

JOSHUA GOLD RESOURCES INC

Form 10-K/A

December 02, 2011

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K/A**

**(Amendment No. 3)**

x

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number: 000-53809**

**Joshua Gold Resources Inc.**

**(f/k/a Bio-Carbon Systems International Inc.)**

**(Exact name of registrant as specified in its charter)**

**Nevada**

**(State or other jurisdiction of  
incorporation or organization)**

**27-0531073**

**(I.R.S. Employer  
Identification Number)**

**99 Bronte Road Suite 121 Oakville ON L6L 3B7 Canada**

**(Address of principal executive offices)**

**Registrant's telephone number, including area code: (705) 864-1095**

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

**None**

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

**Title of each class**

**Name of each exchange on which registered**

**COMMON STOCK, \$0.0001 PAR VALUE**

**N/A**

**PREFERRED STOCK, \$0.0001 PAR VALUE**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 past 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 (§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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the Registrant (assuming officers, directors and 10% stockholders are affiliates), based on the last sale price for such stock on June 30, 2010: \$26,519,000. The Registrant has no non-voting common stock.

As of April 15, 2011, there were 265,190,416 shares of the Registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

All of the Registrant's filings may be read or copied at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington D.C. 20549. Information on the hours of operation of the SEC's Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website (<http://www.sec.gov>) that contains reports and proxy and information statements of issuers that file electronically.

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**JOSHUA GOLD RESOURCES INC.**

**Form 10-K/A ANNUAL REPORT**

**For the Fiscal Year Ended December 31, 2010**

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**PART I**

**SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

*This Annual Report on Form 10-K/A contains forward-looking statements relating to future events and our future performance within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "hope", "expects", "plans", "intends", "anticipates", "believes", "estimates", "projects", "predicts", "potential" and similar expressions intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to future events, future results, and future economic conditions in general and statements about:*

.

*Our future strategy, structure, and business prospects;*

.

*The planned commercialization of our current mineral acquisitions;*

.

*The size and growth of the potential mineral reserves; and*

.

*Use of cash, cash needs and ability to raise capital.*

*These statements involve known and unknown risks, uncertainties and other factors, including the risks described in Part I, Item 1A. of this Annual Report on Form 10-K/A, which may cause our actual results, performance or achievements to be materially different from any future results, performances, time frames or achievements expressed or implied by the forward-looking statements. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Information regarding market and industry statistics contained in this Annual Report on Form 10-K/A is included based on information available to us that we believe is accurate. It is generally based on academic and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources and cannot assure you of the accuracy of the market and industry data we have included.*

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## GENERAL MATTERS

*Our common stock is subject to the "penny stock" rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.*

The Securities and Exchange Commission has adopted certain rules under the Securities Exchange Act of 1934, as amended (the Exchange Act ) that are applicable to "penny stocks". For the purposes relevant to us, a penny stock is any equity security that has a market price of less than \$5.00 per share or has an exercise or conversion price of less than \$5.00 per share, subject to certain exceptions, constitutes a "penny stock". For any transaction involving a penny stock, unless exempt, the rules require:

.  
that a broker or dealer approve a person's account for transactions in penny stocks;

.  
the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased; and

.  
that a broker or dealer provide certain detailed market information about the market for the applicable company s securities.

In order to approve a person's account for transactions involving penny stocks, the broker or dealer must:

.  
obtain financial information, investment experience and investment objectives of the person; and

.  
make a reasonable determination that the proposed transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form:

.  
sets forth the basis on which the broker or dealer made the suitability determination; and

.  
that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Following a transaction, monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and depress the market value of our stock.

There are additional risks of investing in penny stocks whether in public offerings or in secondary trading, relating to commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions



## **Corporate Information**

Joshua Gold Resources Inc. (f/k/a Bio-Carbon Systems International Inc.) was incorporated in Nevada on July 10, 2009 as a shell Company or blank check corporation and on May 20, 2010 the Company was sold to a new shareholder. On June 4, 2010 control of the Company was sold to a new group of shareholders (Group 1), the company's name was changed to Bio-Carbon Systems International Inc. On December 23, 2010 control of the Company was sold to a new group of shareholders (Group 2). Subsequent to year end, the company's name will be changed to Joshua Gold Resources Inc.

Unless the context requires otherwise, in this report the terms BCSI, the Company, "we," "us" and "our" refer to Joshua Gold Resources Inc. References to "\$" or "dollars" shall mean U.S. dollars unless otherwise indicated. References to "C\$" shall mean Canadian dollars.

### ***ITEM 1.***

#### ***Business***

##### ***Overview***

#### **January 1, 2010 - December 23, 2010**

From January 1 to June 3, 2010 the Company was a blank check shell company for securities purposes. On June 4, 2010 the Company changed its status and became a start-up carbon measuring company based in Sault Ste Marie, Ontario. The Company entered into certain license and consulting agreements with individuals and/or entities controlled by individuals that comprise the Group 1 controlling shareholders. The Company planned to use its licensed intellectual property and technology to conduct airborne and other surveys of forested lands in areas that are difficult to access. Those surveys would have been conducted in a statistically verifiable process designed for use in carbon trading programs to assess the potential value of the surveyed lands as carbon sequestration land parcels in carbon trading, carbon sequestration, and other greenhouse gas emission control, offset and reduction programs.

However, the Company later found that the current North American regulatory and economic framework surrounding the emerging business of carbon measurement, carbon storage, carbon sequestration and carbon trading activities was not economically viable at this time. Therefore, the Company decided not to pursue the carbon business and terminated the license agreements and the consulting agreements on December 23, 2010. The termination has not given rise to any penalties against the Company as the termination was concluded through a mutual agreement of separation.

#### **Subsequent December 23, 2010**

After exiting the carbon measuring business, the Company became a mineral exploration business located in Chapleau, Ontario. The Company's principal business activity is the exploration of mineral property interests in Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to exploring these property interests. There has been no determination whether the Company's interests in unproven mineral properties contain mineral reserves which are economically recoverable.

On December 23, 2010, the Company optioned a 1,550 acre mineral lease in the North West Territories of Canada, approximately two hours north-north-west of Yellowknife.

Management retained an independent geological firm, Aurora Geosciences Inc, to visit the property, named the Carson property, and write a report under Canada's National Instrument 43-101 (NI 43-101), which instrument provides guidelines for the preparation, completion and use of such reports for public companies. The author of this report is David White, a Qualified Person under NI 43-101. He has completed the report and it is included as Exhibit 99.1 to this annual report. The geological report recommends further exploration of the Carson Property and a phased exploration budget in three stages, along the following outlines:

Stage 1 Geology Program involving updating historical data on the property to modern standards, conducting surface review sampling, and preparing geological mapping. Estimated cost \$24,000.

Stage 2 Geophysics Program where an updated ground magnetic and VLF (very low frequency) survey would be conducted over the entire property. The results would be interpreted in the context of structural controls on known gold showings and applied to other areas of the property. Estimated cost \$23,000.

Stage 3 Diamond Drilling Program would be conducted on areas identified as the Pond, the Chuck Vein, and any prospective geophysical anomalies identified in Stage 2. Estimated cost \$820,000.

The Company plans on undertaking Stage 1 in 2011. The results will determine whether and to what extent the Company will implement Stage 2.

The Company will be engaging a geological consultant to evaluate the work programs from the NI 43-101 report and will continue to consider and evaluate other mineral resource exploration properties in North America to ascertain whether those properties should be acquired and explored by the Company.

### **Mineral Acquisition Agreement Carson Property**

On December 23, 2010, the Company entered into a mineral property acquisition agreement (the Acquisition Agreement) with 2214098 Ontario Ltd. (2214098), an Ontario corporation, pursuant to which 2214098 has agreed to sell to the Company the property located 195 kilometers north-northwest of the City of Yellowknife, N.W.T, on the west shore of Damoti Lake in the Indin Lake Greenstone Belt and known as a claim BR2 (the Carson Property). The claim covers an area of approximately 1,812 acres. Under the Acquisition Agreement, the Company will acquire the Carson Property in consideration for the following payments:

1) the Corporation paying CDN\$100,000 to be paid by the Corporation to 2214098 as follows:

a. \$25,000 on or before April 30, 2011;

b. \$10,000 on or before each of September 30th, 2011, 2012, 2013, 2014; and

c. \$35,000 on or before September 30th, 2015;

(2) the Corporation paying 1,000,000 common shares in the capital of the Corporation (the Shares ) to 2214098, and deliver the Shares to 2214098 on or before March 30th, 2011;

(3) upon and following the commencement of commercial production, the Corporation shall pay a 2% royalty to John Rapski, and a 1% royalty to 2214098 of net smelter returns (NSR) on the terms and conditions as set out in the Acquisition Agreement.

The 1,000,000 common shares due to be issued to Mr. Rapski have been authorized for issuance and are expected to be issued and delivered to him by the end of April of 2011.

