

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-KSB

(Mark One)

☒ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended **December 31, 2006**.

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 (*No fee required*) for the transition period from _____ to _____

Commission file number: **000-49838**

OUVO, INC.

(Name of Small Business Issuer in Its Charter)

DELAWARE

(State of Incorporation or Organization)

94-3381088

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

325-3495 Cambie Street, Vancouver, British Columbia V5Z 4R3

(Address of Principal Executive Offices) (Zip Code)

(604) 725-4160

(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(g) of the Exchange Act:

<u>Title of Each Class</u>	<u>Name of each Exchange on Which Registered</u>
Common Stock (\$0.0001 Par Value)	None

Check 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 ☒

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and if no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [☒]

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

The registrant's net sales for the year ended December 31, 2006, were \$0.

The aggregate value of the registrant's common stock, \$0.0001 par value (the only class of voting stock), held by non-affiliates is \$100,000 based on the price at which the common stock was sold in October of 2006.

At March 13, 2007, the number of shares outstanding of the registrant's common stock, \$0.0001 par value (the only class of voting stock), was 8,250,000.

TABLE OF CONTENTS

PART I

	Page
Item 1. Description of Business	3
Item 2. Description of Property	11
Item 3. Legal Proceedings	11
Item 4. Submission of Matters to a Vote of Security-Holders	11

PART II

Item 5. Market for Common Equity and Related Stockholder Matters	12
Item 6. Management's Plan of Operation	13
Item 7. Financial Statements	18
Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	19
Item 8A Controls and Procedures	20
Item 8B Other Information	20

PART III

Item 9. Directors and Executive Officer	20
Item 10. Executive Compensation	22
Item 11. Security Ownership of Certain Beneficial Owners and Management	23
Item 12. Certain Relationships and Related Transactions	23
Item 13. Exhibits	23
Item 14. Principal Accountant Fees and Services	23
Signatures	25

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Corporate History

As used herein, the terms “Corporation,” “we,” “our,” and “us” refer to Ouvo, Inc., unless the context indicates otherwise.

The Corporation was incorporated in the State of Delaware on November 16, 2000, for the purpose of developing a web-based reservation system. Efforts to implement our business plan were hampered by insufficient working capital which caused us to abandon software development. On June 25, 2004, the Corporation entered into an agreement with Gateway Entertainment Group, Inc., to develop a gaming lifestyle media business offering gambling, entertainment, news and information. Despite early efforts we decided to discontinue gaming operations in early 2005.

On August 10, 2006, the Corporation entered into a Property Purchase Agreement (the “Agreement”) with Madman Mining Co. Ltd. and Lloyd C. Brewer, its president (together “Madman Mining”). Pursuant to the Agreement, the Corporation agreed to purchase a 100% interest in the Claim from Madman Mining. An agreed purchase price of \$8,000 was paid at closing on September 8, 2006, at which time Madman Mining transferred the Claim to the Corporation in the form of a “quit-claim deed.”

Mineral Exploration

The Claim, Location and Access

The Claim is located approximately 180 miles east of Vancouver (See Figures 1 and 2). It is comprised of a 6-cell mineral claim with the total surface area of approximately 314.6 acres. The Claim is best accessed via Beaverdell, heading six miles northeast to a secondary logging road which runs through the western sections of the Claim. A network of secondary gravel roads and trails branch off from the logging road and provide good access to most other parts of the property.

Physiography, Vegetation and Climate

The Claim is located within the Monashee Mountains of the Southern Interior Physiographic Region and straddles the St. John Ridge. The lower elevation of the Claim is 3,500 feet and is located in the southwest within the eastern side of the St. John Creek drainage. The highest elevation of the Claim is 4,400 feet and is located at the northeast corner of the Claim on the St. John Ridge.

Slopes within the Claim are moderate to steep throughout the property. Vegetation consists mainly of fir, larch and pine, much of it mature second growth. Some of the area has been recently logged or burned over. There is relatively little underbrush, and there are sections of open grassy lands. Soil cover is extensive, with the soil cover being 4-5 feet thick in the St. John Creek drainage and generally less than one-foot deep at higher elevations. Rock exposures make up about 15-20% of the Claim’s surface area.

