conversion impacts, approval and implementation of accounting policies, implementation and testing of new processes, systems and controls, and the execution of detailed training where required.

As at December 31, 2009, the first phase of the Company's IFRS project was near completion. Phase two of the project is expected to be complete by June 30, 2010. The final phase is expected to be complete by September 30, 2010. The project completion is geared for the start of the December 31, 2010 fiscal year to facilitate the preparation of interim financial statements for the purpose of comparison to the corresponding interim period for the year ended December 31, 2011.

There have been no other changes in the Company's accounting policies for the fiscal periods covered by these annual financial statements.

Financial Instruments and Other Instruments

The carrying values of accounts payable and accrued liabilities and loans payable approximate fair values due to the relatively short term maturities of these instruments.

Controls and Procedures

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR @ www.sedar.com. During the twelve months ended December 31, 2009, management of the Company has focused its efforts on maintaining the Properties in good standing, and raising financing to fund the ongoing exploration on the Rimrock Property as described above.

Additional Disclosure for Venture Issuers Without Significant Revenue

Common Shares

As at December 31, 2009 there were 42,491,040 common shares issued and outstanding (42,491,040 as at December 31, 2008). As of April 29, 2009 the number of shares issued and outstanding has not changed.

Stock Options

As at December 31, 2009 there are an additional 650,000 common shares issuable upon the exercise of outstanding incentive stock options at a price ranging from CDN $0.30 per share to CDN $1.09 per share expiring from June 13, 2010, to November 15, 2012.

Share Purchase Warrants

As at December 31, 2009 there were no warrants outstanding.

Deferred Exploration Expenditures

During the three months ended December 31, 2009, the Company incurred $6,652 in expenditures with respect to the Properties. This compares with $54,042 for the three months ended December 31, 2008.

During the twelve months ended December 31, 2009, the Company incurred expenditures of 32,712 with respect to the Properties, which amount was capitalized under the “Mineral properties and deferred costs” account. This compares with $1,706,310 for the twelve months ended December 31, 2008.

In December 31, 2009, $1,586,300 of the accumulated deferred costs were written off due to an impairment on its remaining claims as a result of a potential sale of these claims. In December 31, 2008, $2,698,019 of the accumulated deferred costs were written off as the Company was no longer pursuing the claims.