In addition to the royalties described above, the Northwest Territories and Nunavut Mining Regulations require the owner or operator of a mine to pay royalties to Her Majesty on the value of the mine's output during that fiscal year an amount equal to the lessor of:

a)

13% of the value of the output of the mine; and

b)

The amount calculated in accordance with the following table.

| <b>Value of Output</b>                               | <b>Royalty Payable of that portion of the</b> | <b>Value</b> |
|--|---|--------------|
| 10,000 or less                                       | 0 %   |              |
| In excess of 5 million but not exceeding 10 million  | 5%  |              |
| In excess of 5 million but not exceeding 10 million  | 6%  |              |
| In excess of 10 million but not exceeding 15 million | 7%  |              |
| In excess of 15 million but not exceeding 20 million | 8%  |              |
| In excess of 20 million but not exceeding 25 million | 9%  |              |
| In excess of 25 million but not exceeding 30 million | 10%   |              |
| In excess of 30 million but not exceeding 35 million | 11%   |              |
| In excess of 35 million but not exceeding 40 million | 12%   |              |
| In excess of 40 million but not exceeding 45 million | 13%   |              |
| In excess of 45 million                              | 14%   |              |

The foregoing summary of the Acquisition Agreement is not complete and is qualified in its entirety by reference to the complete text of the Acquisition Agreement which was filed as Exhibit 10.1 to the Company's current report on Form 8-K filed with Securities and Exchange Commission on December 23, 2010.

Management believes that the Carson property could potentially host economic gold deposits and, upon expert opinion of their geologists, warrants continued mineral exploration on the property.

### **Mineral Exploration Industry**

By definition, mineral exploration companies have no product or inventory to sell since they are not operating as a mining company.

Management will initially only explore and risk funds in properties that are located in the United States or in Canada where land, lease laws are consistent and enjoy stable local, state, provincial and federal governments.

Mineral exploration companies need to design their exploration budgets in a manner whereby they can be completed by current and reasonably expected financings.

When a mineral exploration company has found a mineral deposit that is potentially economic, the company must meet all environmental and mining regulations. These could include mining permits to be granted by the appropriate state or provincial and local governments. These prerequisites to mining the mineral material can be expensive and take time to comply with. However, when a company has an economic deposit it is easier for the company to raise finances to deal with these expenses and time delays. Management will use accredited, appropriate professionals to represent the company and obtain approvals from the regulatory authorities.

### ***Competition***

The mineral exploration sector is highly competitive. In addition, as the Company has no revenue and does not anticipate earning revenue for the foreseeable future (if ever), the Company expects that it will have to raise substantial sums to conduct its operations and explore the Carson Property and any later acquired property.

The Company competes with a number of other entities and individuals in the search for, and acquisition of, attractive mineral properties, as well as competing with other actors in this industry and in other sectors to raise the capital it requires to conduct its activities and fund its operations. As a result of this competition, the majority of which is with companies that possess greater financial resources than the Company has, in the future the Company may not be able to acquire attractive properties on terms it considers acceptable.

Furthermore, in raising capital and attracting talented mining and resource exploration professionals, we compete with other resource companies, many of whom have greater financial resources and/or more advanced properties that are

better able to attract greater interest or may be (or may be perceived to involve) less risk.

Finally, our business is to search for mineral resource deposits, the value of which fluctuates in line with market values for those resources. Factors beyond our control that relate primarily to international economic conditions may affect the marketability of mineral deposits delineated or mined by us.

***Government Regulation***

There are several governmental regulations that materially restrict the exploration for minerals, and the extraction of minerals and any related mining activities, in Canada and in the Northwest Territories. The Company will be subject to the mining laws and regulations in force in Canada and in the Northwest Territories (as well as any other jurisdiction wherein a future-acquired property is located). In order to comply with applicable regulations, the Company may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to land. As a general matter, management of the Company will attempt to ensure that all budgets for exploration programs include a contingency for regulatory compliance.

***Employees***

On December 31, 2010, the Company did not have any part-time or full-time employees.

***Available Information***

The Securities and Exchange Commission, or the SEC, maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC.



**ITEM 1A.**

**RISK FACTORS**

An investment in our Company is highly speculative in nature and involves an extremely high degree of risk. The following risk factors should therefore be considered when evaluating an investment in the Company.

**We are an exploration stage company with a limited operating history and may never be able to effectuate our business plan or achieve sufficient revenues or profitability; at this stage of our business, even with our good faith efforts, potential investors have a high probability of losing their entire investment.**

We are subject to all of the risks inherent in an exploration stage company. In particular, potential investors should be aware that we have not proven that we can:

- .  
raise sufficient capital in the public and/or private markets;
- .  
have access to a line of credit in the institutional lending marketplace for the expansion of our business;
- .  
respond effectively to competitive pressures; or
- .  
recruit and build a management team to accomplish our business plan.

Accordingly, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered in establishing a new business, and our Company is a highly speculative venture involving significant financial risk.

**We have a limited track record that would provide a basis for assessing our ability to conduct successful business activities. We may not be successful in carrying out our business objectives.**

The revenue and income potential of our proposed business and operations are unproven as a limited operating history makes it difficult to evaluate the future prospects of our business. There is limited information at this time on which to base an assumption that our business operations will prove to be successful or that we will ever be able to operate profitably. Accordingly, we have a limited track record of successful business activities, strategic decision making by management, fund-raising ability, and other factors that would allow an investor to assess the likelihood that we will be successful in marketing our services. As such, there is a substantial risk that we will not be successful in generating sufficient operating revenues or in achieving profitable operations, irrespective of competition.

**ITEM 2.**

***Properties***

On December 23, 2010, the Company entered into a mineral property acquisition agreement (the Acquisition Agreement ) with 2214098 Ontario Ltd. ( 2214098 ), an Ontario corporation, pursuant to which 2214098 agreed to sell to the Company the property located 195 kilometers north-northwest of the City of Yellowknife, N.W.T, on the west shore of Damoti Lake in the Indin Lake Greenstone Belt and known as a claim BR2 (the Carson Property ). Under the Acquisition Agreement, the Company will acquire the Carson Property in consideration for the following payments:

1) the Corporation paying CDN\$100,000 to be paid by the Corporation to 2214098 as follows:

- a. \$25,000 on or before April 30, 2011;
- b. \$10,000 on or before each of September 30th, 2011, 2012, 2013, 2014; and
- c. \$35,000 on or before September 30th, 2015;

(2) the Corporation paying 1,000,000 common shares in the capital of the Corporation (the Shares ) to 2214098, and deliver the Shares to 2214098 on or before March 30th, 2011;

(3) upon and following the commencement of commercial production, the Corporation shall pay a 2% royalty to John Rapski, and a 1% royalty to 2214098 of net smelter returns (NSR) on the terms and conditions as set out in the Acquisition Agreement.

The 1,000,000 common shares due to be issued to Mr. Rapski have been authorized for issuance and are expected to be issued and delivered to him by the end of April of 2011.

In addition to the royalties described above, the Northwest Territories and Nunavut Mining Regulations require the owner or operator of a mine to pay royalties to Her Majesty on the value of the mine's output during that fiscal year an amount equal to the lessor of:

a)

13% of the value of the output of the mine; and

b)

The amount calculated in accordance with the following table.

| <b>Value of Output</b>                               | <b>Royalty Payable of that portion of the</b> | <b>Value</b> |
|--|---|--------------|
| 10,000 or less                                       | 0 %   |              |
| In excess of 5 million but not exceeding 10 million  | 5%  |              |
| In excess of 5 million but not exceeding 10 million  | 6%  |              |
| In excess of 10 million but not exceeding 15 million | 7%  |              |
| In excess of 15 million but not exceeding 20 million | 8%  |              |
| In excess of 20 million but not exceeding 25 million | 9%  |              |
| In excess of 25 million but not exceeding 30 million | 10%   |              |
| In excess of 30 million but not exceeding 35 million | 11%   |              |
| In excess of 35 million but not exceeding 40 million | 12%   |              |
| In excess of 40 million but not exceeding 45 million | 13%   |              |
| In excess of 45 million                              | 14%   |              |

The foregoing summary of the Acquisition Agreement is not complete and is qualified in its entirety by reference to the complete text of the Acquisition Agreement which was filed as Exhibit 10.1 to the Company's current report on Form 8-K filed with Securities and Exchange Commission on December 23, 2010.

Mineral rights were acquired at the Carson Property location through claim staking. The Carson Property mining claims are an area of open Crown land or Crown minerals rights that a licensed prospector marked out with a series of claim posts and blazed lines. The mining claims were staked in square or rectangular share with boundaries running north, south, east and west astronomically. Claim posts are erected at the corner of each mining claim, and claim boundaries between each post are marked by blazes cut into trees and by cut underbrush. Claim corner post tags identifying the individual claim number are affixed by nails to each corner post.

The Northwest Territories and Nunavut Mining Regulations Territorial Lands Act (the Mining Act ) authorizes the staking of mineral claims (such as those claims comprising the Carson Property) where the Crown owns the minerals and the carrying out of assessment/exploration work on the mining claims by the claim holder. Mining (i.e. extraction of the minerals) cannot take place until the claims are brought to lease. Mining leases are issued for the express purpose of undertaking mineral, development or mining. The claim holder is entitled to a lease upon fulfilling the requirements of the Mining Act. Currently, the surface and mineral rights are leased by J. Rapski.

The claim comprising the Carson Property is a mining lease. A lease is issued for the express purpose of undertaking mineral development or mining. The lease is a Federal lease.

The claim is identified as mining lease 3446, District 215 of the Northwest Territories, Lease NTS Sheet no. O86B03. The lease was granted on June 30, 1993 and expires on June 30, 2024. Prior to the expiry date, the lease holder can apply to have the lease renewed for an additional 21 year period.

