

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

**FORM 10-Q**

*(Mark One)*

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **March 31, 2008**.
- 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: **000-52028**

**MISTRAL VENTURES, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**20-2745790**

(I.R.S. Employer  
Identification No.)

**809-4438 West 10<sup>th</sup> Avenue, Vancouver, British Columbia V6R 4R8, Canada**

(Address of principal executive offices) (Zip Code)

**(604) 725-4160**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act:

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

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

At May 14, 2008, the number of shares outstanding of the registrant's common stock, \$0.001 par value (the only class of voting stock), was 42,450,000.

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## **PART I – FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

As used herein, the terms “Company,” “we,” “our,” “us,” “it,” and “its” refer to Mistral Ventures, Inc., a Nevada corporation, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

**Mistral Ventures, Inc.**  
**(A Development Stage Company)**  
Balance Sheets  
(Expressed in U.S. Dollars)  
(Unaudited)

	<b>As at 31 March 2008 (Unaudited) \$</b>	<b>As at 31 December 2007 (Audited) \$</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	8,164	7,684
Loans receivable (Note 4)	154,534	101,233
Prepaid expenses	25,000	-
	<u>187,698</u>	<u>108,917</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	15,221	20,916
Due to related party (Note 6)	2,500	2,500
Loans payable (Note 8)	154,534	101,233
	<u>172,255</u>	<u>124,649</u>
<b>Stockholder's equity</b>		
<b>Capital stock</b> (Note 9)		
Authorized		
1,125,000,000 common shares, par value \$0.001		
Issued and outstanding		
31 March 2008 – 42,350,000 common shares, par value \$0.001	42,350	40,350
31 December 2007 – 40,350,000 common shares, par value \$0.001	-	-
<b>Additional paid-in capital</b>	1,038,148	38,148
<b>Share subscriptions received in advance</b> (Note 9)	50,000	1,000,000
<b>Warrants</b> (Note 9)	2	2
<b>Deficit, accumulated during the exploration stage</b>	<u>(1,115,057)</u>	<u>(1,094,232)</u>
	<u>15,443</u>	<u>(15,732)</u>
	<u>187,698</u>	<u>108,917</u>

**Nature and Continuance of Operations** (Note 1), **Commitments** (Note 11), **Contingency** (Note 13)  
and **Subsequent Event** (Note 14)

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

**Mistral Ventures, Inc.**  
**(A Development Stage Company)**  
Statements of Operations  
(Expressed in U.S. Dollars)  
(Unaudited)

	<b>For the period from the date of inception on 13 May 2005 to 31 March 2008 \$</b>	<b>For the three month period ended 31 March 2008 \$</b>	<b>For the three month period ended 31 March 2007 \$</b>
<b>Expenses</b>			
Acquisition of a mineral property (Notes 3, 7, 9 and 12)	7,998	-	-
Mineral property exploration costs	6,232	-	-
Bank charges and interest	4,072	3,381	-
Legal and accounting	93,323	17,910	5,240
Listing and filing fees	3,214	340	412
Management fees (Notes 7, 9 and 12)	17,800	1,700	4,200
Office and miscellaneous	2,077	-	-
Rent (Notes 7, 9 and 12)	2,700	300	300
Transfer agent fees	6,367	495	-
<b>Net loss before other items</b>	<u>(143,783)</u>	<u>(24,126)</u>	<u>(10,152)</u>
<b>Other items</b>			
Interest income	54,130	27,609	-
Provision for write-down of loans receivable (Notes 4, 11 and 13)	<u>(1,025,404)</u>	<u>(24,308)</u>	<u>-</u>
<b>Net loss being comprehensive loss for the period</b>	<u>(1,115,057)</u>	<u>(20,825)</u>	<u>(10,152)</u>
<b>Basic and diluted loss per common share</b>		<u>(0.001)</u>	<u>(0.001)</u>
<b>Weighted average number of common shares used in per share calculations</b>		<u>40,371,978</u>	<u>47,164,995</u>

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

**Mistral Ventures, Inc.**  
**(A Development Stage Company)**  
Statements of Cash Flows  
(Expressed in U.S. Dollars)  
(Unaudited)

	<b>For the period from the date of inception on 13 May 2005 to 31 March 2008 \$</b>	<b>For the three month period ended 31 March 2008 \$</b>	<b>For the three month period ended 31 March 2007 \$</b>
<b>Cash flows from operating activities</b>			
Net loss for the period	(1,115,057)	(20,825)	(10,152)
Adjustments to reconcile loss to net cash used by operating activities			
Accrued interest receivable	(54,938)	(27,609)	-
Accrued interest payable	4,534	3,301	-
Acquisition of a mineral property (Notes 3, 7, 9 and 12)	-	-	-
Contributions to capital by related party – expenses (Notes 7, 9 and 12)	20,500	2,000	4,500
Provision for write-down of loans receivable (Notes 4, 11 and 13)	1,025,404	24,308	-
Changes in operating assets and liabilities			
(Increase) in prepaid expenses	(25,000)	(25,000)	-
Increase (decrease) in accounts payable and accrued liabilities	15,221	(5,695)	4,124
	<u>(129,336)</u>	<u>(49,520)</u>	<u>(1,528)</u>
<b>Cash flows from financing activities</b>			
Common shares issued for cash (Note 9)	1,059,998	1,000,000	(58,000)
Share subscription received in advance (Note 9)	50,000	(950,000)	-
Increase in loans payable (Note 8)	150,000	50,000	-
Increase in loans receivable (Note 4)	(1,125,000)	(50,000)	-
Proceeds from related party (Note 6)	2,500	-	-
Warrants issued for cash	2	-	-
	<u>137,500</u>	<u>50,000</u>	<u>(58,000)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>8,164</b>	<b>480</b>	<b>(59,528)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	<b>7,684</b>	<b>77,624</b>
<b>Cash and cash equivalents, end of period</b>	<b><u>8,164</u></b>	<b><u>8,164</u></b>	<b><u>18,096</u></b>

**Supplemental Disclosures with Respect to Cash Flows (Note 12)**

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

**Mistral Ventures, Inc.**  
**(A Development Stage Company)**  
Statement of Changes in Stockholders' Equity  
(Expressed in U.S. Dollars)  
(Unaudited)

	Number of common shares issued	Capital stock \$	Additional paid-in capital and share subscriptions received in advance \$	Warrants \$	Deficit, accumulated during the exploration stage \$	Stockholder's equity \$
<b>Balance at 13 May 2005 (inception)</b>						
Common shares issued for cash (\$0.001 per share)	13,500,000	13,500	(4,500)	-	-	9,000
Net loss for the period	-	-	-	-	(5,773)	(5,773)
<b>Balance at 31 December 2005</b>	<u>13,500,000</u>	<u>13,500</u>	<u>(4,500)</u>	<u>-</u>	<u>(5,773)</u>	<u>3,227</u>
Common shares issued for a mineral property (\$0.001 per share) (Notes 3 and 9)	13,500,000	13,500	(4,500)	-	-	9,000
Common shares issued for cash (\$0.05 per unit) – 20 September 2006 (Note 9)	30,000,000	30,000	69,975	-	-	99,975
Warrants granted for cash (Note 9)	-	-	-	10	-	10
Contributions to capital by related party – expenses	-	-	8,000	-	-	8,000
Net loss for the year	-	-	-	-	(51,761)	(51,761)
<b>Balance at 31 December 2006</b>	<u>57,000,000</u>	<u>57,000</u>	<u>68,990</u>	<u>10</u>	<u>(57,534)</u>	<u>68,466</u>
Common shares rescinded for cash (\$0.001 per share) – 9 February 2007 (Note 9)	(17,400,000)	(17,400)	(40,600)	-	-	(58,000)
Common shares issued to a director (\$0.001 per share) – 29 March 2007 (Notes 7, 9 and 12)	750,000	750	1,750	-	-	2,500
Contributions to capital by related party – expenses (Notes 7, 9 and 12)	-	-	8,000	-	-	8,000
Share subscription received in advance (Note 9)	-	-	1,000,000	-	-	1,000,000
Warrants cancelled (Note 9)	-	-	8	(8)	-	-
Net loss for the period	-	-	-	-	(1,036,698)	(1,036,698)
<b>Balance at 31 December 2007</b>	<u>40,350,000</u>	<u>40,350</u>	<u>1,038,148</u>	<u>2</u>	<u>(1,094,232)</u>	<u>(15,732)</u>
Common shares issued for cash (\$0.50 per share) – 31 March 2008 (Note 9)	2,000,000	2,000	998,000	-	-	1,000,000
Share subscription received in advance (Note 9)	-	-	(950,000)	-	-	(950,000)
Contributions to capital by related party – expenses (Notes 7, 9 and 12)	-	-	2,000	-	-	2,000
Loss for the period	-	-	-	-	(20,825)	(20,825)
<b>Balance at 31 March 2008</b>	<u>42,350,000</u>	<u>42,350</u>	<u>1,088,148</u>	<u>2</u>	<u>(1,115,057)</u>	<u>15,443</u>

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

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

Mistral Ventures, Inc. (the “Company”) was incorporated under the laws of the State of Nevada on 13 May 2005.

