

FTI FOODTECH INTERNATIONAL INC.
FINANCIAL STATEMENTS &
MANAGEMENT DISCUSSION & ANALYSIS
MARCH 31, 2010

CORPORATE STRATEGY

FTI Foodtech International Inc.'s (FTI) efforts within the surplus goods industry allows it to leverage its strong long-term relationships with key distribution and buying groups to realize sales and profits for its shareholders. By providing an alternative distribution channel for Canadian manufacturers and importers, FTI has developed strong business relationships with many companies within the consumer goods industry. These surplus goods are then distributed throughout our network of wholesalers and retailers. For the 2010 fiscal year, the Company will continue in this field while exploring new opportunities for the Company.

EXCHANGE LISTING

TSX Venture Exchange (Symbol: FTI)

TO THE SHAREHOLDERS

FTI Foodtech International Inc. has traditionally acquired new food products and technologies for licensing or sale. FTI has now made a push into Surplus Products Sales. By leveraging its strong long-standing relationships, the Company has realized a significant opportunity by buying overstocked consumer goods.

Management has been exploring other business opportunities for the Company, eventually, this leading to Enermine and Sedco, two mining companies based out of Vancouver with properties in Peru. Further discussions lead to a letter of intent (LOI) being signed. The outline of this proposed transaction is included below under "2009 Proposed Transaction". Throughout the 2010 fiscal year, management spent much of its time in preparation for this transaction. Once all the legal due diligence was completed, Byron Capital, Enermine and Sedco were unable to raise the required capital to proceed with the transaction. With the termination of the 2009 Proposed Transaction on May 27, 2010, management is exploring multiple opportunities for the Company, and will release details in a timely manner as they become available.

Appreciation is expressed to the staff of FTI Foodtech International Inc., to our associates in the food and surplus goods industries and to our shareholders for their continuing support.

On Behalf of the Board of Directors



William Hullah
President

BUSINESS ACTIVITIES

FTI continues its activities in the surplus goods industry. With FTI's established network, multiple products with multiple buyers come together from around the globe to generate elevated profits. FTI operates the Toronto Office of the North American Barter Exchange Limited (NABEL). The barter exchange provides business to business communications for all its members' products and services. Through NABEL, FTI has access to hundreds of member-companies that provide products and services throughout North America. The members of this strong and loyal exchange work as a source for surplus goods and an outlet to sell. The Company continues to distribute Ageless to new and existing clients, though it has stopped the marketing efforts. Ageless is an oxygen absorber product developed by Mitsubishi Gas Chemical Company.

More recently, management has explored various opportunities for the Company, including the proposed transaction with Enermine and Sedco. Since the termination of that agreement, management has evaluated and explored various other ventures.

CORPORATE GOVERNANCE

FTI Foodtech International Inc. is committed to transparency in our operations and our approach to governance meets recommended standards. Disclosure of our compliance with existing corporate governance rules is part of the Information circular.

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

All information contained in this Annual Report of FTI Foodtech International Inc. including the financial statements, is the responsibility of management and has been approved by the Directors. Financial information presented throughout this report is consistent with the information presented in the financial statements which are prepared in accordance with generally accepted accounting principles. The Board of Directors carries out its responsibilities for the financial statements primarily through its Audit Committee, a majority of whom are not employees of the Corporation. The Audit Committee meets annually with management and the independent auditors both of whom have full and free access to the Committee.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2010

The following management's discussion and analysis ("MD&A") of the performance, financial condition and future prospects of FTI Foodtech International Inc. (which is also referred to herein as "FTI" or the "Company") should be read in conjunction with the Company's 2010 audited financial statements. Further information relating to the Company may be accessed at www.sedar.com. All financial data herein has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all dollar amounts herein are in Canadian dollars unless otherwise specified. This MD&A is dated as of July 26, 2010.

FORWARD LOOKING STATEMENTS

This MD&A may contain, without limitation, statements concerning possible or assumed future results preceded by, followed by or that include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements.

FTI Foodtech International Inc. is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors except as required by law. These cautionary statements expressly qualify all forward-looking statements in the MD&A.

This MD&A has been prepared based on information available as at July 26, 2010.

OVERALL PERFORMANCE

Management has been exploring other business opportunities for the Company, eventually, this leading to Enermine and Sedco, two mining companies based out of Vancouver with properties in Peru. Further discussions lead to a letter of intent (LOI) being signed. The outline of this proposed transaction is included below under "2009 Proposed Transaction". Throughout the 2010 fiscal year, management spent much of its time in preparation for this transaction. Once all the legal due diligence was completed, Byron Capital, Enermine and Sedco were unable to raise the required capital to proceed with the transaction. With the termination of the 2009 Proposed Transaction on May 27, 2010, management is exploring multiple opportunities for the Company, and will release details in a timely manner as they become available.

FINANCING

There were no new financing activities during the 2010 fiscal year.