To maintain the claim in good standing, annual lease payments by the lease holder of \$1,141 must be paid to the Chief of Financial Analysis for the Federal Department of Indian and Northern Affairs.

The Carson Property is 1,812 acres in area and is most directly accessed via Damoti Lake by float or ski based fixed wing aircraft or helicopter directly from Yellowknife. The Colmac seasonal road runs along the Indin Lake located approximately 5 kilometres to the west. This road originates in Yellowknife and is maintained through the winter months.

The Company must meet the following payments to 2214098 Ontario Ltd. in order to retain title to the Carson Property: CDN \$ 25,000 on or before April 30, 2011; at total of CDN \$40,000 payable in increments of CDN \$10,000 on or before each of September 30, 2011, 2012, 2013, 2014; a further payment of CDN \$35,000 on or before September 30, 2015; and delivery of the 1,000,000 common shares of Joshua registered to the Vendor on or before March 30, 2011.

Additionally, annual lease payments by the lease holder of \$1,141 must be paid to the Chief of Financial Analysis for the Federal Department of Indian and Northern Affairs.

The Carson Property is underlain by mafic a lesser felsic metavolcanic and subordinate metasedimentary rocks of the Yellowknife Supergroup. Felsic metavolcanic rocks occur at the metavolcanic-metasedimentary contact. Eight major rock assemblages at the property have been delineated by historical exploration work and range from feldspar crystal tuffs, rhyolite, andesite and feldspar porphyry intrusives.



Gold associated with quartz veins (shear zones) or with silicification are found in the metavolcanic and metasedimentary rocks of the Yellowknife Supergroup. In the Indin Lake Supracrustal belt shear-hosted mineralized systems generally occur at or near volcano-sedimentary contacts. Specifically, mineralization on the property occurs as: gold-bearing quartz veins and lenses with pyrite-pyrrhotite and trace chalcopyrite and galena in mafic shear zones; pyrite-pyrrhotite horizons near the contact of the Lovang tuff and Snowden andesite; or as pyritic argillites associated with shear zones in the Oti rhyolite. These gold bearing shear zones occur on the property as three principal northeast-trending shear zones called the Pond, Chuck vein and Hilltop. The potential economic significance of the gold bearing formation and structures on the property is presently unknown.

To date, exploration work conducted by the Company has been limited to the preparation of a National Instrument 43-101 compliant technical report entitled: Technical Report, Carson Property, INTS: 086G/03, Mackenzie Mining District, Northwest Territories prepared by Aurora Geosciences Ltd. of Yellowknife, Northwest Territories.

The report summarized and evaluated all the publically available historical work completed in the immediate area of the property. As part of the terms of reference for the report, Aurora also conducted a site visit of the property. Based on the analysis of the historical work at the property, the report recommended additional exploration work be conducted including geological mapping, detailed compilation and interpretation of all historical work, updated VLF and magnetic surveying of the entire property, and diamond drilling. The estimated budget for the additional recommended work is CDN \$857,703.00.

Prior to the preparation of the Aurora technical report, diamond drilling in 1947 and prospecting and ground geophysical work completed in 1947, 1981 and 1985 have been reported at the Carson property.

As the property is a grass roots exploration prospect, no plant equipment is present and no subsurface improvements are required at the property. Further, no infrastructure or facilities are found on the property and no exploration work is presently underway.

Exploration cost on the Carson Property is limited to the preparation of the Technical Report and is \$13,744. The report recommended additional exploration work be conducted including geological mapping, detailed compilation and interpretation of all historical work, updated VLF and magnetic surveying of the entire property, and diamond drilling. The estimated budget for the additional recommended work is CDN \$857,703.00.

Sources of water locally is from the abundant local creeks, rivers and small lakes. Local power sources are not available presently. Power (when required) can be provided via portable generators transported to the property.

The Carson Property is presently without known mineral reserves and the proposed work program is exploratory in nature.

The location and access to the Carson Property, as well as its mineral claims and geology, are shown in the small-scale maps provided below.





































**ITEM 3.**

***Legal Proceedings***

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results or operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company, threatened against or affecting the Company or its common stock, or the directors or executive officers of the Company in their respective capacities as such with the Company.

**ITEM 4.**

***Removed & Reserved***

***None.***



## PART II

### ITEM 5.

#### ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

##### ***Market Information***

*Our common stock is not trading on any stock exchange. We are not aware of any market activity in our stock since our inception and through the date of this filing.*

##### **Holders**

As of April 15, 2011, there are 29 record holders of the Company's issued and outstanding 265,190,416 shares of the common stock and three holders of the 240,000 preferred stock issued and outstanding which accrue cumulative 10% dividends annually on the issue price C\$1.00 per share.

##### **Dividend Policy**

We have not declared or paid any cash dividends on our common stock or preferred stock and we do not intend to declare or pay any cash dividend in the foreseeable future. The payment of dividends, if any, is within the discretion of the Board of Directors and will depend on the Company's earnings, if any, its capital requirements and its overall financial condition and such other factors as the Board of Directors may consider.

##### **Securities Authorized for Issuance under Equity Compensation Plans**

We do not have any equity compensation plans or any individual compensation arrangements with respect to our Common Stock or Preferred Stock. The issuance of any of our common or preferred stock requires the approval of, and is within the discretion of, our Board of Directors, which has the power to issue any or all of our authorized but unissued shares without stockholder approval.

##### **Description of Registrant's Securities**

The authorized capital stock of our Company consists of 400,000,000 shares of common stock, par value \$0.0001 per share, and 100,000,000 shares of preferred stock, par value \$0.0001 per share of which there are as at year end 265,190,416 common stock and 240,000 preferred shares issued and outstanding.

All outstanding shares of common stock are of the same class and have equal rights and attributes. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders of the Company. All stockholders are entitled to share equally in dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available. In the event of liquidation, the holders of common stock are entitled to share ratably in all assets remaining after payment of all liabilities. The stockholders do not have cumulative or preemptive rights.



Preferred shares have the following rights, powers, and designations: non-voting, accrue cumulative 10% dividends per annum on the issue price, compounded annually, retractable for CAD\$1, no entitlement to participate in the capital appreciation of the Corporation and rank first over common shares.

### **Recent Sales of Unregistered Securities**

In April 2011, the Company will issue 1,000,000 shares of common stock to 2214098 Ontario Ltd. in consideration for the complete payment and settlement of indebtedness, in an amount equal to \$98,450, owed by the Company to 2214098 Ontario Ltd.

### **Issuer Purchases of Equity Securities**

None.

### **ITEM 6.**

#### ***Selected Financial Data***

As a smaller reporting company, we are not required to provide the information required by this item.

### **ITEM 7**

#### **Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes, included in Item 8 of this Report. Unless otherwise specified, all dollar amounts are U.S. dollars*

#### ***Overview***

On December 23, 2010, the Company became a mineral exploration company through the acquisition of a mineral rights lease. Prior to December 23, 2010, we were a carbon based measuring company.

During the period from inception on July 10, 2009 until the change of control on June 4, 2010 the Company was inactive and incurred only minimal expenses. Subsequent to June 4, 2010, the Company has operated at a low level of activity and, other than the Consulting Agreements entered into on June 4, 2010 with Luc C. Duchesne and Robert G. Cormier, has not entered into employment agreements with any individuals.

The Company's business plan and objective after June 4, 2010 was to use certain licensed intellectual property to provide services and capitalize on opportunities relating to carbon trading, carbon sequestration, and other greenhouse gas emission control, offset and reduction programs. With the increasing importance of such programs, whether participation in them by businesses is voluntary or as a result of mandatory government regulations, at that time management of the Company believed there were opportunities for property owners and holders of timber harvesting rights to unlock the value of forested lands and other parcels of property as sources and generators of carbon credits.

The Company abandoned the carbon measuring business on December 23, 2010 upon termination of the license and consulting agreements. The results of discontinued operations included in the Company's financial statements for the year ended December 31, 2010 reflect the activity in this exited business.

## Recent Developments

In December, management retained an independent geological firm, Aurora Geosciences Inc, to visit the Carson property and write an evaluation report under Canada's National Instrument 43-101( NI 43-101 ) guidelines. The author, a Qualified Person under NI 43-101, Dave White completed the report January 2011 and recommended further exploration and a phased exploration budget. See Exhibit 99.1 to this annual report.

**RESULTS OF OPERATIONS****Discontinued Operations****Revenues, Cost of Goods Sold**

For the years ended December 31,

|                          | <b>2010</b> | <b>% Change</b> | <b>2009</b> |
|--------------------------|-------------|-----------------|-------------|
| Revenue                  | \$ 130,186  | N/M*            | -           |
| Cost of Goods Sold       |             |                 |             |
| Services                 | 130,186     | N/M*            | -           |
| Royalties                | 10,918      | N/M*            | -           |
| Total Cost of Goods Sold | \$ 141,104  | N/M*            | -           |
| Gross Margin             | \$(10,918)  | N/M*            | -           |

\*N/M - Not meaningful

**Revenues**

On July 1, 2010, the Company entered into a Master Service Agreement (the Agreement ) with TransCanada Energy Ltd ( TCE ).

The Company was engaged to provide TCE with services that were to include, but are not limited to, the following:

Organizing and sub-contracting external parties in connection with the planning, coordination and completion of aerial imagery sub-contracts;

Reviewing sub contract imagery deliverables and performing forest inventory work;

Creating carbon models based on forest inventory;

Creating carbon offset model;

Developing and refining offset project documents;

Creating and presenting information about projects to stakeholders;

Creating offset protocols/ methodologies; and

Conducting feasibility assessments.