A snow pack of approximately 3-5 feet begins to accumulate on the Claim in November and lingers in places into May. The recommended field season for initial phases of exploration is from early May to late November. Drilling and underground development can be carried out on a year-round basis with the aid of a bulldozer to keep access roads snow-free. Ample water is available from St. John Creek and Beaverdell Creek to support all phases of exploration and development.

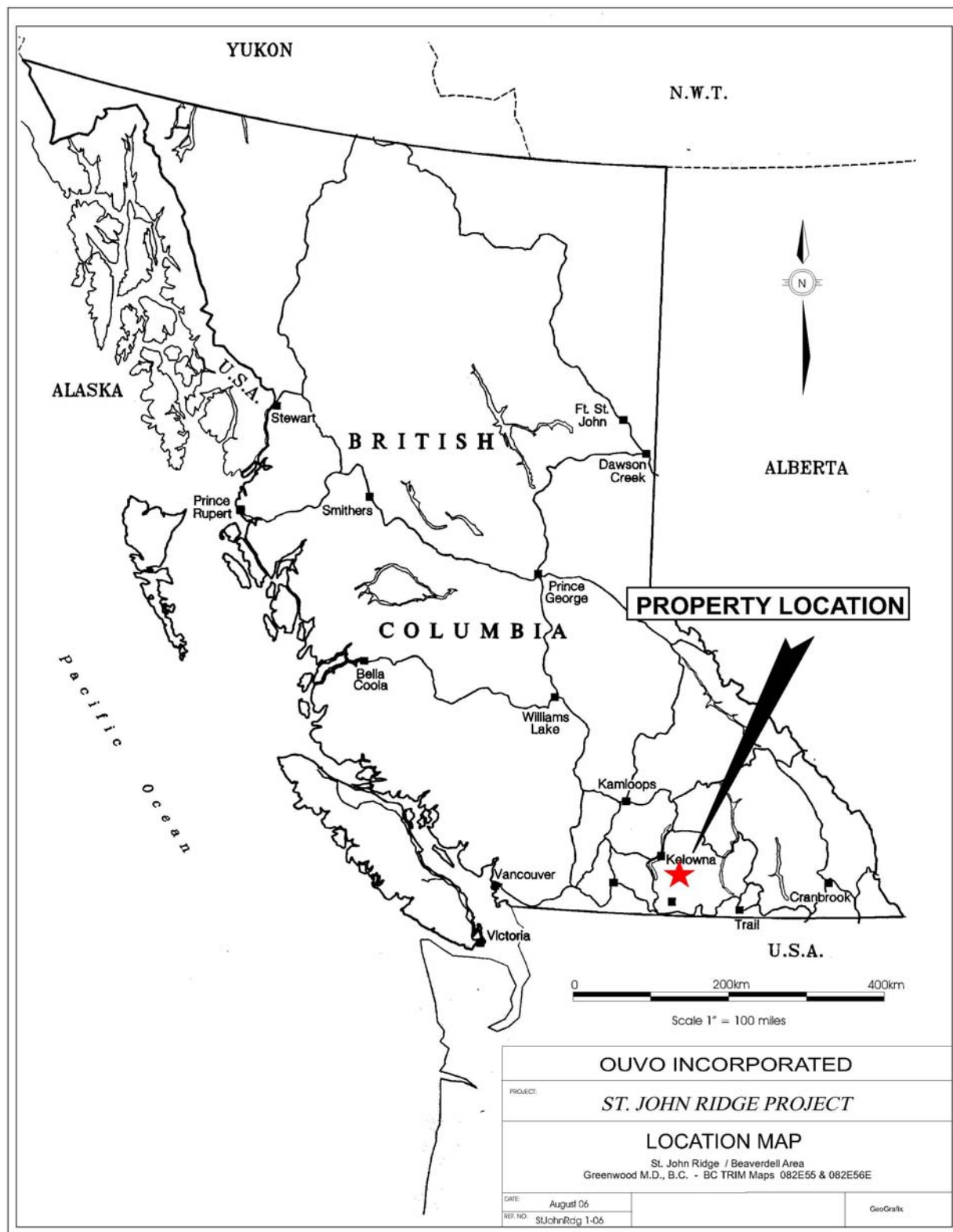
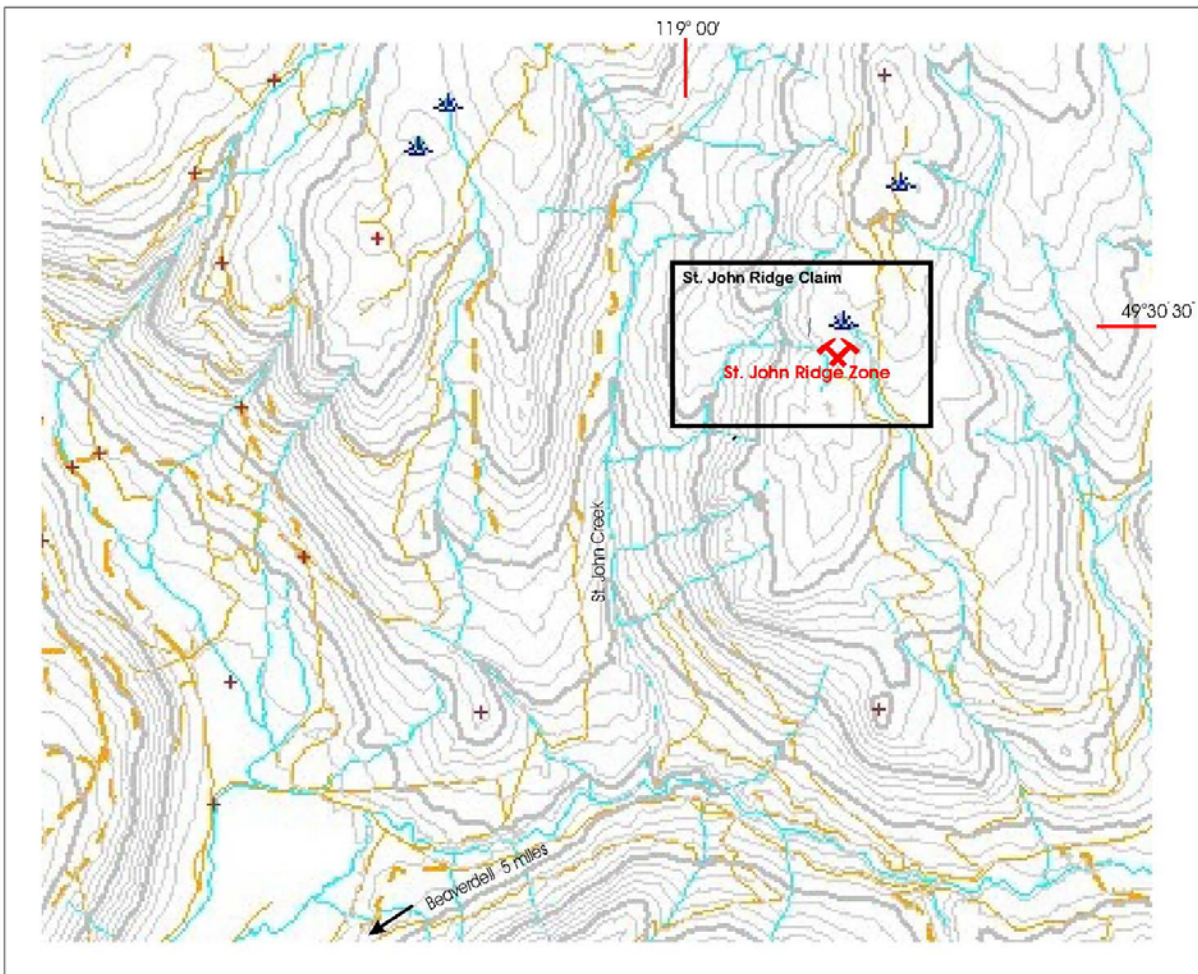
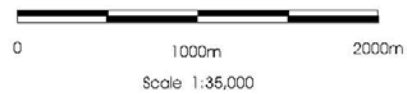


