

PENNY STOCK RISK DISCLOSURE

CUSTOMER IMPORTANT INFORMATION

This disclosure contains additional important information regarding the characteristics and risk associated with trading penny stocks.

WHAT IS A PENNY STOCK

Generally, Penny stocks are low-priced shares of small companies that are not traded on an exchange or quoted on NASDAQ (the NASD's automated quotation system for actively traded stocks). In the majority of cases, these stocks are issued by a company that has less than \$5 million in net tangible assets and has been in business less than three years, by a company that has under \$2 million in net tangible assets and has been in business for at least three years, or by a company that has revenues of \$6 million for 3 years.

These stocks may be listed on the OTC Bulletin Board or Pink Sheets, and are historically more volatile and less liquid than other equities. This could be generally a security that is priced under five dollars.

Due to their lack of liquidity, wide bid-ask spreads or price quotes, and small company sizes, penny stocks are generally considered highly speculative.

RISK ASSOCIATED

There are a number of risks of trading penny stocks, including the following:

You can lose ALL or much of your investment trading penny stocks. All investments involve risks, but penny stocks are among the riskiest and are generally not appropriate for investors with low risk tolerance. Many penny stock companies are new and do not have a proven track record. Some penny stock companies have no assets, operations or revenues. Others have products and services that are still in development or have yet to be tested in the market. Penny stock companies therefore have a greater risk of failure and those who invest in penny stock have a greater risk that they may lose some or all of their investment.

Fraudulent Practices. As it was firstly informed you should be wary of companies that have no operating history, few assets, or no defined business purpose. These maybe sham or "shell" corporations. Read the prospectus for the company carefully before you invest. Some dealers fraudulently solicit investors' money to buy stock in sham companies, artificially inflate the stock prices, then cash in their profits before public investors can sell their stock. Ask the Financial Industry Regulatory Authority (FINRA) or your state securities regulator, member of the North American Securities Administrators Associations, Inc. (NASAA), about the licensing and disciplinary record of the brokerage firm and the salesperson contacting you. The telephone numbers of the FINRA and NASAA are listed on the first page of this document.

Understand the Risky nature of these stocks. Penny stocks are generally not appropriate for investors with low risk tolerance. A huge range of companies are new and/or do not have a properly track record. Others have products and services that are in development or not tested yet. This companies have a greater risk of failure and those who invest in penny stocks have a greater risk that they may lose some or all of their investment.

Lack of Publicly Information. When considering penny stocks for potential investments, it is important to have enough information to make an informed decision. In contrast to Most large, publicly-traded companies, information on corporate performance can be very difficult to find or the information that is available about them may not come from credible sources, making them more likely to fall on a fraud scheme. Moreover, companies listed on the pink sheets are not required to file with the SEC. As such these businesses do not receive the same public scrutiny or regulation as the stocks represented on the NYSE, NASDAQ and other markets.

No Minimum Listing Standards. Stocks on the OTCBB and pink sheets do not have the obligation to fulfill minimum standard requirements to remain available for sale through OTC exchanges. When a company is not subject to higher standards, investing in that company becomes much riskier that is the reason minimum standards can act as a safety cushion for some investors.

Lower Liquidity Risk. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more demand there is for a particular security, the greater the liquidity for that security. Greater liquidity makes it easier for investors to buy or

sell securities so investors are more likely to receive a competitive price for securities purchased or sold if the security is more liquid. Penny stocks are often traded infrequently and have lower liquidity. You may therefore have difficulty selling penny stocks once you own them. Moreover, because it may be difficult to find quotations for certain penny stocks, they may be difficult, or even impossible, to accurately price.

Higher Volatility Risk. Volatility refers to changes in price that securities undergo when they are being traded. Penny stocks often represent growing companies with limited cash and resources. Hence, penny stocks are most suitable for investors who have a high-risk tolerance. Due to this condition, they are subject to greater volatility and price swings, although they can have explosive gain.

Penny Stocks and Scams. Penny stock scams usually have one thing in common; they are designed to trick you into buying stocks that aren't worth the virtual paper they are printed on. You should be wary of advertisements, unsolicited e-mails, newsletters, blogs or other promotional reports that emphasize the potential for large profits in penny stocks generally or certain penny stocks.

CUSTOMER REMINDERS

Customers are therefore strongly encouraged to do their own due diligence with respect to any penny stock company they invest in and to not rely on any outside promotional reports or newsletter.

Remember that your salesperson is not an impartial advisor. Do not rely only on the salesperson, but seek outside advice before you buy any stock. You can get the disciplinary history of a salesperson or firm from FINRA at 1-800-289-9999 or contact FINRA via the Internet at www.finra.org. You can also get additional information from your state securities official. The North American Securities Administrators Association, Inc. can give you contact information for your state. You can reach NASAA at (202) 737-0900 or via the Internet at www.nasaa.org.

Further information concerning penny stocks and the risks involved in trading them is available on the SEC's website at:

<http://www.sec.gov/investor/pubs/microcapstock.htm>

FURTHER INFORMATION

THE SECURITIES BEING SOLD TO YOU HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. MOREOVER, THE SECURITIES AND EXCHANGE COMMISSION HAS NOT PASSED UPON THE FAIRNESS OR THE MERITS OF THIS TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN ANY PROSPECTUS OR ANY OTHER INFORMATION PROVIDED BY AN ISSUER OR A BROKER OR DEALER.