The Company had previously acquired a mineral property located in the Province of British Columbia, Canada and determined that the property does not contain reserves that are economically recoverable. As such, the property has been returned to the original seller in exchange for forgiveness of an outstanding debt owed by the Company to the seller (Note 3).

The Company is a development stage company as defined by Statement of Financial Accounting Standard (“SFAS”) No. 7 “*Accounting and Reporting by Development Stage Enterprises*” and Industry Guide 7 of the Securities and Exchange Commission Industry Guide. The Company no longer has interests in any mineral properties and is devoting all of its present efforts to securing and establishing a new business and, as such, its planned principle operations have not commenced. Accordingly, no revenue has been derived during the organization period.

On 30 January 2008, the Company entered into an agreement with Trustcash Holdings, Inc. (“Trustcash”) and Paivis, Corp. (“Paivis”) whereby the Company agreed to finance, on a best efforts basis, a minimum of \$2,000,000 but no more than \$7,000,000 towards the financing required by Trustcash under a Definitive Agreement and Plan of Merger (the “Merger”) between Trustcash and Paivis. The Company further agreed to provide interim financing to both Paivis and Trustcash to cover the costs of the Merger and miscellaneous working capital to a minimum level of \$150,000. The Company and Trustcash have a director and shareholder in common. At 31 March 2008, \$50,000 had been advanced by the Company to Trustcash under the terms of the agreement.

On 7 September 2007, the Company entered into a purchase agreement with CypherEdge Technologies, Inc. (“CypherEdge”), and Mr. James Linkous, whereby the Company would have the right to acquire all of the issued and outstanding common shares of CypherEdge in consideration for the issuance of 83,000,000 shares of the Company to the stockholders of CypherEdge (Note 11). Under the terms of the purchase agreement, the closing of the acquisition was to take place no later than 31 December 2007. Concurrently with the signing of the purchase agreement, the Company entered into a bridge loan agreement with CypherEdge, whereby the Company would provide a bridging loan of up to \$1,000,000 to CypherEdge. As at 31 March 2008, \$975,000 has been advanced to CypherEdge under the bridge loan agreement (Notes 4 and 11).

At 31 March 2008, the purchase agreement has not closed and CypherEdge was in default on repayment of the \$975,000 related to the bridge loan agreement. CypherEdge was presented with a demand letter related to this loan receivable on 25 January 2008 and has yet to respond (Note 13).

The Company’s financial statements as at 31 March 2008 and for the three month period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a loss of \$20,825 for the three month period ended 31 March 2008 (31 March 2007 – loss of \$10,152) and has working capital of \$15,443 at 31 March 2008 (31 December 2007 – working capital deficit of \$15,732).



**1. Nature and Continuance of Operations (continued)**

On 2 May 2007 the board of directors of the Company authorized a one to six forward split of all outstanding common shares and a corresponding forward increase in the Company's authorized common stock pursuant to Section 78.209 of the Nevada Revised Statutes. The forward split and increase in authorized common stock was made effective as of 1 June 2007. The effect of the forward split was to increase the number of the Company's common shares issued and outstanding from 2,690,000 to 16,140,000 and to increase the Company's authorized common shares from 75,000,000 shares par value \$0.001 to 450,000,000 shares par value \$0.001. The financial statements have been retroactively adjusted to reflect these stock splits.

On 31 August 2007 the board of directors of the Company authorized a one to 2.5 forward split of all outstanding common shares and a corresponding forward increase in the Company's authorized common stock pursuant to Section 78.209 of the Nevada Revised Statutes. The forward split and increase in authorized common stock was made effective as of 11 September 2007. The effect of the forward split was to increase the number of the Company's common shares issued and outstanding from 16,140,000 to 40,350,000 and to increase the Company's authorized common shares from 450,000,000 shares par value \$0.001 to 1,125,000,000 shares par value \$0.001. The financial statements have been retroactively adjusted to reflect these stock splits.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the fiscal year ending 2007. However, if the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At 31 March 2008, the Company has suffered losses from development stage activities to date. Although management is currently attempting to pursue its business plan, and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. Accordingly, the Company must rely on its president to perform essential functions without compensation until a business operation can be commenced. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **2. Significant Accounting Policies**

The following is a summary of significant accounting policies used in the preparation of these financial statements.

### **Basis of presentation**

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to exploration stage companies, and are expressed in U.S. dollars. The Company's fiscal year end is 31 December.

### **Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments with original maturities of six months or less.

### **Mineral property costs**

The Company was in the exploration stage since its formation on 13 May 2005 to 7 September 2007 and has not yet realized any revenues from its planned operations. The Company abandoned its mineral property prior to 31 December 2007.

Mineral property acquisition costs are capitalized when incurred. In accordance with Emerging Task Force Issue 04-02, such costs are classified as tangible assets and are evaluated for impairment and written down as required.

Mineral property exploration costs are charged to operations as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

Although the Company will take steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### **Reclamation costs**

The Company's policy for recording reclamation costs is to record a liability for the estimated costs to reclaim mined land by recording charges to production costs for each tonne of ore mined over the life of the mine. The amount charged is based on management's estimation of reclamation costs to be incurred. The accrued liability is reduced as reclamation expenditures are made. Certain reclamation work is performed concurrently with mining and these expenditures are charged to operations at that time.

## **2. Significant Accounting Policies (continued)**

### **Financial instruments**

The carrying value of cash, accounts payable and accrued liabilities, and due to related party approximates their fair value because of the short maturity of these instruments. The Company's operations are in Canada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company's financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

### **Derivative financial instruments**

The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

### **Environmental expenditures**

The operations of the Company have been, and may in the future be, affected from time to time, in varying degrees, by changes in environmental regulations, including those for future reclamation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future reclamation and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

### **Income taxes**

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry forwards when realization is more likely than not.

## **2. Significant Accounting Policies (continued)**

### **Basic and diluted net loss per share**

The Company computes net loss per share in accordance with SFAS No. 128, “*Earnings per Share*”. SFAS No. 128 requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive.

### **Comprehensive loss**

SFAS No. 130, “*Reporting Comprehensive Income*”, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 31 March 2008, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

### **Segments of an enterprise and related information**

SFAS No. 131, “*Disclosures about Segments of an Enterprise and Related Information*”, supersedes SFAS No. 14, “*Financial Reporting for Segments of a Business Enterprise*”. SFAS 131 establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. SFAS 131 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has evaluated this SFAS and does not believe it is applicable at this time.

### **Start-up expenses**

The Company has adopted Statement of Position No. 98-5, “*Reporting the Costs of Start-up Activities*”, which requires that costs associated with start-up activities be expensed as incurred. Accordingly, start-up costs associated with the Company's formation have been included in the Company's general and administrative expenses for the period from the date of inception on 13 May 2005 to 31 March 2008.