SELECTED ANNUAL INFORMATION

The following table highlights selected financial information for the Company's past three years:

	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Revenue	\$173,477	\$146,312	\$284,736
Net Income (Loss)	(291,494)	(266,469)	(105,853)
Net Income (Loss) per Share - basic and diluted*	(0.023)	(0.026)	(0.015)
Total Assets	201,771	531,115	260,816
Long Term Debt	Nil	Nil	Nil
Cash Dividends Declared per Share	Nil	Nil	Nil

*The calculation of diluted earnings (loss) per share excludes options and warrants if they are anti-dilutive or if the average price of the Company's stock did not exceed the exercise prices subsequent to the grant dates.

RESULTS OF OPERATIONS

The revenue for this year over last year was up slightly. 2010 revenues were \$173,477 compared to \$146,312 in 2009, a increase of approximately 19%. This was as a result of management returning focus on operating the business in fiscal 2010, as compared to needing to focus on many of the details related to the 2008 private placement in fiscal 2009. The cost of product sales was down by approximately 36% in 2010 over last year. Gross margin increased from \$50,382 (34.4% of total revenue) in 2009 to \$111,872 (64.5% of total revenue) in 2009 due to selling more items through our traditional channels, rather than the lower margin, but higher volume, joint venture international liquidation. The loss per share for 2010 was \$0.023 compared to a loss of \$0.026 per share in 2009.

EXPENSES

The majority of the increase in general and administration for the entire year was made up of legal and filing fees associated with the proposed transaction. There was a write down of the barter receivable for \$29,009 (\$nil in 2009). There was a write down to the value of old inventory for \$34,412 (\$23,700 in 2009).

SUMMARY OF QUARTERLY RESULTS

The following information is provided for each of the 8 most recently completed quarters of the Company:

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jun 30 2008	Sep 30 2008	Dec 31 2008	Mar 31 2009	Jun 30 2009	Sep 30 2009	Dec 31 2009	Mar 31 2010
Total revenue	74,263	32,922	17,977	21,150	130,734	28,596	2,794	11,353
Net Income (Loss)								
- total	(35,067)	(92,654)	(62,467)	(76,101)	(35,335)	(35,913)	(59,941)	(160,305)
- per share undiluted	(0.005)	(0.005)	(0.005)	(0.011)	(0.003)	(0.003)	(0.005)	(0.013)
- per share diluted*	(0.005)	(0.005)	(0.005)	(0.011)	(0.003)	(0.003)	(0.005)	(0.013)

* The calculation of diluted earnings (loss) per share excludes options and warrants if they are anti-dilutive or if the average price of the Company's stock did not exceed the exercise prices subsequent to the grant dates.

FOURTH QUARTER

The fourth quarter revenue in 2010 was down to \$11,103 compared to \$21,150 in 2009. This was mainly due to management focusing on the proposed transaction with Enermine and Sedco.

The fourth quarter had a loss of \$76,101 in 2009 compared to a loss of \$83,016 in 2008. Approximately \$23,700 of the 2009 loss is attributed to expired or slow moving inventory that management decided to mark down at year end.

LIQUIDITY

At March 31, 2010 the Company had net working capital of approximately \$154,152, comprising \$29,070 cash; \$152,189 accounts receivable; \$9,307 advances to related company; \$85 inventories; and \$8,371 prepaid expenses and sundry receivables against accounts payable and accrued liabilities of \$44,830. This is compared to March 31, 2009 net working capital of approximately \$444,854, comprising \$62,367 cash; \$181,046 short-term investment; \$245,905 accounts receivable; \$5,828 advances to related company; \$28,868 inventories; and \$4,520 prepaid expenses and sundry receivables against accounts payable and accrued liabilities of \$82,680.

Included in accounts receivable are amounts receivable from barter exchanges in the amount of \$107,999 (2008 - \$107,243). These amounts can only be realized through the purchase of goods and services through these barter exchanges. Management is satisfied that a sufficient value of transactions will be completed through these barter exchanges to realize a large portion of the value of this balance in the 2011 fiscal year. There has been a \$29,009 (nil in 2009) write down in the value of the barter receivable to allow for potential unrealized value. It is anticipated that realization on barter receivable and sales of inventory in the next fiscal year will increase the cash position of the Company.

Cash flows from operating activities were negative \$203,970 in 2010 compared to negative \$255,549 in 2009. The additional use of cash was attributable to the loss for the year as well as increases in accounts receivable and accounts payable. For the year ended March 31, 2010, the Company's primary source of cash inflows was generated from sale of goods.

The Company does not have any long term debt. The Company has no financial commitments.

CONTRACTUAL OBLIGATIONS

The Company has a sub-lease for office space at 210 – 40 Wynford Drive, Toronto, Ontario, that is month to month, for which it pays \$16,200 per year (\$16,200 in 2009).

The Company has no other material contractual obligations, leases or commitments at March 31, 2010.