Figure 1



-  Claim Border
-  Contour Interval = 100 ft
-  Contour Interval = 500 ft
-  Roads
-  Rivers & Creeks
-  Mineral Showings



OUVO INCORPORATED		
PROJECT: <i>ST. JOHN RIDGE PROJECT</i>		
CLAIM & TOPOGRAPHY MAP		
St. John Ridge / Beaverdell Area Greenwood M.D., B.C. - BC TRIM Maps 082E55 & 082E56		
DATE: August 06	DRAWING NO. FIGURE 2	
REF. NO. SJohnRdg 06-02		

Figure 2

History

Historic records indicate that placer gold was mined in the late 1880's from a creek originating within the northwest area of the Claim. Exploration within the Claim itself dates back to 1901 when prospecting and trenching was carried out on the St. John Ridge area of the Claim. A public record of exploration activity on the Claim was documented when exploration programs conducted in the 1970's and 1980's produced numerous trenches and pits.

- In 1970 DeKalb Mining Corporation completed a soil geochemical survey over a portion of the northeastern area of the Claim.
- In 1971 Husky Oil Ltd. carried out ground magnetic and soil geochemical surveys within the northern area of the Claim.
- In 1984 Talisman Silver Mines Inc. completed an exploration program consisting of the emplacement of a small control grid and the collection and analysis of 320 soil geochemical samples within the Claim.

Geology and Mineralization

The Claim is within the Omineca Crystalline Belt; a NW trending belt dominated by plutonic and high-grade metamorphic rocks.

The Claim encompasses a documented mineral showings listed in the BC Government mineral inventory data base "MINFILE" as well as an additional gold/silver in soil-geochemical sample anomaly. The MINFILE showing is located in the central area of the Claim. The showing consists of a 6.5 to 10 foot wide quartz vein developed by 5 trenches and 4 shallow shafts. A rock sample from a trench that exposed the vein returned 0.26 oz/ton gold (Au) and 2.97 oz/ton silver (Ag).

Geochemical soil sample surveys carried out over the area in 1970 and 1984 located two anomalous zones that have an approximate 180° strike. One of the anomalous zones correlates directly with the known strike/surface trace of the vein. The second anomalous zone is a coincident gold, silver, lead, zinc and copper in soil anomaly located approximately 125 feet to the west of, and running parallel to, the known mineralized vein.

Competition

The exploration and mining industry is highly fragmented. We are competing with many other exploration companies looking for minerals, and are a markedly small participant in the mineral exploration business. While we generally compete with other exploration companies, there is no competition for the exploration or removal of minerals from the Claim.

Marketability

Readily available mineral markets exist in Canada and around the world for the sale of minerals. Therefore, we will likely be able to sell any valuable minerals that we may ultimately recover from the Claim.

Patents, Trademarks, Licenses, Franchises, Concessions,

Royalty Agreements and Labor Contracts

The Corporation currently has no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts.

Governmental and Environmental Regulation

We will be required to comply with all regulations, rules and directives of governmental authorities and agencies applicable to the exploration of minerals in Canada, generally, and in the province of British Columbia, specifically. Under these laws, prior to production, we have the right to explore the Claim, subject only to a notice of work which may entail posting a bond if we significantly disturb the Claim's surface. This would first occur during the drilling phase of exploration.

In addition, production of minerals in the province of British Columbia requires prior approval of applicable governmental regulatory agencies. We can provide no assurance that such approvals will be obtained. The cost and delay involved in attempting to obtain such approvals cannot be known at this time.

We will have to sustain the cost of reclamation and environmental mediation for all exploration and development work undertaken. The amount of these costs is not known at this time as we do not know the extent of the exploration program that will be undertaken beyond completion of the currently planned work programs. Since there is presently no information on the size, tenor, or quality of any resource or reserve at this time, it is impossible to assess the impact of any capital expenditures on earnings or our competitive position in the event a potentially economic deposit is discovered.