## **2. Significant Accounting Policies (continued)**

### **Foreign currency translation**

The Company's functional and reporting currency is in U.S. dollars. The financial statements of the Company are translated to U.S. dollars in accordance with SFAS No. 52, "*Foreign Currency Translation*". Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

### **Stock-Based Compensation**

Effective 1 January 2006, the Company adopted the provisions of SFAS No. 123(R), "Share-Based Payment", which establishes accounting for equity instruments exchanged for employee services. Under the provisions of SFAS 123(R), stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employees' requisite service period (generally the vesting period of the equity grant). Before 1 January 2006, the Company accounted for stock-based compensation to employees in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and complied with the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation". The Company adopted FAS 123(R) using the modified prospective method, which requires the Company to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, financial statements for the periods prior to 1 January 2006 have not been restated to reflect the fair value method of expensing share-based compensation. Adoption of SFAS No. 123(R) does not change the way the Company accounts for share-based payments to non-employees, with guidance provided by SFAS 123 (as originally issued) and Emerging Issues Task Force Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services".

## **2. Significant Accounting Policies (continued)**

### **Recent accounting pronouncements**

In March 2008, the FASB issued SFAS No. 161 which amends and expands the disclosure requirements of SFAS 133 to provide an enhanced understanding of an entity's use of derivative instruments, how they are accounted for under SFAS 133 and their effect on the entity's financial position, financial performance and cash flows. The provisions of SFAS 161 are effective for the period beginning after 15 November 2008. The Company is currently reviewing the effect, if any, that the adoption of this statement will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling interests in Consolidated Financial Statements – An amendment of ARB No. 51." This statement's objective is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require ownership interests in the subsidiaries held by parties other than the parent be clearly identified. The adoption of SFAS 160 did not have an impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations." This revision statement's objective is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its effects on recognizing identifiable assets and measuring goodwill. The adoption of SFAS 141 (revised) did not have an impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 creates a fair value option allowing an entity to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities, with changes in fair value recognized in earnings as they occur. SFAS 159 also requires an entity to report those financial assets and financial liabilities measured at fair value in a manner that separates those reported fair values from the carrying amounts of assets and liabilities measured using another measurement attribute on the face of the statement of financial position. Lastly, SFAS 159 requires an entity to provide information that would allow users to understand the effect on earnings of changes in the fair value on those instruments selected for the fair value election. SFAS 159 is effective for fiscal years beginning after 15 November 2007 with early adoption permitted. The Company is continuing to evaluate SFAS 159 and to assess the impact on our results of operations and financial condition if an election is made to adopt the standard.

In January 2007, we adopted FIN 48. FIN 48 clarifies the accounting for uncertain taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in an enterprise's tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure related to uncertain income tax positions.

### **3. Mineral Property**

During the year ended 31 December 2006, the Company acquired a 100% interest in a mineral property located in the Greenwood Mining Division, British Columbia (the “Gold Bug Property”) from a director (the “Director”) and shareholder of the Company for proceeds of 13,500,000 common shares of the Company valued at \$9,000. The Gold Bug Property is currently held in trust for the Company by the director and shareholder (Note 9 and 12). In October 2006, the Company commenced the “Phase 1A Exploration Program” on the Gold Bug Property. Exploration expenditures for the year ended 31 December 2006 on the Gold Bug Property total \$5,230 and consist of consulting, geology and engineering, and travel of \$2,550, \$2,005 and \$675 respectively.

In April 2007, the Company received unfavorable results related to the Phase 1A Exploration Program and subsequently abandoned the Gold Bug Property. The Company incurred mineral property exploration costs of \$1,002 on the Gold Bug Property during the year ended 31 December 2007. This exploration work was undertaken by the Director of the Company and the \$1,002 owed to the Director by the Company related to these services was settled by return of the abandoned Gold Bug Property to the Director (Note 7).

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**4. Loans Receivable**

	<b>As at 31 March 2008</b>	<b>As at 31 December 2007</b>
The loan receivable bearing interest at a rate of 10% per annum on any unpaid principle balance, secured by a general charge on the assets of the payee and was repayable in full on 31 December 2007. The balance of \$1,025,404 outstanding at 31 March 2008 (31 December 2007 - \$1,001,096) consists of principle \$975,000 and unpaid accrued interest of \$50,404 (31 December 2007 – \$26,096). On 7 September 2007, the Company entered into a bridge loan agreement with CypherEdge Technologies Inc. (the “borrower”). Under the terms of this loan agreement, the Company is committed to lending principal of up to \$1,000,000 at the option of the borrower (Notes 11 and 13). This loan receivable has not been repaid and is presently in default.	\$ 1,025,404	\$ 1,001,096
Loan receivable bearing interest at a rate of 10% per annum on any unpaid principal balance, unsecured, and is repayable in full on or before 1 February 2009. The balance of \$154,534 at 31 March 2008 (31 December 2007 - \$101,233) consists of principle of \$150,000 and unpaid accrued interest of \$4,534 (December 31, 2007 - \$1,233). On 16 November 2007, the Company entered into a loan agreement with Trustcash Holdings Ltd., which was amended on 1 February 2008 to reflect an amended total principal balance of \$150,000 and a repayable date of 1 February 2009.	154,534	101,233
Provision for write-down of loans receivable (Notes 11 and 13)	1,179,938 <u>(1,025,404)</u>	1,102,329 <u>(1,001,096)</u>
	154,534	101,233

**5. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

**6. Due to Related Party**

As at 31 March 2008, the amount due to related party consists of \$2,500 (31 December 2007 - \$2,500) payable to a director of the Company. This balance is non-interest bearing, unsecured and has no fixed terms of repayment.



**7. Related Party Transactions**

During the three month period ended 31 March 2008, an officer, director and shareholder of the Company made contributions to capital for management fees and rent of \$1,700 (31 March 2007 - \$1,700, cumulative - \$17,800) and \$300 (31 March 2007 - \$300, cumulative - \$2,700) respectively (Notes 9 and 12). These amounts have been recorded as an increase in expenditures and an increase in additional paid-in capital.

During the three month period ended 31 March 2007, 750,000 shares were issued to a director and officer of the Company as incentive for joining the Board of Directors. These shares were valued at \$2,500 and have been recorded as an increase in non-cash management fee expenditures and an increase in common stock and additional paid-in capital (Note 9 and 12).

During the year ended 31 December 2006, the Company acquired an interest in the Gold Bug Property from a director and shareholder of the Company. During the year ended 31 December 2007, this interest was returned to this director and shareholder as settlement of a balance of \$1,002 owed to this director by the Company (Notes 3, 9 and 12).

**8. Loans Payable**

	<b>As at 31 March 2008</b>	<b>As at 31 December 2007</b>
Loan payable bearing interest at a rate of 10% per annum on any unpaid principal balance, unsecured and is due and payable in full on or before 1 February 2009. The balance of \$154,534 at 31 March 2008 (31 December 2007 - \$101,233) consists of principal of \$150,000 and unpaid accrued interest of \$4,534 (31 December 2007 - \$1,233). On 16 November 2007, the Company entered into a loan agreement with Ludwig Holdings Ltd., which was amended on 1 February 2008 to reflect an amended total principal balance of \$150,000 and a repayable date of 1 February 2009.	\$ 154,534	\$ 101,233

**9. Capital Stock**

**Authorized**

The total authorized capital is 1,125,000,000 common shares with a par value of \$0.001 per common share.

**Issued and outstanding**

The total issued and outstanding capital stock is 42,350,000 common shares with a par value of \$0.001 per common share.