TRANSACTIONS WITH RELATED PARTIES

During the year, a corporation that owns a significant portion of the Company's capital stock provides premises and administrative services for a total consideration of \$68,040 (2009 \$68,040). During the year, directors of the Company received salaries of \$106,419 (\$99,282 in 2009) for services performed on behalf of the Company. These transactions were in normal course of operation and are measured at the exchange amount which is the amount of consideration agreed to by related parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Revenue from the sales goods is recognized at the time of shipment and transfer of title to the customer and collectability is reasonably assured. The Company does not provide for a right of return for these products. Trading fee revenue, comprising of a percentage of the value of each trade made between NABEL members, is recognized on a monthly basis upon receipt of trading reports from NABEL.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined principally on a first-in, first-out basis. The nature of the Company's business can result in significant quantities of goods being purchased for sale over a number of years. These goods are reflected at cost until management determines that a write down to net realizable value is required.

New accounting pronouncements

Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the CICA adopted Sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests which superseded current sections 1581, Business Combinations and 1600, Consolidated Financial Statements. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP and IFRS.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. The standard is effective for fiscal years beginning on or after October 1, 2008, and requires retroactive application to prior period financial statements. The Company is evaluating the impact of this new standard for adoption on April 1, 2009 and does not expect any significant impact on its financial statements.

Convergence with International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter ended June 30, 2011, will contain IFRS compliant information on a comparative basis, as well as reconciliations for that quarter and as at the April 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Please refer to the notes of the financial statements of the Company dated March 31, 2010 for further information on the Company's accounting policies and estimates.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them with respect to financial and operational conditions impacting disclosure with respect to the fiscal year ended March 31, 2010. The certifying officers have evaluated the effectiveness of the disclosure controls and procedures and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. The management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CAPITAL STRUCTURE

Outstanding share data:

The Company is authorized by its Articles to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at the date of this MD&A, there were 12,445,563 common shares issued and outstanding, which is the same as at March 31, 2010.

The Company was governed by the British Columbia Business Corporations Act (the "BCBCA"). At the Company's Annual General Meeting on August 20, 2008, the shareholders approved the continuance of the Company under the federal jurisdiction of the Canada Business Corporations Act (the "CBCA"). Along with the continuance, it was also approved that the company raise the maximum number of common shares from 15,000,000 to an unlimited number. This increase in the maximum number of common shares opens the door for more private placements.

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and approved by the TSX Venture in August 2008, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Company. The right to exercise an award of options typically vests at the grant date unless otherwise determined by the Board of Directors at the time of grant. Options must be exercised during a period established by the Company, but in any event, within five years of the grant. A maximum of 10% of the outstanding common shares may be reserved for issuance pursuant to outstanding options at any one time. Outstanding options at March 31, 2010 are as follows:

<u>Options Outstanding</u>	<u>Exercise Price per Share</u>	<u>Expiry Date</u>
90,000	\$0.10	September 8, 2010

The Company has not issued or retracted any shares or options between March 31, 2010 and the date of this MD&A.

On June 25, 2008, the Company completed a private placement for 5,000,000 units each at \$0.10 for gross proceeds of \$500,000. Each unit consists of one common share and one warrant entitling the holder to buy one common share at \$0.15. With the warrants, there is a potential of up to an additional \$750,000 if all warrants are exercised. This capital is intended for general use by the Company. In conjunction with this Offering, the agent has been granted the right to purchase 500,000 units for \$0.10 each. Each unit is exercisable for one common share and one warrant for one common share at \$0.15. All of the outstanding warrants have expired.

<u>Warrants</u>	<u>Exercise Price</u>	<u>Date Expired</u>
5,000,000	\$0.15	June 25, 2010
<u>Agent Options</u>	<u>Exercise Price</u>	<u>Date Expired</u>
500,000	\$0.10	December 25, 2009

FINANCIAL INSTRUMENTS

Under Canadian generally accepted accounting principles, all financial instruments must be classified into a defined category, namely, held-to-maturity, available for sale, loans and receivables, held-for-trading financial assets or financial liabilities and other financial liabilities.

The carrying values of the Company's financial instruments are classified into the following categories:

	2010	2009
Held for trading assets (liabilities) (a)	\$ 29,070	\$243,413
Loans and receivables (b)	161,496	250,733
Other financial liabilities (c)	44,830	82,680

(a) Cash, and bank indebtedness measured at fair value.

(b) Accounts receivable, and advances to related party measured at amortized cost using the effective interest rate method.

(c) Accounts payable and accrued liabilities measured at amortized cost.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair values of cash and cash equivalents, short term investment, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the amount due to related party is not determinable as there is no comparable market data.

Currency risk

The Company's functional currency is the Canadian dollar. The Company had a USD denominated cash account in the current year. The majority of the Company's purchases are transacted in Canadian dollars. The Company is therefore exposed to changes in currency in the cash account held, but not subject to any significant currency risks from operations.

Commodity Prices

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash equivalents, short term investment and accounts receivable.

The Company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote. The Company is exposed to credit risk with respect to its accounts receivable.