Should we enter into production, the cost of complying with permit and regulatory environment laws will be greater than in the exploration phases as the impact on the project area is greater. Permits and regulations will control all aspects of any production program if the project continues to that stage because of the potential impact on the environment. Examples of regulatory requirements include:

- Water discharge will have to meet water standards;
- Dust generation will have to be minimal or otherwise re-mediated;
- Dumping of material on the surface will have to be re-contoured and re-vegetated;
- An assessment of all material to be left on the surface will need to be environmentally benign;
- Ground water will have to be monitored for any potential contaminants;
- The socio-economic impact of the project will have to be evaluated and if deemed negative, will have to be re-mediated; and
- An impact report of the work on the local fauna and flora will have to be provided.

During the initial phases of exploration, there will be no significant costs of compliance with government regulations.

Exploration

The Corporation has been involved in exploration activities and has realized exploration costs in connection with the Claim. We expect to realize additional exploration expenditures as we continue to investigate the Claim.

Risk Factors

Since our future operating results are highly uncertain you should carefully consider the risks described below, in addition to the other information contained in this current report. If any of these risks actually impact the Corporation, our business, financial condition or results of operations could be seriously harmed and you could lose all or part of any investment in our business.

We have a history of significant operating losses and such losses may continue in the future.

Since 2000, our expenses have substantially exceeded our income, resulting in continuing losses and an accumulated deficit of \$546,168 at December 31, 2006. We may continue to incur operating losses as we satisfy ongoing regulatory disclosure requirements, operate our business, and explore our Claim. The Corporation's only expectation of future profitability is dependent upon its ability to produce revenue from the Claim. Should the Corporation be unable to produce revenue from the Claim it may never be profitable.

We need to continue as a going concern if our business is to succeed.

Our independent accountant's report on our audited financial statements for the period ended December 31, 2006, indicates that there are a number of factors that raise substantial doubt as to our ability to continue as a going concern. Such factors identified in the report include our accumulated deficit, our failure to attain profitable operations, and our dependence upon obtaining adequate financing to satisfy liabilities. If we are not able to continue as a going concern, it is likely that the Corporation's shareholders will lose their investments.

We will continue to incur losses into the foreseeable future.

Prior to completion of our exploration program, we anticipate that we will incur increased operating expenses without realizing any revenues. Therefore, we expect to continue to incur losses into the foreseeable future. We recognize that if we are ultimately unable to generate significant revenues from the development and production of precious minerals from the Claim, we will not be able to continue operations.

If we do not obtain additional financing, our business will fail.

Our current operating funds may not be sufficient to complete the exploration of the Claim, and therefore we may need to obtain additional financing in order to complete our business plan. As at December 31, 2006, we had cash in the amount of \$52,561.

Our business plan calls for significant expenses in connection with the exploration of the Claim. Although we have sufficient funds to conduct the first phase of our exploration of the Claim, we may require additional financing to complete the second phase of exploration. Further, we will continue to need to raise additional capital to fund operations until such time as we realize sufficient revenues to meet our expenditures. Capital realized would be used for exploration expenses and general and administrative expenses. However, we have no commitment from any source of financing to provide us with additional capital. Should we secure a commitment to provide us with capital such commitment may obligate us to issue additional shares of the Corporation's common stock or warrants or other rights to acquire common stock which will result in dilution to existing shareholders.

We face a high risk of business failure as a new mineral exploration company.

We commenced exploration on the Claim in early November of 2006 but have no way of evaluating the

likelihood that our business will be successful. The difficulties normally encountered by new mineral exploration companies lead to the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications, and delays encountered in connection with the exploration that we plan to undertake. We have no history upon which to base any assumption as to the likelihood that we will prove successful in overcoming these problems. If we do not overcome these difficulties, our business will most likely fail.

Due to the inherent dangers involved in mineral exploration, there is a risk that we may incur liability or damages as we conduct our business.

Mineral exploration and extraction involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material adverse effect on our financial position. Such risks can be considerable and may add unexpected expenditures or delays to our plans.