During the year-ended December 31, 2010, revenues recognized from the services provided to TCE were \$130,186.

**Cost of Goods Sold**

Cost of goods sold for the year ended December 31, 2010 consisted of costs directly related to providing the services to TCE from companies owned by Luc Duchesne and Robert Cormier. Included in cost of goods sold is the royalty fee paid in shares based on the terms of the technology license agreements June 4, 2010 to companies owned by Luc Duchesne and Robert Cormier.

***Operating Expenses***

For the years ended December 31,

|                            | <b>2010</b> | <b>%Change</b> | <b>2009</b> |
|----------------------------|-------------|----------------|-------------|
| General and administrative | \$2,997     | N/M*           |             |
| Professional fees          | 89,725      | 512%           |             |
| Consulting fees            | 88,707      | N/M*           |             |
| Interest Expense           | 2,826       | N/M*           |             |
| Stock-based compensation   | 246,313     | N/M*           |             |
| Total operating expenses   | 430,568     | N/M*           |             |

\*N/M - Not meaningful

***General and Administrative Expenses***

General and administration expenses consist of fees incurred for bank charges, corporate filing fees and transfer agent fees. The 2010 costs are similar to those incurred in 2009.

***Professional Fees***

Professional fees consist of charges for legal services. The increase in 2010 is due to increased filing and disclosure costs as result of being SEC registrant for a full year, and also as a result of the Company commencing operations in 2010 and migrating or converting from a largely inactive shell company to a carbon based measuring company.

***Consulting Fees***

Consulting fees represent payments for consulting, support and development costs for the licensed technology that were issued to Luc Duchesne, Robert Cormier or companies owned by them. No such costs were incurred in 2009 since the business was a shell company at that time.

***Interest***

Interest expense represents interest accrued on loans from shareholders and other lenders during the year. In 2009, there was no interest payable on the single shareholder loan.



*Stock-based compensation*

Stock-based compensation expenses represent the value of the preferred shares issued to certain advisors for services provided in 2010, the value of common shares issued to Luc Duchesne and Robert Cormier for the signing of consultant agreements, for their director services and to other directors for their services. No such costs were incurred in 2009

***Liquidity and Capital Resources***

As at December 31,

|                            | <b>2010</b> | <b>2009</b> |
|----------------------------|-------------|-------------|
| Cash and cash equivalents  | \$24,786    | -           |
| Percentage of total assets | <u>9%</u>   | =           |
| Working capital deficiency | \$(111,319) | \$(12,946)  |

*Financial Condition*

The Company requires additional financing to cover costs that we expect to incur in 2011. We have been able to obtain financial support from loans. This will continue in 2011 until the Company is able to secure additional funding from equity financing through the sale of common stock or other securities. Future financings could result in significant dilution of existing stockholders. The Company currently earns no operating revenues. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected. Current market conditions make the present environment for raising additional equity financing less favorable.

Future funding requirements will depend on many factors, including but not limited to:

.

the geological merits of the Carson property

.

results from Phase 1 Geology program on the Carson property

.

the geological merits of adjacent properties

.  
selling opportunity of the Carson property to a mineral exploration company or joint-venture and

.  
the acquisition of other potential mineral properties

Currently, our only asset and potential revenue generating product is our mineral option agreement. Further exploration is required in order to determine whether the asset can generate significant mineral revenues or be sold for a significant price.

The following financing transactions occurred in 2010 and generated cash proceeds or will generate cash proceeds:

on June 4, 2010, the Company issued 50,000,000 common shares pursuant to a private placement (12,500,000 common shares to each investor) at a purchase price of C\$0.0003 per share, payable by promissory notes (C\$3,750 each promissory note);

on June 4, 2010, the Company issued 96,000,000 common shares pursuant to a private placement to accredited investors at a purchase price of C\$0.0003 per share for total proceeds of C\$28,800;

on July 8, 2010, the Company issued 550,000 common shares pursuant to a private placement to accredited investors at a purchase price of C\$0.10 per share for total proceeds of C\$55,000

two-year term loan of C\$25,000 with interest accruing 1% per month

shareholder loans have occurred with interest accruing 1% per month at various times through the year and will continue in 2011

*Contractual Obligations and Contingencies*

| Contractual obligations              | Payments due by period |                  |           |           |                   |
|--------------------------------------|------------------------|------------------|-----------|-----------|-------------------|
|                                      | Total                  | Less than 1 year | 1 3 years | 3 5 years | More than 5 years |
| Long-Term Debt - Mineral Acquisition | \$100,000              | \$35,000         | \$30,000  | \$35,000  | -                 |
| Long-Term Debt - Loan 2 year         | 31,000                 | -                | \$31,000  | -         | -                 |
| [Purchase Obligations]               | -                      | -                | -         | -         | -                 |
|                                      | \$131,000              | \$35,000         | \$61,000  | \$35,000  | -                 |
| Total                                |                        |                  |           |           | -                 |

*Off-Balance-Sheet Arrangements*

As of December 31, 2010, we did not have any off-balance-sheet arrangements as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

## Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our audited financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to our intangible assets, uncollectible receivables, and stock-based compensation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Because this can vary in each situation, actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our audited consolidated financial statements.

### **Revenue Recognition**

We recognize revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products has occurred; (iii) the selling price is fixed or determinable; and (iv) collectability is reasonably assured. In addition, we comply with Staff Accounting Bulletin ("SAB") No. 104, "*Revenue Recognition*," which sets forth guidelines in the timing of revenue recognition based upon factors such as passage of title, installation, payments and customer acceptance. Amounts received in excess of revenue recognizable under SAB No. 104 are deferred.

### **Valuation of Intangible and other Long-lived Assets.**

We periodically assess the carrying value of intangible and other long-lived assets, which requires us to make assumptions and judgments regarding the future cash flows of these assets. The assets are considered to be impaired if we determine that the carrying value may not be recoverable based upon our assessment of the following events or changes in circumstances:

- .
- the asset's ability to continue to generate income from operations and positive cash flow in future periods;
- .
- loss of legal ownership or title to the asset;
- .
- significant changes in our strategic business objectives and utilization of the asset(s); and
- .
- the impact of significant negative industry or economic trends.



If the assets are considered to be impaired, the impairment we recognize is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fair value is determined by a combination of third party sources and discontinued cash flows. In addition, we base the useful lives and related amortization or depreciation expense on our estimate of the period that the assets will generate revenues or otherwise be used by us. We also periodically review the lives assigned to our intangible assets to ensure that our initial estimates do not exceed any revised estimated periods from which we expect to realize cash flows from the technologies. If a change were to occur in any of the above-mentioned factors or estimates, the likelihood of a material change in our reported results would increase.

At December 31, 2010, the net book value of identifiable intangible assets that are subject to amortization totaled \$199,960.

We determined that, as of December 31, 2010, there have been no significant events which may have affected the carrying value of the mineral acquisition right.

### **Stock-based Compensation**

We use the fair value method to account for share-based payments.

### ***ITEM 7A.***

#### ***Quantitative and Qualitative Disclosures about Market Risk***

*We do not have any market risk sensitive instruments at this moment.*

### ***ITEM 8.***

#### ***Financial Statements and Supplementary Data***

**Bio-Carbon Systems International Inc.**

**BIO-CARBON SYSTEMS INTERNATIONAL INC.**

**(An Exploration Stage Company)**

**Audited Financial Statements**

**As of December 31, 2010 and For the Period of Inception (July 10, 2009) to December 31, 2009**

**FINANCIAL INFORMATION**

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**Report of Independent Registered Public Accounting Firm**

To Stockholders of Bio-Carbon Systems International Inc.

We have audited the accompanying balance sheet of Bio-Carbon Systems International Inc. as of December 31, 2010, and the related statements of operations, changes in stockholder's deficit, and cash flows for the year then ended. Bio-Carbon Systems International Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bio-Carbon Systems International Inc. as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*/s/ DNTW Chartered Accountants, LLP*

DNTW Chartered Accountants, LLP  
Licensed Public Accountants

Markham, Ontario, Canada  
April 14, 2011



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**BOARD OF DIRECTORS AND STOCKHOLDER**

ABC Acquisition Corp 1501

(A Development Stage Company)

We have audited the accompanying balance sheet of ABC Acquisition Corp 1501 ( a development stage company) (the Company ) as of December 31, 2009, and the related statements of operations, stockholder s deficit and cash flows for the period from July 10, 2009 (inception) through December 31, 2009. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009, and the results of its operations and cash flows for the period from July 10, 2009 (inception) through December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

*/s/UHY LLP*

UHY LLP

Southfield, MI

April 5, 2010

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**Bio-Carbon Systems International Inc.****(An Exploration Stage Company)****Balance Sheets****As at****December 31, 2010****December 31, 2009****ASSETS**

Current assets:

\$

|  |                |   |
|--|----------------|---|
| Cash   | 24,786         | - |
| Accounts receivable                              | 999            | - |
| Notes receivable                                 | 14,997         | - |
| Prepaid expense                                  | 12,997         | - |
| Accounts receivable from discontinued operations | 10,942         | - |
| <b>Total Current Assets</b>                      | <b>64,721</b>  | - |
| <b>Mineral Rights</b>                            | <b>199,960</b> | - |