**9. Capital Stock (continued)**

- i. On 9 February 2006, the Company issued 13,500,000 common shares valued at \$0.01 per share for the acquisition of a mineral property (Notes 3, 7 and 11).
- ii. On 20 September 2006, 30,000,000 Units (the “Units”) of the Company were issued for cash proceeds of \$100,000. Each Unit consists of one common share of the Company and two share purchase warrants. Each share purchase warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.10 per common share expiring 19 September 2008 (Note 8).
- iii. On 9 February 2007, the Company chose to offer a rescission to shareholders who were not accredited investors. In total, 17,400,000 shares valued at \$58,000 were rescinded.
- iv. On 29 March 2007, 750,000 shares were issued to a director and officer of the Company as incentive for joining the Board of Directors. These shares were valued at \$2,500 and have been recorded as an increase in non-cash management fee expenditures and an increase in common stock and additional paid-in capital (Notes 7).
- v. On 2 May 2007 the board of directors of the Company authorized a one to six forward split of all outstanding common shares and a corresponding forward increase in the Company’s authorized common stock pursuant to Section 78.209 of the Nevada Revised Statutes. The forward split and increase in authorized common stock was made effective as of 1 June 2007. The effect of the forward split was to increase the number of the Company’s common shares issued and outstanding from 2,690,000 to 16,140,000 and to increase the Company’s authorized common shares from 75,000,000 shares par value \$0.001 to 450,000,000 shares par value \$0.001. The financial statements have been retroactively adjusted to reflect these stock splits.
- vi. On 31 August 2007 the board of directors of the Company authorized a one to 2.5 forward split of all outstanding common shares and a corresponding forward increase in the Company’s authorized common stock pursuant to Section 78.209 of the Nevada Revised Statutes. The forward split and increase in authorized common stock was made effective as of 11 September 2007. The effect of the forward split was to increase the number of the Company’s common shares issued and outstanding from 16,140,000 to 40,350,000 and to increase the Company’s authorized common shares from 450,000,000 shares par value \$0.001 to 1,125,000,000 shares par value \$0.001. The financial statements have been retroactively adjusted to reflect these stock splits.
- vii. During the three month period ended 31 March 2008, an officer, director and shareholder of the Company made contributions to capital by the payment of the Company’s expenses (Note 7).
- viii. On 31 March 2008, 2,000,000 shares of the Company were issued for cash proceeds of \$1,000,000. The cash proceeds for this share issuance were received on 4 September 2007.

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**9. Capital Stock (continued)**

**Share subscriptions received in advance**

On 8 January 2008, the Company received share subscriptions of \$50,000 related to 100,000 common shares of the Company to be issued at \$0.50 per common share. The securities related to this subscription were issued on 23 April 2008. (Note 14)

**Warrants**

The following share purchase warrants were outstanding at 31 March 2008:

	<b>Exercise price</b> \$	<b>Number of warrants</b>	<b>Remaining contractual life (years)</b>
Warrants	0.04	<u>5,400,000</u>	0.55

The following is a summary of warrant activities during the three month period ended 31 March 2008:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b> \$
Outstanding and exercisable at 1 January 2008	5,400,000	0.04
Granted	-	-
Exercised	-	-
Expired	-	-
Rescinded	-	-
	<u>5,400,000</u>	<u>0.04</u>
Outstanding and exercisable at 31 March 2008	<u>5,400,000</u>	<u>0.04</u>
Weighted average fair value of warrants granted during the period		<u>-</u>

**9. Capital Stock (continued)**

**Warrants (continued)**

The weighted average grant date fair value of warrants issued during the three month period ended 31 March 2008 is \$nil (31 March 2007 - \$0.000002) per warrant. The fair value of each warranted granted was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

	<b>For the three month period ended 31 March 2008</b>	<b>For the three month period ended 31 March 2007</b>
Risk free interest rate	-	4.81%
Expected life	-	2 years
Annualized volatility	-	101%
Expected dividends	-	0%

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the value of the Company's warrants.

**10. Income Taxes**

The Company has losses carried forward for income tax purposes to 31 March 2008. There are no current or deferred tax expenses for the period ended 31 March 2008 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

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**10. Income Taxes (continued)**

The provision for refundable federal income tax consists of the following:

	<b>For the three month period ended 31 March 2008</b>	<b>For the three month period ended 31 March 2007</b>
	\$	\$
Deferred tax asset attributable to:		
Current operations	7,081	3,452
Contributions to capital by related party – expenses	(680)	(680)
Stock based compensation	-	(850)
Less: Change in valuation allowance	<u>(6,401)</u>	<u>(1,922)</u>
Net refundable amount	<u>-</u>	<u>-</u>

The composition of the Company's deferred tax assets as at 31 March 2008 and 31 December 2007 are as follows:

	<b>31 March 2008</b>	<b>31 December 2007</b>
	\$	\$
Net income tax operating loss carry forward	<u>(1,094,557)</u>	<u>(1,075,732)</u>
Statutory federal income tax rate	34%	34%
Effective income tax rate	0%	0%
Deferred tax assets	372,149	365,749
Less: Valuation allowance	<u>(372,149)</u>	<u>(365,749)</u>
Net deferred tax asset	<u>-</u>	<u>-</u>

The potential income tax benefit of these losses has been offset by a full valuation allowance.

As at 31 March 2008, the Company has an unused net operating loss carry forward balance of approximately \$1,094,557 that is available to offset future taxable income. This unused net operating loss carry forward balance for income tax purposes expires between the years 2026 and 2027.

**11. Commitments**

- i. On 7 September 2007, the Company entered into a purchase agreement with CypherEdge Technologies, Inc. (“CypherEdge”), whereby the Company has the right to acquire all of the issued and outstanding common shares of CypherEdge in consideration for the issuance of 83,000,000 common shares of the Company to the stockholders of CypherEdge. Under the terms of the purchase agreement, the closing of the acquisition was to take place no later than 31 December 2007. This transaction was not completed by 31 December 2007 (Note 11(ii)).
- ii. On 7 September 2007, the Company entered into a bridge loan agreement with CypherEdge whereby the Company is to provide a bridging loan of up to \$1,000,000 to CypherEdge repayable in full by 31 December 2007. At 31 December 2007, the Company had advanced \$975,000 related to this loan agreement and the required repayment of the full amount of the loan had not been completed. The Company has recorded a provision for write-down of \$1,025,404 on this loan receivable (principle \$975,000 and accrued interest \$50,404) and is pursuing all legal remedies available to the Company to obtain repayment (Notes 4 and 13).

**12. Supplemental Disclosures with Respect to Cash Flows**

	<b>For the period from the date of inception on 13 May 2005 to 31 March 2008 \$</b>	<b>For the three month period ended 31 March 2008 \$</b>	<b>For the three month period ended 31 March 2007 \$</b>
Cash paid during the year for interest	-	-	-
Cash paid during the year for income taxes	-	-	-

During the three month period ended 31 March 2008, an officer, director and shareholder of the Company made contributions to capital for management fees and rent of \$1,700 (31 March 2007 - \$1,700, cumulative - \$17,800) and \$300 (31 March 2007 - \$300, cumulative - \$2,700) respectively (Notes 9 and 12). These amounts have been recorded as an increase in expenditures and an increase in additional paid-in capital.

During the three month period ended 31 March 2008, the Company recorded accrued interest receivable of \$27,609 related to its loans receivable.

During the three month period ended 31 March 2008, the Company recorded accrued interest payable of \$3,301 related to its loans payable.

**12. Supplemental Disclosures with Respect to Cash Flows (continued)**

During the three month period ended 31 March 2007, 750,000 shares were issued to a director and officer of the Company as incentive for joining the Board of Directors. These shares were valued at \$2,500 and have been recorded as an increase in non-cash management fee expenditures and an increase in common stock and additional paid-in capital (Notes 9 and 12).

During the year ended 31 December 2007, the Company settled accounts payable debts of \$1,002 to a director and shareholder of the Company by transferring its interest in the Gold Bug Property to the director and shareholder (Notes 3 and 7).

During the year ended 31 December 2006, the Company issued 13,500,000 common shares valued at \$9,000 for the acquisition of the Gold Bug Property (Notes 3, 7 and 9).

**13. Contingency**

The Company's loan receivable of \$1,025,404 (principle \$975,000 and accrued interest \$50,404) to CypherEdge was not repaid in full on 31 December 2007 and the loan receivable is in default. The Company is pursuing all legal actions available to recover the outstanding amount (Notes 4 and 11).

**14. Subsequent Event**

On 23 April 2008, the Company issued 100,000 common shares of the Company for total proceeds of \$50,000 (\$0.50 per common share).

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

This *Management's Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include but are not limited to those discussed in the subsection entitled *Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition* below. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. Our fiscal year end is December 31. All information presented herein is based on the three month period ended March 31, 2008.