The carrying value of these instruments represents the Company's maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, available credit under existing banking arrangements and opportunities to issue additional Company shares.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

“2009 PROPOSED TRANSACTION” – TERMINATED May 27, 2010

On June 23, 2009, the Company was placed in a voluntary Halt Trade status due to the announcement of a Letter of Intent (the “LOI”) signed on June 16, 2009 with Enermine Resources Corporation (“Enermine”), of Vancouver, BC., and Sedco Mining Corporation (“Sedco”), of Vancouver, BC. This LOI is regarding the proposed Reverse Takeover of FTI by Enermine and Sedco (the “Acquisition”), as well as the financing of FTI.

In its current state, the Acquisition would have had FTI acquire all of the current issued and outstanding common shares of Enermine and Sedco in exchange for the issuance of approximately 77,600,000 FTI Common Shares with a deemed value of \$0.10 per share. FTI would have also acquired all of the issued and outstanding Enermine and Sedco Founders Warrants in exchange for 19,000,000 warrants of FTI with the same terms and conditions. The board of directors of FTI would have been revised to consist of a majority of directors made up of Enermine and Sedco nominees.

FTI was to have arranged a private placement of up to 10,000,000 Units (a “Unit”) at a price of \$0.10 per Unit for gross proceeds of up to \$1,000,000. A Unit would have consist of one common share and one-half of one share purchase warrant (the "FTI Warrants"), each whole share purchase warrant entitling the holder to acquire one FTI common share at a price of \$0.20 per share for a period of two years following the Closing Date.

On May 27, 2010, this proposed transaction has been terminated due to an inability on the part of Enermine and Sedco to raise the required capital.

OUTLOOK

With the termination of the 2009 Proposed Transaction, management is exploring multiple opportunities for the Company, and will release details in a timely manner as they become available.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Auditors' Report

To the Shareholders of
FTI Foodtech International Inc.

We have audited the balance sheets of FTI Foodtech International Inc. as at March 31, 2010 and 2009 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
July 14, 2010

FTI Foodtech International Inc.

Statements of operations, comprehensive loss and deficit years ended March 31,

(Expressed in Canadian dollars)

	2010	2009
	\$	\$
Revenue		
Product sales and other	173,477	146,312
Cost of product sales	61,605	95,930
	<u>111,872</u>	<u>50,382</u>
Expenses		
General and administrative (Note 9)	402,534	315,307
Amortization of equipment	832	1,544
	<u>403,366</u>	<u>316,851</u>
Net loss and comprehensive loss for the year	(291,494)	(266,469)
Deficit, beginning of year	(4,758,072)	(4,491,603)
Deficit, end of year	<u>(5,049,566)</u>	<u>(4,758,072)</u>
Net loss per share (Note 10)		
Basic and diluted	0.023	0.026
Weighted average number of shares outstanding - basic (Note 10)	12,445,563	10,194,878

FTI Foodtech International Inc.

Balance sheets

as at March 31,

(Expressed in Canadian dollars)

	2010	2009
	\$	\$
Assets		
Current		
Cash	29,070	62,367
Short-term investment	-	181,046
Accounts receivable (Note 4)	152,189	244,905
Advances to related company (Note 9)	9,307	5,828
Inventories (Note 5)	85	28,868
Prepaid expenses and sundry receivables	8,371	4,520
	199,022	527,534
Equipment (Note 6)	2,749	3,581
	201,771	531,115
Liabilities		
Current		
Accounts payable and accrued liabilities	44,830	82,680
Shareholders' equity		
Capital stock (Note 7)	4,972,849	4,972,849
Warrants (Note 7)	186,537	186,537
Contributed surplus (Note 7)	47,121	47,121
Deficit	(5,049,566)	(4,758,072)
	156,941	448,435
	201,771	531,115

Approved by the Board

_____ Director

_____ Director

FTI Foodtech International Inc.

Statements of cash flows

years ended March 31,

(Expressed in Canadian dollars)

	2010	2009
	\$	\$
Operating activities		
Net loss for the year	(291,494)	(266,469)
Item not affecting cash		
Write down of accounts receivable (Note 4)	29,009	-
Amortization of equipment	832	1,544
	(261,653)	(264,925)
Changes in non-cash operating items		
Accounts receivable	74,080	(27,406)
Inventories	28,783	2,625
Advances to related company	(3,479)	(5,828)
Prepaid expenses and sundry receivables	(3,851)	(4,092)
Accounts payable and accrued liabilities	(37,850)	44,577
	(203,970)	(255,049)
Investing activity		
Short-term investment	181,046	(181,046)
Financing activities		
Exercise of stock options	-	51,000
Private placement, net of share issuance costs	-	442,219
	-	493,219
Effect of exchange rate changes on cash held in foreign currency	(10,373)	6,271
(Decrease) increase in cash	(33,297)	63,395
Cash (bank indebtedness), beginning of year	62,367	(1,028)
Cash, end of year	29,070	62,367
Interest paid	-	2,315
Income taxes paid	-	6,694

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

1. Nature of operations

The primary business of FTI Foodtech International Inc. ("FTI" or "the Company") has been the resale of liquidation merchandise as well as owning the Toronto, Ontario franchise of the North American Barter Exchange Ltd. (NABEL) for which it receives membership and trading fees. As of March 31, 2010, the Company has ceased normal operations and exited the resale business.

