

Form C

STATE OF COLORADO
DEPARTMENT OF REGULATORY AGENCIES – DIVISION OF SECURITIES

UNDERTAKING – Quarterly Reports

NOTICE: The following should be read carefully before execution. The Registrant should keep a copy for future reference. Failure to comply with this Undertaking may result in the issuance of a stop order.

UNDERTAKING By: _____ (the “Registrant”)

The Registrant has applied for the registration of its securities with the Colorado Division of Securities in order to make a public offering of its securities. In connection with that application, the Registrant agrees to the following undertaking.

Within 10 days after the end of each three-month period following the effective date of the registration statement, the Registrant shall file with the Division of Securities a quarterly report. Such quarterly report shall include the following information:

Item A. Changes in Control of the Registrant.

- i. If, to the knowledge of management, a change in control of the Registrant has occurred, state the name and address of the person(s) who acquired such control; the amount and the source of the consideration used by such person(s); the basis of the control; the date and a description of the transaction(s) which resulted in the change in control; the percentage of voting securities of the Registrant now beneficially owned directly or indirectly by the person(s) who acquired control; and the identity of the person(s) from who control was assumed.

Instructions:

1. State the terms of any loans or pledges obtained by the new control group for the purpose of acquiring control, and the names of the lenders or pledgees.
2. Any arrangements or understandings among members of both the former and new control groups and their associates

with respect to the election of directors or other matters shall be described.

- ii. Describe any arrangements, known to the Registrant, including any pledge by any person of securities of the Registrant or any of its parents, the operation of which may at a subsequent date result in a change in control of the registrant.

Item B. Acquisition or Disposition of Assets.

If the Registrant or any of its majority-owned subsidiaries has acquired or disposed of a significant amount of assets, otherwise than in the ordinary course of business, furnish the following information:

- i. The date and manner of the acquisition or disposition and a brief description of the assets involved, the nature and amount of consideration given or received therefor, the principal followed in determining the amount of such consideration, the identity of the person(s) from whom the assets were acquired or to whom they were sold and the nature of any material relationship between such person(s) and the Registrant or any of its affiliates, and director or officer of the Registrant, or any associate of any such director or officer. If the transaction being reported is an acquisition, identify the source(s) of the funds used.
- ii. If any assets so acquired by the Registrant or its subsidiaries constituted plant, equipment or other physical property, state the nature of the business in which the assets were used by the person(s) from whom acquired and whether the Registrant intends to continue such use or intends to devote the assets to other purposes, indicating such other purposes.

Instructions:

1. The term "acquisition" includes every purchase, acquisition by lease, exchange, merger, consolidation, succession or other acquisition; provided that such term does not include the construction or development of property by or for the Registrant or its subsidiaries or the acquisition of materials for such purpose. The term "disposition" includes every sale, disposition by lease, exchange, merger, consolidation, mortgage, or hypothecation of assets, assignment, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.

2. The information called for by this item is to be given as to each transaction or series of related transactions of the size indicated. The acquisition or disposition of securities shall be deemed the indirect acquisition or disposition of the assets represented by such securities if it results in the acquisition or disposition of control of such assets.
3. An acquisition or disposition shall be deemed to involve a significant amount of assets if the Registrant's and its other subsidiaries' equity in the net book value of such assets or the amount paid or received therefor upon such acquisition or disposition exceeded 10 percent of the total assets of the Registrant and its consolidated subsidiaries.
4. Where assets are acquired or disposed of through the acquisition or disposition of control of a person, the person from whom such control was acquired or to whom it was disposed of shall be deemed the person from whom the assets were acquired or to who they were disposed of, for the purposes of this item. Where such control was acquired from or disposed of to not more than five persons, their names shall be given; otherwise it will suffice to identify in an appropriate manner the class of such persons.

Item C. Bankruptcy or Receivership.

- i. If a receiver, fiscal agent or similar officer has been appointed for a Registrant or its parent, in a proceeding under the Bankruptcy Act or in any other proceeding under State or Federal law in which a court or governmental agency has assumed jurisdiction over substantially all of the assets or business of the Registrant or its parent, or if such jurisdiction has been assumed by leaving the existing directors and officers in possession but subject to the supervision and orders of a court or governmental body, identify the proceeding, the court or governmental body, the date jurisdiction was assumed, the identity of the receiver, fiscal agent or similar officer and the date of his appointment.
- ii. If an order confirming a plan of reorganization, arrangement or liquidation has been entered by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Registrant or its parent, furnish the following:
 - a. the identity of the court or governmental authority;

- b. the date the order confirming the plan was entered by the court or governmental authority;
- c. a fair summarization of the material features of the plan and, pursuant to Item 6 of this form relating to exhibits, a copy of the plan as confirmed;
- d. the number of shares or other units of the Registrant or its parent issued and outstanding, the number reserved for future issuance in respect of claims and interests filed and allowed under the plan, and the aggregate total of such numbers; and
- e. information as to the assets and liabilities of the Registrant or its parent as of the date the order confirming the plan was entered, or a date as close thereto as practicable. Such information may be presented in the form in which it was furnished to the court or governmental authority.

Item D. Resignations of Registrant's Directors.

- i. If a director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices, and if the director has furnished the Registrant with a letter describing such disagreement and requesting that the matter be disclosed, the Registrant shall state the date of such resignation or declination to stand for re-election and summarize the director's description of the disagreement.
- ii. If the Registrant believes that the description provided by the director is incorrect or incomplete, it may include a brief statement presenting its views of the disagreement.
- iii. The Registrant shall file a copy of the director's letter as an exhibit with the quarterly report required to be filed.

Item E. Financial Statements.

i. **Rule 51-7.4 Form and Content of Financial Statements**

- A. The annual financial statements, or any other financial statements required to be filed with the Commissioner, except as noted in B. below, shall be audited by a Certified Public Accountant ("CPA") and contain:

An Unqualified Auditor's Report,
Balance Sheet,
Statement of Operations,
Statement of Changes in Shareholders' Equity
Statement of Cash Flows, and
All notes and disclosures as required by generally accepted accounting principles ("GAAP")

Comparative financial statements shall be prepared for all entities that have been in operation for more than 12 months.

- B. The Interim financial statements required to be filed with the Commissioner shall be reviewed by a CPA and contain:

A CPA's Unqualified Accountant's Review Report,
Balance Sheet,
Statement of Operations,
Statement of changes in Shareholders' Equity
Statement of Cash Flows, and
All notes and disclosures as required by GAAP

unless waived by order of the Commissioner.

Comparative financial statements shall be prepared for all entities that have been in operation for more than 12 months.

- C. Any and all other presentations of financial data including, but not limited to, projections and supplementary data shall be reviewed by a CPA and be covered by an Unqualified Accountant's Review Report issued by a CPA.

- ii. For any business acquisition required to be described in answer to Item B above, provide the same information as required by section E(i) above.

Item F. List of purchasers.

- i. List the amount of securities purchased and the amount of funds invested by each purchaser in this offering.
- ii. Include the date(s) of purchase(s).
- iii. Include the legal address of each purchaser.

Item G. Other Events.

The Registrant shall report under this Item G any material events with respect to which information is not otherwise called for by this quarterly report.

DATED this _____ day of _____, 20_____.

(Name of Registrant)

(Name and position of duly authorized signing officer)

(Director)

(Director)

(Director)