### **Discussion and Analysis**

During the three month period ended March 31, 2008, our operations were focused on (i) identifying a suitable business opportunity for development through merger or acquisition, (ii) satisfying continuous public disclosure requirements, and (iii) an agreement with Trustcash Holdings, Inc. ("Trustcash") and Paivis, Corp. ("Paivis") to finance their prospective merger. The agreement, dated January 30, 2008 commits us to finance, on a best efforts basis, a minimum of \$2,000,000 but no more than \$7,000,000 of the financing required by Trustcash to merge with Paivis under a Definitive Agreement and Plan of Merger dated December 20, 2007, as amended February 5, 2008. The agreement further commits us to provide interim financing to Paivis and Trustcash of at least \$150,000 to cover costs associated with the prospective merger and general working capital of which \$50,000 had been provided to Trustcash pursuant to the agreement at March 31, 2008.

The Company's plan of operation over the next twelve months is to identify a suitable business opportunity for development through merger or acquisition and to complete a debt or equity financing of at least \$2,150,000, on a best efforts basis, to satisfy its minimum obligation to assist in financing the merger of Trustcash and Paivis and provide general working capital. Should, we acquire a suitable business opportunity within the next 12 months our funding requirements may change.

### **Results of Operations**

The Company has been funded since inception from public or private debt or equity placements or by related parties in the form of loans. We do not expect to realize revenue within the next twelve months or until such time as we develop a revenue producing business through merger or acquisition.

#### ***Losses***

For the period from May 13, 2005 (inception) to March 31, 2008, the Company recorded a net loss of \$1,115,057. Net losses for the three months ended March 31, 2008 were \$20,825 as compared to \$10,152 for the three months ended March 31, 2007. Our losses since inception are primarily attributable to the write-down of a loan to CypherEdge Technologies, Inc. of \$1,025,404, general and administrative expenses, and exploration costs. General and administrative expenses include accounting expenses, professional fees, consulting fees, and costs associated with the preparation of disclosure documentation in connection with registration pursuant to the Exchange Act of 1934, as amended.

The Company has not generated any revenues since inception and expects to continue to incur losses over the next twelve months.



### ***Capital Expenditures***

The Company expended no amounts on capital expenditures from inception to March 31, 2008.

### ***Income Tax Expense (Benefit)***

The Company has a prospective income tax benefit resulting from a net operating loss carryforward and start up costs that will offset any future operating profit.

### ***Impact of Inflation***

The Company believes that inflation has had a negligible effect on operations over the past three years.

### ***Liquidity and Capital Resources***

The Company had current and total assets of \$187,698 as of March 31, 2008, consisting of cash on hand of \$8,164, a loan receivable from Trustcash of \$154,534 and prepaid expenses totaling \$25,000. The Company had a working capital surplus of \$15,443 at March 31, 2008. The Company is in the development stage and, since inception, has experienced significant changes in liquidity, capital resources, and stockholders' deficit.

Cash flow used in operating activities was \$129,336 for the period from May 13, 2005 (inception) to March 31, 2008. Cash flow used in operating activities was \$49,520 and \$1,528 for the three month periods ended March 31, 2008 and 2007, respectively. Cash flow used in operating activities in the current three month period can be primarily attributed to net losses, a decrease in accrued interest receivable and a decrease in prepaid expenses.

Cash flow provided from financing activities was \$137,500 for the period from May 13, 2005 (inception) to March 31, 2008. Cash flow provided from financing activities was \$50,000 for the three month period ended March 31, 2008 and cash flow used in financing activities was \$58,000 for the three month period ended March 31, 2007. Cash flow provided from financing activities in the current period was from the sale of common stock, an increase in loans offset by a decrease in loans receivable.

The Company has no cash flow provided from or used in investing activities since inception.

Since earnings, if any, will be reinvested in operations, the Company does not expect to pay cash dividends in the foreseeable future.

The Company has no current plans for the purchase or sale of any plant or equipment.

The Company has no current plans to make any changes in the number of employees.

### ***Off Balance Sheet Arrangements***

As of March 31, 2008, we have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to stockholders.

### ***Critical Accounting Policies***

In Note 2 to the audited financial statements for the years ended December 31, 2007 and 2006, included in our Form 10-K filed with the Securities and Exchange Commission (the “Commission”) on April 8, 2008, the Company discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. The Company believes that the accounting principles utilized by it conform to accounting principles generally accepted in the United States.

The preparation of financial statements requires Company management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, the Company evaluates estimates. The Company bases its estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

### ***Going Concern***

The Company’s auditors have expressed an opinion as to our ability to continue as a going concern. Our ability to continue as a going concern is subject to the ability of the Company to obtain a profit and/or obtaining the necessary funding from outside sources. Management’s plan to address the Company’s ability to continue as a going concern, includes (i) obtaining funding from private placement sources; (ii) obtaining additional funding from the sale of the Company’s securities; (iii) establishing revenues from a suitable business opportunity; (iv) obtaining loans and grants from various financial institutions where possible. Although management believes that it will be able to obtain the necessary funding to allow the Company to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful.

### ***Forward Looking Statements and Factors That May Affect Future Results and Financial Condition***

The statements contained in the section titled *Management’s Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this report, with the exception of historical facts, are forward looking statements. Forward looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

- our anticipated financial performance and business plan;
- the sufficiency of existing capital resources;
- our ability to raise additional capital to fund cash requirements for future operations;
- uncertainties related to the Company’s future business prospects;
- the ability of the Company to generate revenues to fund future operations;
- the volatility of the stock market and; and
- general economic conditions.

We wish to caution readers that our operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated, including the factors set forth in the section entitled *Risk Factors* included elsewhere in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than as required by law.

### ***Stock-Based Compensation***

On January 1, 2006, we adopted SFAS No. 123 (revised 2004) (SFAS No. 123R), Share-Based Payment, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. In January 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 107, which provides supplemental implementation guidance for SFAS No. 123R. SFAS No. 123R eliminates the ability to account for stock-based compensation transactions using the intrinsic value method under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and instead generally requires that such transactions be accounted for using a fair-value-based method. We use the Black-Scholes-Merton ("BSM") option-pricing model to determine the fair-value of stock-based awards under SFAS No. 123R, consistent with that used for pro forma disclosures under SFAS No. 123, Accounting for Stock-Based Compensation. We have elected the modified prospective transition method as permitted by SFAS No. 123R and accordingly prior periods have not been restated to reflect the impact of SFAS No. 123R. The modified prospective transition method requires that stock-based compensation expense be recorded for all new and unvested stock options, restricted stock, restricted stock units, and employee stock purchase plan shares that are ultimately expected to vest as the requisite service is rendered beginning on January 1, 2006, the first day of our fiscal year 2006. Stock-based compensation expense for awards granted prior to January 1, 2006 is based on the grant date fair-value as determined under the pro forma provisions of SFAS No. 123.

Prior to the adoption of SFAS No 123R, we measured compensation expense for our employee stock-based compensation plans using the intrinsic value method prescribed by APB Opinion No. 25. We applied the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure, as if the fair-value-based method had been applied in measuring compensation expense. Under APB Opinion No. 25, when the exercise price of the Company's employee stock options was equal to the market price of the underlying stock on the date of the grant, no compensation expense was recognized.

We account for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

### ***Recent Accounting Pronouncements***

In March 2008, the FASB issued SFAS No. 161 which amends and expands the disclosure requirements of SFAS 133 to provide an enhanced understanding of an entity's use of derivative instruments, how they are accounted for under SFAS 133 and their effect on the entity's financial position, financial performance and cash flows. The provisions of SFAS 161 are effective for the period beginning after November 15, 2008. The Company is currently reviewing the effect, if any, that the adoption of this statement will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling interests in Consolidated Financial Statements – An amendment of ARB No. 51." This statements objective is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require ownership interests in the subsidiaries held by parties other than the parent be clearly identified. The adoption of SFAS 160 did not have an impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations." This revision statements objective is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its effects on recognizing identifiable assets and measuring goodwill. The adoption of SFAS 141 (revised) did not have an impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 creates a fair value option allowing an entity to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities, with changes in fair value recognized in earnings as they occur. SFAS 159 also requires an entity to report those financial assets and financial liabilities measured at fair value in a manner that separates those reported fair values from the carrying amounts of assets and liabilities measured using another measurement attribute on the face of the statement of financial position. Lastly, SFAS 159 requires an entity to provide information that would allow users to understand the effect on earnings of changes in the fair value on those instruments selected for the fair value election. SFAS 159 is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company is continuing to evaluate SFAS 159 and to assess the impact on our results of operations and financial condition if an election is made to adopt the standard.