2. Going concern

These financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

For the year ended March 31, 2010, the Company reported a loss of \$291,494 (2009 - \$266,469) and the deficit has grown to \$5,049,566. The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and to obtain additional financing (Note 13) prior to exhausting its working capital. FTI is concentrating all its efforts on a reverse take-over of its public company shell by an interested party. However, there is no assurance that this initiative will be successful and, as a result, there is substantial doubt regarding the going concern assumption.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

The Company had the following deficit and working capital as at the following dates:

	2010	2009
	\$	\$
Deficit	5,049,566	4,758,072
Working capital	154,192	444,854

3. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with GAAP and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including those related to provisions for doubtful accounts, inventory valuation and obsolescence, income taxes, revenue recognition and valuation of its equipment. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

Revenue recognition

The Company recognizes revenue as follows:

- a) Revenue from the sale of liquidation merchandise ("barter credits") is recognized at the time of shipment and transfer of title to the customer has occurred (primarily to wholesalers and retailers) and collectability is reasonably assured. There is no right of return for these products.
- b) Revenue from retail sales is recognized at the point of sale. The Company's policy is to offer exchanges of merchandise of similar value for goods returned in a timely manner by these customers.
- c) Revenue from the sales of "Ageless" packet oxygen absorbers is recognized at the time of shipment and transfer of title to the customer has occurred (primarily to food manufacturers) and collectability is reasonably assured. There is no right of return for these products.
- d) Trading fee revenue comprises a percentage of the value of each trade made between NABEL members and is recognized on a monthly basis upon receipt of trading reports from NABEL. Trading fee revenue historically has been negligible.
- e) Interest income is recognized in the statement of operations as it is earned.

Cash

Cash consist primarily of cash on hand, demand deposits with banks, money market accounts and other investments with original maturities of 90 days or less.

Short-term investment

Short-term investments consist of highly liquid investments having terms to maturity on acquisition of between three months and one year. Short-term investments are measured at fair value.

Equipment

Equipment assets are stated at cost. Amortization is charged to income over the estimated useful lives of the assets on the following bases:

Furniture and fixtures	20% declining balance
Computer software	45% declining balance
Computer hardware	45% declining balance

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to tax losses carried forward and differences between financial statement carrying amounts of assets and liabilities and their respective tax bases and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company recognizes a future income tax asset when it appears more likely than not that some or all of the future income tax assets will be realized.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

Financial instruments

The Company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Financial assets are to be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables. Financial liabilities should be classified as held-for-trading or as other liabilities.

The following is a summary of the designations the Company has elected to apply to each of its significant categories of financial instruments outstanding as of March 31, 2010:

Cash	Held for trading
Short-term investment	Held for trading
Accounts receivable	Loans and receivables
Advances to related company	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

This category is comprised of certain investments in equity and debt instruments. These investments are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Held-to-maturity

This category is comprised of non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity. These assets are measured in the balance sheet at amortized cost. Transaction costs related to instruments classified as held-to-maturity are expensed as incurred.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of services to customers (accounts receivable), but also incorporate other types of contractual monetary assets. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities

Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprise trade payables and other short-term monetary liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

Comprehensive income

Comprehensive income includes net income as well as certain gains and losses required to be recognized in comprehensive income, but excluded from net income. These gains and losses are recognized in other comprehensive income and include unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges. These unrealized gains and losses are reclassified from other comprehensive income to net income when realized.

The Company currently does not have any other comprehensive income. Should the Company recognize any other comprehensive income in the future, the cumulative changes in other comprehensive income would be recognized in Accumulated Other Comprehensive Income which would be presented as a new category within Shareholders' Equity on the Balance Sheet.

Stock-based compensation

The Company uses the fair value method of accounting for its stock-based compensation. Under this method, compensation expense for stock options granted to employees and directors are measured at the fair value at the grant date using the Black-Scholes options pricing model and are recognized as an expense over the vesting period of the options granted with an offset to Contributed Surplus. When options are exercised, Capital Stock is increased by the proceeds received by the Company together with the related portion previously added to Contributed Surplus when compensation costs were charged to income.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined principally on a first-in, first-out basis. The nature of the Company's business can result in significant quantities of goods being purchased for sale over a number of years. These goods are reflected at cost until management determines that a write-down to net realizable value is required. Previous inventory write-downs are reversed if economic circumstances changes.

Changes in accounting policies

Goodwill and intangible assets

Effective April 1, 2009, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. The standard was applied retroactively to prior period financial statements and did not have any significant impact on the Company's financial statements.

Financial Instruments - Disclosures

In June 2009, the CICA amended *Section 3862, Financial Instruments – Disclosures*, to include additional disclosure requirements about fair market value measurements for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. This new standard became effective for the Company on March 31, 2010 and did not have any significant impact on the Company's financial statements.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

Changes in accounting policies (continued)

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued the Emerging Issues Committee (EIC) Abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. Upon adoption, there was no impact on the Company's financial statements.