\$

|                     |                |   |
|---------------------|----------------|---|
| <b>Total Assets</b> | <b>264,681</b> | - |
|---------------------|----------------|---|

**LIABILITIES**

Current Liabilities

\$

|  |                |               |
|--|----------------|---------------|
| Accounts payable and accrued liabilities           | 17,580         | 2,946         |
| Advances from shareholders                         | 39,711         | 10,000        |
| Due on mineral rights acquisition- current portion | 34,993         | -             |
| Liabilities from discontinued operations           | 83,756         | -             |
| <b>Total Current Liabilities</b>                   | <b>176,040</b> | <b>12,946</b> |

|                                   |        |   |
|-----------------------------------|--------|---|
| Due on mineral rights acquisition | 64,987 | - |
|-----------------------------------|--------|---|

|  |        |   |
|--|--------|---|
| Long term liabilities from discontinued operations | 26,245 | - |
|--|--------|---|

|                                    |               |   |
|------------------------------------|---------------|---|
| <b>Total Long Term Liabilities</b> | <b>91,232</b> | - |
|------------------------------------|---------------|---|

|                          |                |               |
|--------------------------|----------------|---------------|
| <b>Total Liabilities</b> | <b>267,272</b> | <b>12,946</b> |
|--------------------------|----------------|---------------|

**Stockholders' Deficit**

|   |        |       |
|---|--------|-------|
| Common stock, \$0.001 par value; 400,000,000 shares authorized, 265,190,000 (2009- 35,000,000) shares issued and outstanding Common stock | 26,519 | 3,500 |
| Preferred stock, \$0.001 par value; 100,000,000 shares authorized, 240,000 (2009-zero) shares issued and                                  | 24     | -     |

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|  |                |                 |
|--|----------------|-----------------|
| outstanding Preferred shares                     |                |                 |
| Shares to be issued                              | 98,450         | -               |
| Additional paid in capital                       | 340,196        | -               |
| Accumulated other comprehensive income           | 1,919          | -               |
| Deficit accumulated during the exploration stage | (469,699)      | (16,446)        |
| <b>Total Stockholders' Deficit</b>               | <b>(2,591)</b> | <b>(12,946)</b> |

\$

**Total Liabilities and Stockholders' Deficit** **264,681** -

See accompanying notes to the financial statements.

**Bio-Carbon Systems International Inc.**

**(An Exploration Stage Company)**

**Statements of Stockholders Deficit**

**For the Period Inception (July 10, 2009) to December 31, 2010**

|  | Preferred Stock<br>Class A |              | Common Stock       |                  |                           | Acc. Other              | Accumulated     | Total                    |
|--|----------------------------|--------------|--------------------|------------------|---------------------------|-------------------------|-----------------|--------------------------|
|  | Shares                     | Par<br>Value | Shares             | Par<br>Value     | Shares<br>to be<br>issued | Comprehensive<br>Income | Deficit         | Stockholders'<br>Deficit |
|  |                            |              |                    |                  |                           |                         |                 |                          |
|  |                            |              |                    | \$               |                           |                         | \$              |                          |
| Issuance of stock<br>for cash                              |                            |              | 35,000,000         | 3,500            |                           |                         |                 | 3,500                    |
| Net loss   |                            |              |                    |                  |                           |                         | (16,446)        | (16,446)                 |
| <b>Balance-<br/>December 31,<br/>2009</b>                  |                            |              | <b>35,000,000</b>  | <b>3,500</b>     |                           |                         | <b>(16,446)</b> | <b>(12,946)</b>          |
| Issuance of stock<br>for cash                              |                            |              | 96,550,000         | 9,655            |                           | 70,518                  |                 | 80,173                   |
| Issuance of stock<br>for notes<br>receivable               |                            |              | 50,000,000         | 5,000            |                           | 9,435                   |                 | 14,435                   |
| Issuance of stock<br>for services                          | 240,000                    | 24           | 83,640,416         | 8,364            |                           | 260,243                 |                 | 268,631                  |
| Issuance of stock<br>for acquisition<br>for mineral rights |                            |              | 1,000,000          |                  | 98,450                    |                         |                 | 98,450                   |
| Foreign currency<br>translation                            |                            |              |                    |                  |                           | 1,919                   |                 | 1,919                    |
| Net loss   |                            |              |                    |                  |                           |                         | (453,253)       | (453,253)                |
| <b>Balance-<br/>December 31,<br/>2010</b>                  | <b>240,000</b>             | <b>\$ 24</b> | <b>266,190,416</b> | <b>\$ 26,519</b> | <b>98,450</b>             | <b>\$ 340,196</b>       | <b>\$ 1,919</b> | <b>(\$469,699)</b>       |
|  |                            |              |                    |                  |                           |                         |                 | <b>(\$2,591)</b>         |

See accompanying notes to the financial statements.





**Bio-Carbon Systems International Inc.****(An Exploration Stage Company)****Statements of Operations and Comprehensive Loss**

|   | For the Year Ended<br>December 31, 2010 | For the Period from<br>Inception (July 10,<br>2009) to December<br>31, 2009 | For the Period from<br>Inception (July 10,<br>2009) to December<br>31, 2010 |
|---|---|---|---|
| <b>Operating expenses</b>   | \$                                      | \$  | \$  |
| General and administrative  | 143                                     | 3,446   | 3,589   |
| Professional fees   | 11,624                                  | 13,000  | 24,624  |
| <b>Total Operating Expenses</b>                                     | <b>11,767</b>                           | <b>16,446</b>   | <b>28,213</b>   |
| <b>Loss From Continuing Operations Before Taxes</b>                 | <b>(11,767)</b>                         | <b>(16,446)</b>   | <b>(28,213)</b>   |
| Income taxes  | -                                       | -   | -   |
| Loss from continuing operations                                     | (11,767)                                | (16,446)  | (28,213)  |
| Loss from discontinued operations                                   | (441,486)                               | -   | (441,486)   |
| <b>Net Loss</b>   | <b>(453,253)</b>                        | <b>(16,446)</b>   | <b>(469,699)</b>  |
| Foreign currency translation adjustment                             | 1,919                                   | -   | 1,919   |
| <b>Comprehensive Loss</b>   | <b>(\$451,334)</b>                      | <b>(\$16,446)</b>   | <b>(\$467,780)</b>  |
| Net loss per common share- basic and diluted                        | \$                                      | \$  |   |
| Continuing operations   | 0.00                                    | 0.00  | -   |
| Discontinued operations   | 0.00                                    | 0.00  | -   |
| Weighted average number of shares outstanding,<br>basic and diluted | 167,399,518                             | 35,000,000  | -   |

See accompanying notes to the financial statements.



**Bio-Carbon Systems International Inc.****(An Exploration Stage Company)****Statements of Cash Flows**

|   | <b>For the Year<br/>Ended December<br/>31, 2010</b> | <b>For the Period from<br/>Inception (July<br/>10,2009) to<br/>December 31, 2009</b> | <b>For the Period from<br/>Inception (July 10,<br/>2009) to December 31,<br/>2010</b> |
|---|---|--|---|
| <b>Cash flows for continuing operations</b>                                 |   |  |   |
| <b>Operating activities</b>   |   |  |   |
| Net loss from continuing operations   | (\$11,767)  | (\$16,446)   | (\$28,213)  |
| Change in non-cash working capital balances:                                |   |  |   |
| Accounts receivable   | (999)   | -  | (999)   |
| Prepaid expenses  | (12,997)  | -  | (12,997)  |
| Account payable and accrued liabilities                                     | 14,634  | 2,946  | 17,580  |
| <b>Net cash used in operating activities from continuing operations</b>     | <b>(11,129)</b>                                     | <b>(13,500)</b>  | <b>(24,629)</b>   |
| <b>Financing activities</b>   |   |  |   |
| Advances from shareholders  | 29,711  | 10,000   | 39,711  |
| Issuance of common stock for cash   | -   | 3,500  | 3,500   |
| <b>Net cash provided by financing activities from continuing operations</b> | <b>29,711</b>                                       | <b>13,500</b>  | <b>43,211</b>   |
| <b>Net increase in cash from continuing operations</b>                      | <b>18,582</b>                                       | <b>-</b>   | <b>18,582</b>   |
| <b>Cash flows for discontinued operations</b>                               |   |  |   |
| <b>Operating activities</b>   |   |  |   |
| Loss from discontinued operations   | (441,486)   | -  | (441,486)   |
| Items not affecting cash  |   |  |   |
| Stock-based compensation  | 270,859   | -  | 270,859   |
| Interest accrued on the long term loan for discontinued operations          | 1,213   | -  | 1,213   |
| Change in non-cash working capital balances:                                |   |  |   |
| Accounts receivable from discontinued operations                            | (10,942)  | -  | (10,942)  |
| Liabilities for discontinued operations                                     | 61,585  | -  | 61,585  |
| <b>Net cash used in operating activities</b>                                | <b>(\$118,771)</b>                                  | <b>-</b>   | <b>(\$118,771)</b>  |
| <b>Financing activities</b>   |   |  |   |

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|  |                |          |                |
|--|----------------|----------|----------------|
| Advances from shareholders                               | 22,171         | -        | 22,171         |
| Proceeds from long term debt                             | 24,995         | -        | 24,995         |
| Issuance of common stock for cash                        | 83,783         | -        | 83,783         |
| <b>Net cash provided by financing activities</b>         | <b>130,949</b> | <b>-</b> | <b>130,949</b> |
| <b>Net increase in cash from discontinued operations</b> | <b>12,178</b>  | <b>-</b> | <b>12,178</b>  |
| Effect of foreign currency translation                   | -5,974         | -        | (5,974)        |
| Net increase in cash                                     | 24,786         | -        | 24,786         |
| Cash- beginning of year                                  | -              | -        | -              |
|  | \$             | \$       |                |
| <b>Cash- end of year</b>                                 | <b>24,786</b>  | <b>-</b> | <b>24,786</b>  |

See accompanying notes to the financial statements.