In January 2007, we adopted FIN 48. FIN 48 clarifies the accounting for uncertain taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in an enterprise's tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure related to uncertain income tax positions.

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

Not required.

## **ITEM 4T. CONTROLS AND PROCEDURES**

### **Management's Report on Internal Control over Financial Reporting**

The Company's management, including our chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our chief executive and chief financial officers and implemented by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of their inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of March 31, 2008.

### **Changes in Internal Controls over Financial Reporting**

During the period ended March 31, 2008, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The Company is currently not a party to any legal proceedings.

However, CypherEdge Technologies, Inc. is in default of the terms of a Secured Promissory Note in the principal amount of \$975,000 with unpaid accrued interest of \$50,404 at March 31, 2008. As such, the Seattle, Washington offices of Davis Wright Tremaine LLP have served notice on CypherEdge Technologies, Inc., of our intention to collect this debt.

## **ITEM 1A. RISK FACTORS**

The Company's operations and securities are subject to a number of risks. Below we have identified and discussed the material risks that we are likely to face. Should any of the following risks occur, they will adversely affect our operations, business, financial condition and/or operating results as well as the future trading price and/or the value of our securities.

### **Risks Related to the Company's Business**

#### ***The Company's ability to continue as a going concern is in question***

The Company's auditors included an explanatory statement in Note 1 of their report of financial statements for the years ended December 31, 2007 and 2006, filed on Form 10-K with the Commission on April 8, 2008, stating that conditions exist which raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations.

#### ***Our operating losses may continue into the future, resulting in a decrease in share value.***

Since our inception in 2005, we have had incurred expenses without generating any revenue, resulting in continuing losses and an accumulated deficit of \$1,115,057 at March 31, 2008. We will continue to incur operating losses as we maintain our search for a suitable business opportunity, pursue financing options for the merger of Trustcash and Paivis and satisfy ongoing disclosure requirements with the Commission. Such continuing operating losses could result in a decrease in share value.

#### ***The Company's limited financial resources cast severe doubt on our ability to develop a profitable business opportunity.***

The Company's future operation is dependent upon its ability to develop a profitable business opportunity. However, the prospect of developing such an opportunity is doubtful due to the Company's limited financial resources. Since we are a "shell" company, our ability to improve this financial condition through debt or equity offerings is limited. Such limitation may act as a deterrent in future negotiations with prospective business opportunities. Should we be unable to develop a profitable business opportunity the Company will, in all likelihood, be forced to cease operations.

#### ***Our chief executive officer and chief financial officer do not offer their undivided attention to the Company.***

John Xinos, who serves as our chief executive officer, and Kent Carasquero, who serves as our chief financial officer, have responsibilities which cause them to divide their time between several interests and as such each may not be able to provide sufficient time to ensure the effective operation of the Company.

#### ***Our chief financial officer is the chief executive officer of Trustcash Holdings, Inc.***

Kent Carasquero, who serves as our chief financial officer and one of our directors, is the chief executive officer and a director of Trustcash. The Company has entered into an agreement with Trustcash and Paivis to provide assistance, on a best efforts basis, in the financing required by a prospective merger of Trustcash and Paivis. As such, Mr. Carasquero may have interests in the financing of the prospective merger that are different from other shareholders of the Company.

## **Risks Related to the Company's Stock**

### ***The market for our stock is limited and our stock price may be volatile.***

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

### ***Our internal controls over financial reporting may not be considered effective in the future, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 we are required to furnish a report by our management on our internal controls over financial reporting. Such report must contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. If we are unable to continue to assert that our internal controls are effective, our investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

### ***The Company does not pay dividends.***

The Company does not pay dividends. We have not paid any dividends since inception and have no intention of paying any dividends in the foreseeable future. Any future dividends would be at the discretion of our board of directors and would depend on, among other things, future earnings, our operating and financial condition, our capital requirements, and general business conditions. Therefore, shareholders should not expect any type of cash flow from their investment.

### ***The Company will require additional capital funding.***

We will require additional funds, either through additional equity offerings or debt placements, in order to meet our obligation to the prospective merger of Trustcash and Paivis and to maintain operations. Such additional capital may result in dilution to our current shareholders. Further, our ability to meet short-term and long-term financial commitments will depend on future revenue. There can be no assurance that future revenue will generate sufficient funds to enable us to meet our financial commitments.

### ***The Company's shareholders may face significant restrictions on their stock.***

The Company's stock differs from many stocks in that it is a "penny stock." The Commission has adopted a number of rules to regulate "penny stocks" including, but not limited to, those rules from the Securities Act as follows:

- 3a51-1 which defines penny stock as, generally speaking, those securities which are not listed on either NASDAQ or a national securities exchange and are priced under \$5, excluding securities of issuers that have net tangible assets greater than \$2 million if they have been in operation at least three years, greater than \$5 million if in operation less than three years, or average revenue of at least \$6 million for the last three years;

- 15g-1 which outlines transactions by broker/dealers which are exempt from 15g-2 through 15g-6 as those whose commissions from traders are lower than 5% total commissions;
- 15g-2 which details that brokers must disclose risks of penny stock on Schedule 15G;
- 15g-3 which details that broker/dealers must disclose quotes and other information relating to the penny stock market;
- 15g-4 which explains that compensation of broker/dealers must be disclosed;
- 15g-5 which explains that compensation of persons associated in connection with penny stock sales must be disclosed;
- 15g-6 which outlines that broker/dealers must send out monthly account statements; and
- 15g-9 which defines sales practice requirements.

Since the Company's securities constitute a "penny stock" within the meaning of the rules, the rules would apply to us and our securities. Because these rules provide regulatory burdens upon broker-dealers, they may affect the ability of shareholders to sell their securities in any market that may develop; the rules themselves may limit the market for penny stocks. Additionally, the market among dealers may not be active. Investors in penny stock often are unable to sell stock back to the dealer that sold them the stock. The mark-ups or commissions charged by the broker-dealers may be greater than any profit a seller may make. Because of large dealer spreads, investors may be unable to sell the stock immediately back to the dealer at the same price the dealer sold the stock to the investor. In some cases, the stock may fall quickly in value. Investors may be unable to reap any profit from any sale of the stock, if they can sell it at all.

Shareholders should be aware that, according to Commission Release No. 34-29093 dated April 17, 1991, the market for penny stocks has suffered from patterns of fraud and abuse. These patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On January 8, 2008, the Company entered into a subscription agreement to issue 100,000 shares of restricted stock for cash consideration of \$50,000 or \$0.50 a share to Ludwig Holdings Limited pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act of 1933, as amended. No commission was paid in connection with the subscription. The shares purchased were issued to the subscriber on April 23, 2008.

The Company complied with the exemption requirements of Section 4(2) based on the following factors: (1) the issuance was an isolated private transaction that did not involve a public offering; (2) there was only one offeree who was issued stock for cash consideration; (3) the offeree committed to hold the stock for at least one year; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

Regulation S provides generally that any offer or sale that occurs outside of the United States is exempt from the registration requirements of the Securities Act, provided that certain conditions are met.



Regulation S has two safe harbors. One safe harbor applies to offers and sales by issuers, securities professionals involved in the distribution process pursuant to contract, their respective affiliates, and persons acting on behalf of any of the foregoing (the “issuer safe harbor”), and the other applies to resales by persons other than the issuer, securities professionals involved in the distribution process pursuant to contract, their respective affiliates (except certain officers and directors), and persons acting on behalf of any of the foregoing (the “resale safe harbor”). An offer, sale or resale of securities that satisfied all conditions of the applicable safe harbor is deemed to be outside the United States as required by Regulation S.