Recent Canadian accounting pronouncements issued and not yet adopted

Convergence with International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter ended June 30, 2011, will contain IFRS compliant information on a comparative basis, as well as reconciliations for that quarter and as at the April 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

A detailed assessment of the impact of adopting IFRS on the Company's financial statements, accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, and the various covenants and capital requirements and business activities has not been completed. The impact on such elements will depend on the particular circumstances prevailing at the adoption date and the IFRS accounting policy choices made by the Company. The Company has not completed its quantification of the effects of adopting IFRS. The financial performance and financial position as disclosed in the Company's GAAP financial statements may be significantly different when presented in accordance with IFRS.

Business combinations/consolidated financial statements/non-controlling interests

In January 2009, the CICA issued Sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which superseded current sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these Sections before January 1, 2011, it is required to disclose that fact and apply each of the new Sections concurrently. These new sections were created to converge Canadian GAAP and IFRS.

4. Accounts receivable

Included in accounts receivable are amounts receivable from barter exchanges in the amount of \$144,256 (2009 - \$107,243) which is reflected net of a provision of \$29,009 (2009 - \$Nil) on NABEL barter credits. These amounts can only be realized through the purchase of goods and services through these barter exchanges. Management is satisfied that a sufficient value of transactions will be completed through the barter exchanges to realize the value of this balance in the 2010 fiscal year.

5. Inventories

The amount of inventory recognized as an expense and included in cost of product sales in 2010 was \$61,605 (2009- \$95,930).

The amount of write-down related to inventories for the year ended March 31, 2010 was \$31,416 (2009 - \$23,743) and has been recorded in general and administrative expenses.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

6. Equipment

			2010	2009
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Furniture and fixtures	29,525	27,574	1,951	2,439
Computer software	9,554	9,383	171	243
Computer hardware	15,950	15,323	627	899
	55,029	52,280	2,749	3,581

7. Capital stock

(a) Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

Each common share is entitled to one vote at meetings of the Company's shareholders and shall be entitled to receive dividends on a share for share basis if, as and when declared by the board of directors, provided that all dividends payable on each series of preferred shares then issued and outstanding shall have been declared and paid or set apart for payment.

The directors of the Company may, by resolution fix before issuance, the designation, rights, privileges, restrictions and conditions attached to the preferred shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the preferred shares of such series.

The preferred shares shall be entitled to preference over the common shares of the Company and any other shares of the Company ranking junior to the preferred shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and may also be given such other preferences over the common shares of the Company and any other shares of the Company ranking junior to the preferred shares as may be fixed by the resolution of the directors of the Company as to the respective series authorized to be issued. There have been no preferred shares issued.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

7. Capital stock (continued)

(a) Authorized (continued)

Issued - common shares

During the fiscal years ended March 31, 2010 and 2009, the Company had the following capital transactions:

	No. of Shares	Capital stock	Contributed surplus
	#	\$	\$
Balance as at March 31, 2008	6,935,563	4,687,288	26,000
Private placement net of share issue costs (Note 7(a)(i))	5,000,000	215,881	39,801
Exercise of options (Note 7(a)(ii))	510,000	51,000	-
Upon exercise of stock options (Note 7(a)(ii))	-	18,680	(18,680)
Balance as at March 31, 2009 and 2010	12,445,563	4,972,849	47,121

- i. On June 25, 2008, the Company closed a private placement of 5,000,000 equity units ("Units") at a price of \$0.10 per Unit resulting in gross proceeds of \$500,000. Each Unit consisted of one common share of the Corporation (the "Common Shares") and one common share purchase warrant (the "Warrants"), with each Warrant entitling the holder to purchase one Common Share at a price of \$0.15 per share for a period of 24 months following the closing date of the Offering (the "Closing Date"). In addition, the agent in connection with the Offering was paid a commission of 8% of the gross proceeds of the offering and was granted agent's options (the "Agent's Options") to purchase 500,000 Units at a price of \$0.10 per Unit for a period of 18 months from the Closing Date, with each Warrant entitling the holder to purchase one Common Share at a price of \$0.15 per share for a period of 24 months following the Closing Date. The net cash proceeds of the financing were \$442,219. Of the total proceeds, the fair market value of the 5,000,000 warrants was determined to be \$186,537 or \$0.037 per warrant, using the following assumptions: an expected warrant life of 2 years; an expected stock price volatility of 115%; a risk free interest rate of 3.27%; and an expected dividend yield of zero. The fair market value of the agent's options was determined to be \$39,801 using the same assumptions as above with the exception that the expected life of the option was 1.5 years and the expected stock price volatility was 139%.
- ii. On August 29, 2008, the Company issued 510,000 common shares upon the exercise of options at \$0.10 per unit.