## **Bio-Carbon Systems International Inc.**

(An Exploration Stage Company)

### **Notes to the Financial Statements (expressed in U.S. dollars except as otherwise noted)**

#### **1. Nature of Operations and Organization**

Bio-Carbon Systems International Inc. (June 4, 2010 known as ABC Acquisition Corp. 1501, collectively referred to herein as BCSI, or the Company), was incorporated on July 10, 2009 in the state of Nevada. The Company intends to serve as a vehicle to effect an asset acquisition, merger, exchange of capital stock or other business combination with a domestic or foreign business.

From January 1 to June 3, 2010 the Company was a blank check shell company. On June 4, 2010, the Company changed its status and became a start-up carbon measuring company based in Sault Ste Marie, Ontario. The Company entered into certain license and consulting agreements with individuals and/or entities owned by former directors. The Company planned to use its licensed intellectual property and technology to conduct airborne and other surveys of forested lands in areas that are difficult to access. Those surveys would be conducted in a statistically verifiable process designed for use in carbon trading programs to assess the potential value of the surveyed lands as carbon sequestration land parcels in carbon trading, carbon sequestration, and other greenhouse gas emission control, offset and reduction programs.

However, the Company later found that the current North American regulatory and economic framework surrounding the emerging business of carbon measurement, carbon storage, carbon sequestration and carbon trading activities was not economically viable at this time. Therefore, the Company decided not to pursue the carbon business and terminated the license agreements and the consulting agreements on December 23, 2010. The termination has not given rise to any penalties against the Company as the termination was concluded through a mutual agreement of separation.

After exiting the carbon measuring business, the Company became a mineral exploration business located in Chapleau, Ontario. The Company's principal business activity is the exploration of mineral property interests in Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to exploring these property interests. There has been no determination whether the Company's interests in unproven mineral properties contain mineral reserves which are economically recoverable.

On December 23, 2010, the Company optioned a 1,550 acre mineral lease in the Canadian territory, the North West Territories, two hours north-north-west of the capital city of Yellowknife.

Management retained an independent geological firm, Aurora Geosciences Inc, to visit the property, named the Carson property, and write a report under National Instrument 43-101 (NI 43-101) guidelines evaluating such. The author, a Qualified Person under NI 43-101, Dave White completed the report and recommended further exploration

and a phased exploration budget in three stages.

## **2. Basis of Presentation**

The accompanying audited financial statements of Bio-Carbon Systems International Inc., have been prepared in accordance with accounting principles generally accepted in the United States of America.

3.

### **Going Concern**

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operation.

The Company has incurred a net loss of \$453,253 for the year ended December 31, 2010 (2009 - \$16,446), and a working capital deficit of \$111,319 (2009 12,946). This casts substantial doubt on the Company's ability to continue as a going concern unless it can generate net profit and raise adequate financing.

The Company has been seeking additional debt or equity financing to support its operations until it becomes cash flow positive. There can be no assurances that action and plan such as above will be sufficient for the Company to continue operating as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts classified as liabilities that might be necessary should the Company be unable to continue in existence. These adjustments could be material.

4.

### **Change in Functional Currency**

On June 4, 2010, the Company entered into two license agreements from related companies, owned by former directors, and started to conduct the majority of its business in Canada. As a result, the Company changed its functional currency from US dollar to Canada dollar effective June 4, 2010.

5.

## **Significant Accounting Policies**

### **Exploration Stage Company**

The Company is an exploration stage company. The Company is still devoting substantially all of its efforts on establishing the business. All losses accumulated, since inception, have been considered as part of the Company's exploration stage activities.

### **Foreign Translation Adjustment**

The accounts of the Company, a US registered Company whose functional currency is the Canadian dollar, were translated into United States dollars in accordance with the provisions of ASC 830, *Foreign Currency Matters*. In accordance with the provisions of ASC 830, transaction gains and losses on these assets and liabilities are included in the determination of income for the relevant periods. Adjustments resulting from the translation of the financial statements from their functional currencies to United States dollars are accumulated as a separate component of accumulated other comprehensive income and have not been included in the determination of income for the relevant periods.



### **Discontinued operations**

The discontinued operations has been reported separately in accordance with the provisions of ASC 205-20, *Presentation of Financial Statements - Discontinued operation*, which provides guidance on when the results of operations of a component of an entity that either has been disposed of or is classified as held for sale would be reported as a discontinued operation in the financial statements. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. A component of an entity may be a reportable segment or an operating segment, a reporting unit.

### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Some of the Company's more significant estimates include those related to uncollectible receivables, stock-based compensation, equity instruments, and its intangible assets. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### **Comprehensive Income**

The Company follows the guidance in ASC 220, *Comprehensive Income*. ASC 220 establishes standards for the reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income is presented in the statements of changes in stockholders' deficit, and consists of foreign currency translation adjustments. ASC 220 requires only additional disclosures in the financial statements and does not affect the Company's financial position or results of operations.

### **Fair value of financial instruments**

The Company measures its financial assets and liabilities in accordance with the requirements of ASC 820, *Fair Value Measurements and Disclosures*, and elects not to disclose fair value information about financial assets and liabilities for which fair value was not readily available.

**Impairment of long-lived assets**

In accordance with ASC 360, *Property and Equipment*, long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company evaluates annually at year end whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

## **Income Taxes**

The Company accounts for income taxes pursuant to ASC 740, *Income Taxes*. Deferred tax assets and liabilities are recorded for differences between the financial statements and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

## **Stock-based compensation**

The Company accounts for Stock-Based Compensation in accordance with ASC 718, *Compensation - Stock Compensation*. ASC 718 establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. ASC 718 focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. ASC 718 requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. That cost is measured based on the fair value of the equity or liability instruments issued.

## **Net loss per share**

The Company accounts for loss per share pursuant ASC 260, *Earnings Per Share*, which requires disclosure on the financial statements of basic and diluted earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the year. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) related to stock options and warrants for each year.

There were no dilutive financial instruments for the year ended December 31, 2010 and the period from inception (July 10, 2009) to December 31, 2009.

## **Recently Issued Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

In October 2009, the Financial Accounting Standards Board ( FASB ) issued an amendment to the accounting standards related to the accounting for revenue in arrangements with multiple deliverables including how the arrangement consideration is allocated among delivered and undelivered items of the arrangement. Among the amendments, this standard eliminates the use of the residual method for allocating arrangement consideration and requires an entity to allocate the overall consideration to each deliverable based on an estimated selling price of each individual deliverable in the arrangement in the absence of having vendor-specific objective evidence or other third party evidence of fair value of the undelivered items. This standard also provides further guidance on how to determine a separate unit of accounting in a multiple-deliverable revenue arrangement and expands the disclosure requirements about the judgments made in applying the estimated selling price method and how those judgments affect the timing or amount of revenue recognition. This standard, for which the Company is currently assessing the impact, became effective for the Company on January 1, 2011.

In January 2010, the FASB issued (ASU) No. 2010-06, *Fair Value Measurements and Disclosures* (Topic 820), *Improving Disclosures about Fair Value Measurements* ( ASU No. 2010-06 ). ASU No. 2010-06 requires new disclosures about significant transfers in and out of Level 1 and Level 2 fair value measurements and the reasons for such transfers and in the reconciliation for Level 3 fair value measurements, the requirement to disclose separately information about purchases, sales, issuances and settlements. The Company adopted the provisions of ASU No. 2010-06 on January 1, 2010, except for disclosures about purchases, sales, issuances and settlements in the reconciliation for Level 3 fair value measurements. Those disclosures will be effective for financial statements issued for fiscal years beginning after December 15, 2010. The Company does not expect the impact of its adoption to be material to its financial statements.

In July 2010, the FASB issued (ASU) No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. ASU No. 2010-20 requires companies that hold financing receivables, which include loans, lease receivables, and the other long term receivables to provide more information in their disclosures about the credit quality of their financing receivables and the credit reserves held against them. On December 31, 2010, we adopted all amendments that require disclosures as of the end of a reporting period, and on January 1, 2011, the Company adopted all amendments that require disclosures about activity that occurs during a reporting period (the remainder of this ASU). The adoption of this ASU did not have a material impact on the Company's financial statements.

## **6. Mineral rights**

On December 23, 2010, the Company entered into a mineral property acquisition agreement (the Acquisition Agreement ) with 2214098 Ontario Ltd. ( 2214098 ), an Ontario corporation, pursuant to which 2214098 has agreed to sell to the Company the property ( mining lease ) located 195 kilometers north-northwest of the City of Yellowknife, N.W.T, on the west shore of Damoti Lake in the Indin Lake Greenstone Belt and known as a claim BR2 (the Carson Lake Property ). The claim covers an area of 1549.5 acres. Under the Acquisition Agreement, the Company will acquire the Carson Lake Property in consideration for the following payments.