The Company complied with the requirements of Regulation S by having made no directed offering efforts in the United States, by offering only to an offeree who was outside the United States at the time the subscription agreement was accepted, and ensuring that the offeree to whom the stock is to be issued is a non-U.S. offeree with an address in a foreign country.

**ITEM 3.        DEFAULTS ON SENIOR SECURITIES**

None.

**ITEM 4.        SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**ITEM 5.        OTHER INFORMATION**

None.

**ITEM 6.        EXHIBITS**

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits on page 35 of this Form 10-Q, and are incorporated herein by this reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

*Mistral Ventures, Inc.*

/s/ John Xinos

John Xinos

Chief Executive Officer

Date: May 14, 2008

/s/ Kent Carasquero

Kent Carasquero

Chief Financial Officer and Principal Accounting Officer

Date: May 14, 2008

## INDEX TO EXHIBITS

<i>Exhibit</i>	<i>Description</i>
3(i)*	Articles of Incorporation (incorporated by reference from our Form SB-2 Registration Statement, filed April 20, 2006).
3(ii)*	Bylaws (incorporated by reference from our Form SB-2 Registration Statement, filed April 20, 2006).
10(i)*	Common Shares Subscription Agreement dated September 4, 2007, with Ludwig Holdings Limited (incorporated by reference from our Form 10-QSB, filed November 14, 2007).
10(ii)(a)*	Purchase Agreement dated September 7, 2007 with CypherEdge Technologies Inc., the stockholders of CypherEdge Technologies Inc., James Linkous, and John Xinos (incorporated by reference from our Form 8-K, filed November 5, 2007).
10(ii)(b)*	Bridge Loan Agreement dated September 7, 2007 with CypherEdge Technologies Inc. (incorporated by reference from our Form 8-K, filed November 5, 2007).
10(ii)(c)*	Security Agreement dated September 7, 2007 with CypherEdge Technologies Inc. (incorporated by reference from our Form 8-K, filed November 5, 2007).
10(ii)(d)*	Promissory Note of CypherEdge Technologies Inc. dated September 7, 2007 (incorporated by reference from our Form 8-K, filed November 5, 2007).
10(iii)	Term Sheet dated January 30, 2008 with TrustCash Holdings, Inc. and Paivis Corp.
10(iv)	Loan Agreement dated February 18, 2008 with TrustCash Holdings, Inc.
10(v)	Loan Agreement dated February 18, 2008 with Ludwig Holdings Limited.
14*	Code of Ethics adopted April 4, 2008(incorporated by reference from our Form 10-K, filed April 8, 2008).
31(a)	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Incorporated by reference to previous filings of the Company.

## **TERM SHEET**

The following binding term sheet (the "Term Sheet") summarizes the principal terms with respect to an interim financing and investment of up to \$7.0 million in convertible preferred stock.

**Parties:** Mistral Ventures Inc. an existing public company ("Mistral") listed on the OTC Bulletin Board domiciled in the Nevada, and Paivis Corp., an existing public company (the "Company" or "Paivis") listed on the OTC Bulletin Board, domiciled in Nevada; and Trustcash Holdings, Inc., an existing public company ("Trustcash ") listed on the OTC Bulletin Board, domiciled in Delaware.

**Financing:** Mistral will advance minimum of \$25,000 monthly to each of Trustcash and Paivis starting on February 1, 2008 (the "Advances"). The Advances will be made pursuant to a Demand Note Agreement with customary terms.

**Term:** The Advances shall extend for the shorter of ninety (90) days or the termination of the Merger Agreement between Trustcash and Paivis (the "TrustCash Merger").

**Convertible Preferred Stock :** Mistral shall invest a minimum of \$2.0 million but no more than \$7.0 million in the shares of Convertible Preferred Stock of Trustcash (the "Preferred Stock") to participate in the financing pursuant to the Trustcash Merger that requires an equity or debt investment in Trustcash of up to Ten Million Dollars (\$10,000,000) but no less than Seven Million Dollars (\$7,000,000) on terms agreeable to both Trustcash or Paivis for the purposes of completing the acquisition of Detroit Phone Cards Inc. ("DPC"), AAAA Media Services Ltd. ("A4") by the Paivis and working capital for the Trustcash ("the Financing"). The Preferred Stock shall earn an 8% dividend paid quarterly in cash or registered common stock of Trustcash. The Preferred Stock shall be convertible into common shares solely at the option of Mistral. The Preferred Stock shall be convertible at the conversion price which shall be a 15% discount to the trailing volume weighted average price ("VWAP") of Trustcash on the average of the 5days preceding the closing of the Trustcash Merger.

**Conditions Precedent:**

- (1) Completion of legal and financial due diligence to the satisfaction of Mistral, including disclosure of all pending material agreements, contracts and liabilities; and
- (2) Mistral completing a \$2.0-\$7.0 million investment which it will undertake on a best efforts basis; and
- (3) Trustcash being current in their filings under the Securities Exchange Act of 1934;and
- (4) No material adverse change existing or pending.

**Governing Law:**

This Term Sheet shall be governed by and construed in accordance with the laws of the State of Nevada without regard to choice of law provisions thereof.

By: /s/ Greg Moss

Date: January 30, 2008

Name: Greg Moss  
President, Trustcash Holdings Inc.

By: /s/ Dennis Shafer

Date: January 30, 2008

Name: Dennis Shafer  
Chairman, Trustcash Holdings Inc.

By: /s/ Edwin Kwong

Date: January 30, 2008

Name: Edwin Kwong  
President, Paivis Corp.

By: /s/ John Xinos

Date: January 30, 2008

Name: John Xinos  
President, Mistral Ventures Inc.

**LOAN AGREEMENT**

**THIS AGREEMENT** dated the Feb 1<sup>st</sup>, 2008.

BETWEEN:

**MISTRAL VENTURES INC.** a company duly incorporated pursuant to the laws of the State of Nevada

(herein referred to as "The Lender")

AND:

**TRUSTCASH HOLDINGS INC.** a company duly incorporated pursuant to the laws of the State of Delaware

(herein referred to as "The Borrower")

**WHEREAS:**

The Lender has previously advanced to the Borrower the sum of One Hundred Thousand Dollars (US 100,000.00) (the "Loan"); and

The Borrower has requested that the Lender advance to the Borrower an additional Fifty Thousand Dollars (US 50,000.00); and

The Lender has agreed to advance to the Borrower the sum of Fifty Thousand Dollars (US 50,000.00) increasing the Loan to One Hundred and Fifty Thousand Dollars (US 150,000.00) and extend the payment date of the loan to February 1<sup>st</sup>, 2009 (the "Loan"); and

The parties hereto are desirous of clarifying the nature of the loan transaction and have therefore agreed to the terms herein.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and mutual covenants and agreements hereinafter set forth, The Lender and The Borrower agree as follows:

**AMOUNTS DUE AND OWING**

In consideration of advancing One Hundred and Fifty Thousand Dollars (US 150,000.00) the Borrower agrees to pay to The Lender the sum of One Hundred and Fifty Thousand Dollars (US 150,000.00); (the "Principal Sum") of lawful money of the United States of America together with all interest, penalties and assessments that may from time to time be added to the Principal Sum and are provided for in this Agreement. For the purposes of this Agreement, the Principal Sum, together with all interest, penalties and assessment that may from time to time be added to the Principal Sum as provided for herein shall be referred to as the "Debt".

## **PAYMENT DUE**

The Debt hereby secured shall become due and payable on February 1<sup>st</sup>, 2009, or unless waived by The Lender, upon default of payment of the Debt by The Borrower to The Lender. Waiver of or failure by the Lender to enforce at any time or from time to time to any of the rights extended to him by this Agreement shall not prejudice the Lender's rights in the event of any future default or breach.

## **RIGHT TO PREPAY**

The Borrower shall have the privilege of pre-paying the Debt to The Lender, at any time during the currency of the loan.