(b) Stock options

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and approved by the TSX Venture in September 2005, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Company. The right to exercise an award of options typically vests at the grant date unless otherwise determined by the Board of Directors at the time of grant. Options must be exercised during a period established by the Company, but in any event, within five years of the grant. A maximum of 670,000 common shares may be reserved for issuance pursuant to outstanding options at any one time.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

7. Capital stock (continued)

(b) Stock options (continued)

The following table presents information concerning stock options granted by the Company:

	Number of options	Weighted average exercise price per share \$
Balance outstanding -		
March 31, 2008	650,000	0.10
Exercised during the year	(510,000)	0.10
Forfeited during the year	(50,000)	0.10
Balance outstanding, March 31, 2009	90,000	0.10
Exercised during the year	-	-
Forfeited during the year	-	-
Balance outstanding, March 31, 2010	90,000	0.10

The following table summarizes information about the Company's outstanding stock options at March 31, 2010.

Exercise price \$	Number outstanding	Expiry date	Exercise price \$	Number exercisable
0.10	90,000	September 8, 2010	0.10	90,000

(c) Warrants

On June 25, 2008, 5,000,000 share purchase warrants were issued to private investors, each exercisable for one common share at a price of \$0.15 per share until June 25, 2010.

	Number	Value \$
Balance outstanding, March 31, 2008	-	-
Issued		
Pursuant to June 25, 2008 private placement equity financing	5,000,000	186,537
Balance outstanding, March 31, 2009 and 2010	5,000,000	186,537

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

8. Income taxes

The Company did not record a provision or benefit for income taxes for the years ended March 31, 2010 and 2009 due to the availability of net operating loss carry forwards and the uncertainty of their future realization.

	2010	2009
	\$	\$
Loss for the year before taxes	(291,494)	(266,469)
Statutory tax rate	30.75%	31.00%
Expected income taxes recoverable	(89,634)	(82,605)
Permanent difference	(4,652)	(3,582)
Valuation allowance	94,286	86,187
Net provision for income taxes	-	-

The tax effects of temporary differences and tax losses that would give rise to significant portions of the future income tax assets and future income tax liabilities at March 31, 2010 and 2009 are as follows:

	2010	2009
	\$	\$
Non-capital losses carry forward	328,985	281,256
Capital losses carry forward	647,945	678,018
Cumulative eligible capital expenses	98,028	107,757
Share issue expenses	12,920	14,330
Temporary timing differences - equipment	1,173	1,534
	1,089,051	1,082,895
Less valuation allowance	(1,089,051)	(1,082,895)
Net future income tax asset	-	-

At March 31, 2010, the Company had cumulative non-capital loss carry-forwards of approximately \$1,110,000 which expire in various years through 2030 as follows:

	\$
2014	139,000
2015	46,000
2026	177,000
2028	134,000
2029	282,000
2030	332,000
	1,110,000

Capital losses of \$2,187,156 may be carried forward indefinitely, however, certain restrictions apply as to the type of taxable income against which these amounts may be applied. As the Company has not demonstrated that it is likely to benefit from these carry forwards in the foreseeable future, no future tax asset has been reflected in these financial statements.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

9. Related party transactions

During the year, a corporation that owns a significant portion of the Company's capital stock provided premises and administrative services for total consideration of \$68,040 (2009 - \$68,040). At March 31, 2010, this corporation owed the Company \$9,307 (2009- \$5,828), which is unsecured, non-interest bearing and due on demand and has been included in accounts receivable.

During the year, directors of the Company received salaries of \$105,499 (2009 - \$99,282) for services performed on behalf of the Company.

During the year, the directors of the Company purchased merchandise from the Company for \$30,051 in NABEL credits.

The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the directors of the Company also exchanged \$95,000 NABEL barter credits for \$95,000 Trade Business Barter Exchange ("TBE") barter credits with FTI.

During the year, a corporation that owns a significant portion of the Company's capital stock purchased all the remaining inventory of the Company as at March 31, 2010 for \$20,000 NABEL credits.

These transactions were not in the normal course of operations and have been measured at the carrying amount, which is the amount of the item transferred as recorded in the accounts of the Company.

10. Earnings (loss) per share

Earnings (loss) per share is determined by dividing the net income (loss) for the year by the weighted average number of shares outstanding during the year. The weighted average number of common shares outstanding at March 31, 2010 amounted to 12,445,563 (Note 7(a)) (10,194,878 in 2009). The calculation of diluted loss per common share excludes all options and warrants for all periods as they were anti-dilutive.

The following table presents the maximum number of shares that would be outstanding if all dilutive instruments were exercised or converted as at March 31,

	2010	2009
	\$	\$
Weighted average common shares issued and outstanding - basic	12,445,563	10,194,878
Warrants outstanding (Note 7(c))	5,000,000	5,000,000
Stock options outstanding (Note 7(b))	90,000	90,000
	<u>17,535,563</u>	<u>15,284,878</u>

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

11. Financial risk and market management

The Company is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risk relating to commodity prices, interest rates and foreign exchange rates.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the amount due to related company is not determinable as there is no comparable market data.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. At March 31, 2010, the Company did not have any interest bearing financial assets or liabilities.