(1) the Corporation paying CDN\$100,000 to be paid by the Corporation to 2214098 as follows:

a. \$25,000 on or before April 30, 2011;

b. \$10,000 on or before each of September 30th, 2011, 2012, 2013, 2014; and

c. \$35,000 on or before September 30th, 2015;

(2) the Corporation paying 1,000,000 common shares in the capital of the Corporation (the Shares ) to 2214098, and deliver the Shares to 2214098 on or before March 30th, 2011;

(3) upon and following the commencement of commercial production, the Corporation shall pay a 2% royalty to John Rapski, and a 1% royalty to 2214098 of net smelter returns on the terms and conditions as set out in the Acquisition Agreement

The Company's intangible assets consist of the value of mineral acquisition agreement with 2214098 Ontario Ltd. The mineral acquisition agreement is a single mining lease that expires June 30, 2024. Therefore, the agreement is being amortized using the straight-line method over the term of the mining lease (13.5 years). Amortization expense for the year ended December 31, 2010 was nil.

The Company determined that, as of December 31, 2010, there have been no significant events which may affect the carrying value of the mineral acquisition agreement.

7.

#### **Related Party Transactions**

During the year, the Company has entered into licensing agreements with related companies, owned by former Directors, Luc C. Duchesne and Robert G. Cormier. The Company paid 37,500,000 common shares, with value of \$10,918 as royalty fee for these two license rights.

During the year, the Company paid services fee of \$130,186 as discontinued cost of goods sold to a related company, owned by former Director, Robert G. Cormier.

During the year, the Company paid consulting fee of \$61,533 to two former directors, Luc C. Duchesne and Robert G. Cormier.

During the year, the Company received loans from a current director or a company owned by a current director, Ben Fuschino. The loans accrue interest at 1% per month. At year end, the balance due was \$15,000.

During the year, the Company entered into an advisor agreement that provided a current director, Ben Fuschino, 60,000 preferred shares valued at \$57,738 and \$7,000 for services provided up to date and to year end.

**8.**

**Discontinued Operations**

On June 4, 2010, the Company entered into two license agreements with related parties, owned by former directors (the Licensors ) to acquire exclusive, non-transferable and irrevocable rights to develop and commercialize certain intellectual property that is to be used in conducting airborne and other surveys of forested lands and quantifying the value of forested lands and other parcels of property within the context of carbon trading programs. To facilitate the use of the two license rights, the Company entered into consulting agreements with Luc C. Duchesnes and Rober G. Cormier, pursuant to which Mr. Duchesne and Mr. Cormier will provide the Company with management and advisory services with respect to the intellectual property licensed to the Company under those licenses.

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Near year end, the Company determined not to pursue the carbon business and elected to terminate the License Agreements and the Consulting Agreements as of December 23, 2010. The termination has not given rise to any penalties against the Company, as it was concluded through a mutual agreement of separation.

The Company's results of operations related to discontinued operations for the years ended December 31, 2010 and 2009 are as follows:

|   | <u>Years ended December 31,</u> |             |
|---|---------------------------------|-------------|
|   | <b>2010</b>                     | <b>2009</b> |
|   | \$                              | \$          |
| Revenue   | 130,186                         | -           |
| Cost of Goods Sold                              |                                 |             |
| Services  | 130,186                         | -           |
| Royalties                                       | 10,918                          | -           |
| Total Cost of Goods Sold                        | 141,104                         | -           |
| Gross Margin                                    | (10,918)                        | -           |
| Operating expenses                              |                                 |             |
| General and administrative                      | 2,997                           | -           |
| Professional fees                               | 89,725                          | -           |
| Consulting fees                                 | 88,707                          | -           |
| Interest Expense                                | 2,826                           | -           |
| Stock-based compensation                        | 246,313                         | -           |
| Total operating expenses                        | 430,568                         | -           |
| Loss from discontinued operations<br>net of tax | (441,486)                       | -           |

**9.**

**Advance from shareholders**

The advances from shareholders bear interest at 1% per month, unsecured and due on demand.

**10.**

**Due on mineral rights acquisition**



There are payments due on the Carson Lake Property mineral rights acquisition of \$100,000 (note 6), which bears no interest, and is repayable over the next five years as follows:

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|       |           |
|-------|-----------|
| 2011  | \$35,000  |
| 2012  | 10,000    |
| 2013  | 10,000    |
| 2014  | 10,000    |
| 2015  | 35,000    |
| Total | \$100,000 |

**11.**

**Long term liabilities from discontinued operation**

The long term liabilities from discontinued operations is a two year loan of \$25,000, bearing interest at 1% per month, and is repayable on July 28, 2012. Accrued interest on the loan will total \$6,000 over the two year term.

**12.****Shareholders Equity****a) Common shares**

|   | Common Shares<br>Issued<br># | Total<br>\$ |
|---|------------------------------|-------------|
| Issued for cash at par value  | 35,000,000                   | 3,500       |
| Balance as of December 31, 2009   | 35,000,000                   | 3,500       |
| Issued for Directors services at C\$0.0003 per share                      | 6,500,000                    | 1,876       |
| Issued at C\$0.0003 per share for technology licenses royalties           | 37,500,000                   | 10,826      |
| Issued at C\$0.0003 per share for consulting services                     | 39,500,000                   | 11,403      |
| Issued in a private placement at C\$0.0003 per share for notes receivable | 50,000,000                   | 14,453      |
| Issued in a private placement at C\$0.0003 per share for cash             | 96,000,000                   | 27,714      |
| Issued in a private placement at C\$0.10 per share for cash               | 550,000                      | 52,459      |
| Issued in a private placement at C\$0.10 per share for legal services     | 140,416                      | 13,573      |
| To be issued for Mineral Rights acquisition                               | 1,000,000                    | 98,450      |
| Common stock as at December 31, 2010                                      | 266,190,416                  | 234,237     |

**b) Class A Preferred Stock**

During the year, the Company paid C\$240,000 consulting fees to advisors in the form of 240,000 Class A preferred shares (non-convertible). The Class A Preferred Shares were issued for C\$1.00 per share, are non-participating and non-voting and accrue cumulative dividends at the rate of 10% per annum. The Company may retract the shares at any time upon the payment of C\$1.00 per share plus any unpaid dividends. In the event of any wind-up of the Company, the Class A Preferred Shares have a priority distribution equivalent to C\$1.00 per share plus any unpaid dividends before any distribution to the common shareholders.



|  | Preferred      | Total          |
|--|----------------|----------------|
|  | Shares Issued  |                |
|  | #              | \$             |
| <b>Balance as of December 31, 2009</b> | -              | -              |
| Issued to advisors for services        | 240,000        | 230,952        |
| <b>Balance as of December 31, 2010</b> | <b>240,000</b> | <b>230,952</b> |

### 13. Financial Instruments

#### Foreign Currency Risk

The Company is exposed to currency risks due to certain payables that are to be settled in US funds. We monitor our foreign currency exposure regularly to minimize our foreign currency risk exposure.

#### Concentration of Credit Risk

The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. During fiscal 2010, the Company derived 100% of its revenue from one customer. All receivable from this customer has been received and related to the discontinued operations.

#### Liquidity Risk

The Company is exposed to liquidity risk as its continued operations are dependent upon obtaining additional capital or achieving profitable operations to satisfy its liabilities as they come due.

#### Fair Values

The Company's financial instruments consist of cash, accounts receivable, notes receivable, accounts receivable from discontinued operation, accounts payable and accrued liabilities, advances from shareholders, liabilities for discontinued operation, due on mineral rights acquisition, and long term liabilities for discontinued operation. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values due to the short-term maturity of these instruments.

#### Concentrations and Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. During fiscal 2010, the Company derived 100% of its revenue from one customer from its discontinued operations.

**14. Subsequent Events**

There are no subsequent events to report.



ITEM 9.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Effective June 4, 2010, in connection with the change of control of the Company that occurred on that date, the Company changed auditors. Accordingly, the Company terminated its relationship with UHY LLP ("UHY") as independent registered public accounting firm for the Company. UHY, Southfield, Michigan, USA was previously engaged to audit our financial statements for the year ended December 31, 2009. The decision to change accountants was approved and ratified by the Company's Board of Directors. The report of UHY on the financial statements of the Company for the year ended December 31, 2009 did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principle, except for an explanatory paragraph relative to the Company's ability to continue as a going concern. Additionally, since the inception of the Company in July 2009, in the 2009 fiscal year and in any subsequent interim period there were no disagreements with UHY on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

While UHY was engaged by the Company, there were no disagreements with UHY on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure with respect to the Company, which disagreements if not resolved to the satisfaction of UHY would have caused it to make reference to the subject matter of the disagreements in connection with its report on the Company's financial statements for the fiscal year ended December 31, 2009.

The Company provided UHY with a copy of the disclosures to be included in item 4.01 of this current report on Form 8-K and requested that UHY furnish a letter addressed to the Securities and Exchange Commission stating whether or not UHY agrees with the foregoing statements. A copy of the letter from UHY to the Commission, dated June 4, 2010, is attached as Exhibit 16.01 on the Report on Form 8-K.

The Company engaged Soberman, LLP, of Toronto, Ontario, Canada as the Company's independent registered public accounting firm as of June 4, 2010.