If the Debt is repaid to The Lender by The Borrower at any time prior to February 1<sup>st</sup>, 2009, then The Borrower will be released from any further or continued obligations under this loan agreement.

## **INTEREST**

In addition to the payment of the Principal Sum the Borrower agrees to pay to The Lender interest calculated at the rate of 10% per annum.

## **PAYMENT OF COSTS**

The Borrower shall pay for all reasonable costs, charges and expenses, including solicitor's costs, charges and expenses, which may be incurred by The Lender in collecting, procuring or enforcing payments of any monies in connection with this Loan.

## **REPRESENTATIONS, WARRANTIES AND COVENANTS**

The Borrower represents and warrants to The Lender that all matters and things have been done and performed so as to authorize and make the creation of this Loan Agreement and its execution legal and valid and in accordance with the requirements of the laws relating to The Borrower and all other statutes and laws in that regard;

## **FORM OF PAYMENT**

All monies paid to The Lender by The Borrower shall be paid in lawful money of The United States of America and shall be made payable to The Lender as directed by the Lender in writing.

## **NOTICE**

Any notice to The Lender in connection with this Agreement shall be well and sufficiently given if sent by prepaid registered mail to or delivered to The Lender at Suite 809, 4438 West 10th Avenue, Vancouver, BC, Canada V6J 1M7 and any notice so give shall be deemed to have been given if delivered, when delivered, and if mailed, on the third business day following the day on which it was mailed.

Any notice to The Borrower in connection with this Agreement shall be well and sufficiently given if sent by prepaid registered mail to or delivered to The Borrower at 400 Park Avenue, Suite 1420, New York, New York, 10022, ("Lender"). and any notice given shall be deemed to have been give, if delivered, and if mailed, on the third business day following the day on this it was mailed.

The Borrower or The Lender may, by notice given in the manner herein described, change the postal address for the giving of notices given hereunder.

**JURISDICTION**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

**ENUREMENT**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**TIME**

Time is of the essence of this Agreement

**IN WITNESS WHEREOF** the parties hereto have set their hands and seals the day and year first above written.

**MISTRAL VENTURES INC** )  
 )  
/s/ John Xinos \_\_\_\_\_ )  
Authorized Signatory )

**TRUSTCASH HOLDINGS INC.** )  
 )  
/s/ Kent Carasquero \_\_\_\_\_ )  
Authorized Signatory )



**LOAN AGREEMENT**

**THIS AGREEMENT** dated the February 1<sup>st</sup>, 2008.

BETWEEN:

**LUDWIG HOLDINGS LIMITED.**

(herein referred to as "The Lender")

AND:

**MISTRAL VENTURES INC.** a company duly incorporated pursuant to the laws of the State of Nevada

(herein referred to as "The Borrower")

**WHEREAS:**

The Lender has previously advanced to the Borrower or on behalf of the Borrower the sum of One Hundred Thousand Dollars (US 100,000.00) (the "Loan"); and

The Borrower has requested that the Lender advance to the Borrower, an additional Fifty Thousand Dollars (US 50,000.00);

The Lender has agreed to advance to the Borrower or on behalf of the Borrower the sum of Fifty Thousand Dollars (US 50,000.00) and extend the payment date of the loan to February 1<sup>st</sup>, 2009; (the "Loan"); and

The parties hereto are desirous of clarifying the nature of the loan transaction and have therefore agreed to the terms herein.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and mutual covenants and agreements hereinafter set forth, The Lender and The Borrower agree as follows:

**AMOUNTS DUE AND OWING**

In consideration of advancing Fifty Thousand Dollars (US 50,000.00); the Borrower agrees to pay to The Lender the sum of One Hundred and Fifty Thousand Dollars (US 150,000.00); (the "Principal Sum") of lawful money of the United States of America together with all interest, penalties and assessments that may from time to time be added to the Principal Sum and are provided for in this Agreement. For the purposes of this Agreement, the Principal Sum, together with all interest, penalties and assessment that may from time to time be added to the Principal Sum as provided for herein shall be referred to as the "Debt".

## **PAYMENT DUE**

The Debt hereby secured shall become due and payable on February 1<sup>st</sup>, 2009, or unless waived by The Lender, upon default of payment of the Debt by The Borrower to The Lender. Waiver of or failure by the Lender to enforce at any time or from time to time to any of the rights extended to him by this Agreement shall not prejudice the Lender's rights in the event of any future default or breach.

## **RIGHT TO PREPAY**

The Borrower shall have the privilege of pre-paying the Debt to The Lender, at any time during the currency of the loan.

If the Debt is repaid to The Lender by The Borrower at any time prior to February 1<sup>st</sup>, 2009 then The Borrower will be released from any further or continued obligations under this loan agreement.

## **INTEREST**

In addition to the payment of the Principal Sum the Borrower agrees to pay to The Lender interest calculated at the rate of 10% per annum.

## **PAYMENT OF COSTS**

The Borrower shall pay for all reasonable costs, charges and expenses, including solicitor's costs, charges and expenses, which may be incurred by The Lender in collecting, procuring or enforcing payments of any monies in connection with this Loan.

## **REPRESENTATIONS, WARRANTIES AND COVENANTS**

The Borrower represents and warrants to The Lender that all matters and things have been done and performed so as to authorize and make the creation of this Loan Agreement and its execution legal and valid and in accordance with the requirements of the laws relating to The Borrower and all other statutes and laws in that regard;

## **FORM OF PAYMENT**

All monies paid to The Lender by The Borrower shall be paid in lawful money of The United States of America and shall be made payable to The Lender as directed by the Lender in writing.

## **NOTICE**

Any notice to The Lender in connection with this Agreement shall be well and sufficiently given if sent by prepaid registered mail to or delivered to The Lender at World Trade CTR 10 RT De Airport PO Box 1215 Geneva 15 Switzerland and any notice so give shall be deemed to have been given if delivered, when delivered, and if mailed, on the third business day following the day on which it was mailed.

Any notice to The Borrower in connection with this Agreement shall be well and sufficiently given if sent by prepaid registered mail to or delivered to The Borrower at at Suite 809, 4438 West 10th Avenue, Vancouver, BC, Canada V6J 1M7 ("Lender"). and any notice given shall be deemed to have been give, if delivered, and if mailed, on the third business day following the day on this it was mailed.

The Borrower or The Lender may, by notice given in the manner herein described, change the postal address for the giving of notices given hereunder.

**JURISDICTION**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

**ENUREMENT**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**TIME**

Time is of the essence of this Agreement

**IN WITNESS WHEREOF** the parties hereto have set their hands and seals the day and year first above written.

**LUDWIG HOLDINGS LIMITED** )  
 )  
 /s/ Steve Drayton \_\_\_\_\_ )  
 Authorized Signatory )  
 )

\_\_\_\_\_  
**MISTRAL VENTURES INC.** )  
 )  
 /s/ John Xinos \_\_\_\_\_ )  
 John Xinos, President and CFO )

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Xinos, certify that:

1. I have reviewed this report on Form 10-Q ("Report") of Mistral Ventures, Inc.;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this Report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - c) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 14, 2008

/s/ John Xinos  
John Xinos, Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kent Carasquero, certify that:

1. I have reviewed this report on Form 10-Q ("Report") of Mistral Ventures, Inc.;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this Report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - c) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 14, 2008

/s/ Kent Carasquero  
Kent Carasquero, Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002**

In connection with the report on Form 10-Q of Mistral Ventures, Inc. for the period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (“Report”), I, John Xinos, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) This Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly represents, in all material respects, the financial condition of the registrant at the end of the period covered by this Report and results of operations of the registrant for the period covered by this Report.

/s/ John Xinos

John Xinos

Chief Executive Officer

Date: May 14, 2008

This certification accompanies this Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of Mistral Ventures, Inc. for the period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof ("Report"), I, Kent Carasquero, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (3) This Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (4) The information contained in this Report fairly represents, in all material respects, the financial condition of the registrant at the end of the period covered by this Report and results of operations of the registrant for the period covered by this Report.

/s/ Kent Carasquero  
Kent Carasquero  
Chief Financial Officer  
Date: May 14, 2008

This certification accompanies this Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.