Currency risk

The Company's functional currency is the Canadian dollar. The Company had a USD denominated cash account in the current year. The majority of the Company's purchases are transacted in Canadian dollars. There were no trade accounts receivable or accounts payable denominated in a foreign currency at year end. The Company is therefore exposed to changes in currency in the cash account held, but not subject to any significant currency risks from operations.

Commodity prices

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable.

The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The Company is exposed to credit risk with respect to its accounts receivable.

The carrying value of these instruments represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, available credit under existing banking arrangements and opportunities to issue additional Company shares.

FTI Foodtech International Inc.

Notes to the financial statements

March 31, 2010

(Expressed in Canadian dollars)

12. Capital management

The Company's structure is comprised of shareholder's equity and working capital. The Company's objectives when managing its capital is to maintain a conservative capital structure which will allow the Company to ensure that it has sufficient cash resources to fund ongoing operations and provide financial flexibility to execute on strategic opportunities. The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, issue new shares or issue new debt. There were no changes to the Company's approach to capital management during the period and the Company is not subject to externally imposed capital requirements and do not have exposure to asset-backed commercial paper or similar products.

13. Subsequent event

Proposed reverse takeover terminated

On May 27, 2010, the Company announced that the proposed reverse takeover ("RTO") of FTI by Enermine and Sedco had been terminated due to the inability of Enermine Resources Corporation ("Enermine") and Sedco Mining Corporation ("Sedco") to arrange financing. In conjunction with the RTO falling through, the voluntary halt trade status was lifted.

On June 23, 2009, the Company was placed in a voluntary halt trade status due to the announcement of a Letter of Intent (the "LOI") signed on June 16, 2009 with Enermine, of Vancouver, BC., and Sedco, of Vancouver, BC. This LOI was regarding the proposed RTO of FTI by Enermine and Sedco (the "Acquisition"), as well as the financing of FTI.

The Acquisition would have had FTI acquire all of the current issued and outstanding common shares of Enermine and Sedco in exchange for the issuance of approximately 77,600,000 FTI common shares with a deemed value of \$0.10 per share. FTI would have acquired all of the issued and outstanding Enermine and Sedco Founders Warrants in exchange for 19,000,000 warrants of FTI with the same terms and conditions. The board of directors of FTI would have been revised to consist of a majority of directors made up of Enermine and Sedco nominees.

FTI would have arranged a private placement of up to 10,000,000 Units at a price of \$0.10 per Unit for gross proceeds of up to \$1,000,000. A Unit would have consisted of one common share and one-half of one share purchase warrant, each whole share purchase warrant entitling the holder to acquire one FTI common share at a price of \$0.20 per share for a period of two years following the Closing Date.

Proposed private placement

On June 25, 2010, the Company announced that it will enter into non-brokered private placement financing agreements with certain investors, including officers and directors of the Company, whereby the subscribers have agreed to purchase up to five million units of the Company (the "units") at the price of \$0.10 per unit for total proceeds to the Company of \$500,000. Each unit shall consist of one common share of the company and one common share purchase warrant (the "warrants"). Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.15 per share for a period of 24 months following the closing date.

The proceeds will be used for exploring other ventures and opportunities and for the continuing administration expenses of the Company. A finder's fee, in accordance with the policies of the TSX Venture, may be payable in cash and/or securities of FTI Foodtech International Inc. with respect to the private placement.

The completion of the Offering is subject to the approval of TSX Venture and the receipt of all other necessary regulatory approval.

DIRECTORS

William A. Hullah, M.Sc.
Toronto, Ontario
President and Principal Owner of
Cardinal Biologicals Ltd.
And President of the Company

Gary R. Hullah
Toronto, Ontario
Vice-President and CFO
Businessman

Dr. Linda Lakats
Toronto, Ontario
Professor, York University

Jim Adams
Toronto, Ontario
Businessman

JoAnne Strongman
Vancouver, B.C.
Businesswoman

Boris I. Ziger, MBA
Toronto, Ontario
Businessman

TRANSFER AGENT AND REGISTRAR

Computershare
510 Burrard Street
Vancouver, B.C., Canada
V6C 3B9

INFORMATION

Copies of the annual report, quarterly reports and other information can be obtained by writing to:

Shareholder Relations
FTI Foodtech International Inc.
202 – 40 Wynford Drive
Don Mills, Ontario, Canada
M3C 1J5

OFFICERS

William A. Hullah, M.Sc.
President and CEO

Gary R. Hullah
Vice-President and CFO

William E. Bateman, Q.C.
Corporate Secretary
Kavanaugh & Bateman

HEAD OFFICE

202 – 40 Wynford Drive
Don Mills, Ontario, Canada
M3C 1J5

Tel: (416) 444-1058
Fax: (416) 444-9524
Email: info@fti-foodtech.com
Website: www.fti-foodtech.com

SHARES LISTED

TSX Venture
Symbol: FTI

CAPITALIZATION

Authorized –
Unlimited common shares
Issued and Outstanding –
12,445,878 shares

Information on trading FTI Foodtech International Inc. shares appears in major newspapers.

Website: www.fti-foodtech.com

Printed in Canada.