On March 11, 2011, the Company dismissed Soberman LLP ("Soberman"). The Company had engaged Soberman to audit its financial statements for the year ended December 31, 2010. The decision to change accountants was approved and ratified by the Company's Board of Directors. No report on the financial statements of the Company was delivered by Soberman, and therefore there were no reports by Soberman to the Company and/or its management containing an adverse opinion or disclaimer of opinion, nor were there any reports delivered that were qualified or modified as to uncertainty, audit scope, or accounting principle. Additionally, since having engaged Soberman on June 4, 2010, no disagreements arose between Soberman and the Company (and/or its management) on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure with respect to the Company, which disagreements if not resolved to the satisfaction of Soberman would have caused it to make reference to the subject matter of the disagreements in connection with any report on the Company's financial statements for any period audited by Soberman.

The Company provided Soberman with a copy of the disclosures to be included in Item 4.01 of the Report on Form 8-K and requested that Soberman furnish the Company with a letter addressed to the Commission stating whether or not Soberman agrees with the foregoing statements. A copy of the letter from Soberman to the Commission, dated March 29, 2011, is attached to the Report on Form 8-K filed by the Company on April 4, 2011.



ITEM 9A.

Controls and Procedures

a)

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out by our President and Chief Financial Officer of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the President and Chief Financial Officer concluded that, as of the end of the period covered in this report, the disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Management does not expect that its disclosure controls and procedures or its internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, management performed additional analysis and other post-closing procedures in an effort to ensure its financial statements included in this annual report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

b)

Management's Report on Internal Control of Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended. Management assessed the effectiveness of its internal control over financial reporting as of December 31, 2010. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses were identified.

As of December 31, 2010, the Company (as a company in the exploration stage) did not have any staff including trained accounting staff, adequate accounting policies and procedures, an advanced accounting system, segregation of duties. This has resulted in inconsistent practices which impact timely financial reporting.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2010 based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

To address these material weaknesses, the Chief Financial Officer will be reviewing the company's staffing requirements, implementing proper accounting policies and procedures and developing an efficient back end office using well known software applications based on resources.

*This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.*

c)

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B.**

***Other Information***

None.

**PART III****ITEM 10.****Directors, Executive Officers and Corporate Governance**

| Name           | Position                           | Age | Date assumed  |
|----------------|------------------------------------|-----|---|
|                |                                    |     | <b>Executive<br/>Officer,<br/>Director Position</b> |
| Ben Fuschino   | Director                           | 49  | December 23, 2010                                   |
| Ryan Bignucolo | Director, President, Secretary     | 37  | December 23, 2010                                   |
| Ben Ward       | Director                           | 30  | June 4, 2010  |
|                | Chief Financial Officer, Treasurer |     | December 23, 2010                                   |

The Company's officers will not be paid any remuneration for their service, although the Board of Directors may determine to authorize the accrual of payments which would then be paid or otherwise satisfied in the future. The current members of the Board of Directors will serve for an indeterminate term, until the next meeting of the shareholders of the Company or until they resign (if sooner).

**ITEM 11.****Executive Compensation**

| Name           | Position                       | Compensation   |
|----------------|--------------------------------|--|
| Ryan Bignucolo | Director, President, Secretary | Nil  |
| Ben Ward       | Chief Financial Officer        | \$600 based on the value of 2,000,000 common shares issued for director services in 2010 |



**ITEM 12.****Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

| Title of Class | Name and Address of Beneficial Owner                     | Amount and Nature of Beneficial Ownership | Percent of Class |
|----------------|--|---|------------------|
| Common Shares  | Ryan Bignucolo, 1 Richard St, Chapleau, Ontario, P0M 1K0 | 58,000,000                                | 21.87%           |
| Common Shares  | Ben Fuschino, 883 Isabel St. Woodstock, Ontario, N4S 2A7 | 52,000,000                                | 19.61%           |
| Common Shares  | Ben Ward, 115 Sydenham St, Dundas, Ontario L9H 2V5       | 8,000,000                                 | 3.02%            |
| Common Shares  | Management as a Group                                    | 118,000,000                               | 44.5%            |

**ITEM 13.****Certain Relationships and Related Transactions, and Director Independence**

During the year, the Company has entered into licensing agreements with related companies, owned by former Directors, Luc C. Duchesne and Robert G. Cormier. The Company paid 37,500,000 common shares, with value of \$10,918 as royalty fee for these two license rights.

During the year, the Company paid services fee of \$130,186 (which was accounted for as cost of goods sold) to a related company owned by former Director, Robert G. Cormier.

During the year, the Company paid consulting fees of \$61,533 to two former directors, Luc C. Duchesne and Robert G. Cormier.

During the year, the Company received loans from a current director or a company owned by a current director, Ben Fuschino. The loans accrue interest at 1% per month. At year end, the balance due was \$15,000.

During the year, the Company entered into an advisor agreement that provided a current director, Ben Fuschino, 60,000 preferred shares valued at \$57,738 for services provided up to date and to year end.



**ITEM 14.**

**Principal Accounting Fees and Services**

|                    | 2010      | 2009    |
|--------------------|-----------|---------|
| Audit Fees         | \$11,624* | \$3,500 |
| Audit-Related Fees | -         | -       |

\*excludes fees incurred in 2011 related to the 2010 audit

**PART IV**

**ITEM 15.**

**Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of the report:

(1)

Financial Statements included in Part II of this report are attached hereto as Exhibit 99.1 to this report.

(2)

Financial Statement Schedules are attached hereto as Exhibit 99.1 to this report.

(3)

List of exhibits required by Item 601 of Regulation S-K. See part (b) below.

(b) Exhibits: The following exhibits are filed as a part of this report:

| <b>Exhibit Number</b> | <b>Exhibit Description</b>   | <b>Incorporated by Reference</b>   |
|-----------------------|--|--|
| 3.1                   | Articles of Incorporation  | Exhibit 3.1 to the Registrant's Registration Statement on Form 10-12G filed with the Commission October 28, 2009 |
| 3.2                   | By-Laws of the Registrant  | Exhibit 3.2 to the Registrant's Registration Statement on Form 10-12G filed with the Commission October 28, 2009 |
| 3.3                   | Certificate of Amendment to the Articles of Incorporation Change in name to Bio-Carbon Systems International | Graphic Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on June 7, 2010         |
| 10.1                  |  |  |

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|       |   |   |
|-------|---|---|
|       | Mineral property acquisition agreement with 2214098 Ontario Ltd   | Exhibit 10.01 to the Registrant's Current Report on Form 8-K filed with the Commission on December 23, 2010 |
| 10.2  | Master Supply Agreement with TransCanada Energy Ltd   | Exhibit 99.1 to the Registrant's Current Report on Form 8-K/A filed with the Commission on July 13, 2010    |
| 10.3  | License Agreement with GSN Dreamworks   | Exhibit 10.01 to the Registrant's Current Report on Form 8-K filed with the Commission on November 18, 2010 |
| 10.4  | License Agreement with R&B Cormier Enterprises  | Exhibit 10.02 to the Registrant's Current Report on Form 8-K filed with the Commission on November 18, 2010 |
| 10.5  | Consulting Agreement with Luc Duchesne  | Exhibit 10.03 to the Registrant's Current Report on Form 8-K filed with the Commission on November 18, 2010 |
| 10.6  | Consulting Agreement with Rob Cormier   | Exhibit 10.04 to the Registrant's Current Report on Form 8-K filed with the Commission on November 18, 2010 |
| 10.7  | Preferred Shares Agreement for Services Rendered John Wilkes  | Exhibit 10.7 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2011     |
| 10.8  | Preferred Shares Agreement for Services Rendered Drew Currah  | Exhibit 10.8 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2011     |
| 10.9  | Preferred Shares Agreement for Services Rendered Scott Keevil   | Exhibit 10.9 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2011     |
| 10.10 | Preferred Shares Agreement for Services Rendered Ben Fuschino   | Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2011    |
| 16.1  | Change in Registrant's Certifying Accountant  | Exhibit 16.01 to the Registrant's Current Report on Form 8-K filed with the Commission on April 15, 2011    |
| 16.2  | Change in Registrant's Certifying Accountant  | Graphic Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on June 7, 2010    |
| 31.1  | CEO's Certification required by Rule 13A-14(a) of the Securities Exchange Act of 1934.  |   |
| 31.2  |   |   |
| 32.1  | CFO's Certification required by Rule 13A-14(a) of the Securities Exchange Act of 1934.  |   |
|       | CEO's Certification of periodic financial reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, U.S.C. Section 1350. |   |
| 32.2  | CFO's Certification of periodic financial reports pursuant to Section 906 of the Sarbanes-Oxley Act                               |   |

99.1 of 2002, U.S.C. Section 1350.  
43-101 Technical Report Carson Property Exhibit 99.2 to the Registrant's Annual Report  
on Form 10-K filed with the Commission on  
April 15, 2011

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December 2, 2011

**Joshua Gold Resources Inc.**

By:

/s/ Benjamin Ward

Benjamin Ward

President, CEO, CFO and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: December 2, 2011

By:

/s/ Benjamin Ward

Benjamin Ward

President, CEO, CFO and Director

Dated: December 2, 2011

By:

/s/ Ben Fuschino

Ben Fuschino

Director

Dated: December 2, 2011

By:

/s/ Cam Cheriton

Cam Cheriton

Director

Dated: December 2, 2011

By:

/s/ Michelle Stanford

Michelle Stanford

Director