The Corporation has no proven or probable mineral reserves.

The Corporation has not established whether proven or probable mineralization exists on the Claim property. Consequently, we do not yet know whether we can generate revenues or profits from this property. The economic viability of a mineral property cannot be determined until extensive exploration has been conducted. We do not know whether proven or probable ore reserves exist on the Claim property, or if we will ever realize any revenue from this property. While we believe that the Claim property could contain gold, silver, lead, zinc and copper mineralization, further exploration and mineral assessments may indicate that our property is not sufficiently mineralized. Should the determination be made that further exploration is unfeasible because of insufficient mineralization, the Corporation may decide to abandon exploration efforts on the property.

Should we become subject to changing government regulation or other legal uncertainties, our business will be negatively affected.

Several governmental regulations materially restrict mineral claims exploration and development in British Columbia. Under the Province's mining law, to engage in certain types of exploration requires work permits, the posting of bonds, and the performance of remediation work for any physical disturbance to the land. While these current laws do not affect our current exploration plans, if we proceed to commence drilling operations on the Claim, we will incur regulatory compliance costs.

In addition, the legal and regulatory environment that pertains to the exploration of ore is uncertain and may change. Uncertainty and new regulations could increase our costs of doing business and prevent us from exploring for ore deposits. The growth of demand for ore may also be significantly slowed. This could delay growth in potential demand for and limit our ability to generate revenues. In addition to new laws and regulations being adopted, existing laws may be applied to mining that have not as yet been applied. These new laws may increase our cost of doing business with the result that our financial condition and operating results may be harmed.

Management has no technical experience in mineral exploration which increases our risk of failure.

Our management does not have any technical training in the field of geology. As a result, we may not be able to recognize and take advantage of potential acquisition and exploration opportunities in the sector

without the aid of qualified geological consultants. As well, with no direct training or experience, our management may not be fully aware of the specific requirements related to working in this industry. Their decisions and choices may not be well thought out and our operations and ultimate financial success may suffer irreparable harm as a result.

Our business will depend upon the work of third parties.

We use third parties for our evaluation work. Professional geologists, geophysicists, and engineers will provide us with estimates to determine whether to commence or continue exploration work. These types of estimates generally rely on scientific estimates and economic assumptions, which may not be correct, and could result in the expenditure of substantial amounts of money on a property before it can be determined whether or not the property contains economically recoverable mineralization.

Because our chief executive officer has other business interests, he may not be able or willing to devote a sufficient amount of time to our business operations, causing our business to fail.

Our chief executive officer, Kent Carasquero, devotes approximately 10 hours per week to our business affairs. It is possible that the demands on Mr. Carasquero from other obligations could increase with the result that he would no longer be able to devote sufficient time to the management of our business. In addition, Mr. Carasquero may not possess sufficient time for our business if the demands of managing our business increased substantially beyond current levels.

Our internal controls over financial reporting may not be considered effective, which could result in a loss of shareholder confidence in our disclosure.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our annual report for the year ending December 31, 2008, we may be required to furnish a report by our management on our internal controls over financial reporting. Such report will 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. The report will also contain a statement that our independent registered public accounting firm has issued an attestation report on management's assessment of internal controls. If we are unable to assert that our internal controls are effective as of December 31, 2008, or if our independent registered public accounting firm is unable to attest that our management's report is fairly stated or they are unable to express an opinion on our management's evaluation or on the effectiveness of our internal controls, shareholders could lose confidence in the accuracy and completeness of our financial reports.

There is no public trading market for our stock, so you may be unable to sell your shares, or if a public trading market develops, the market price could decline below the cost of your investment.

Although the Corporation has been accepted for quotation on the Over the Counter Bulletin Board, currently there is no public trading market for the Corporation's common stock, and we cannot represent to you that a market will ever develop. If a public trading market for our stock does not develop, it will be very difficult, if not impossible, for you to resell your shares in a manner that will allow you to recover, or realize a gain on, your investment. Even if a public trading market does develop, the market price could trade below the amount you paid for your investment.

We may incur significant expenses in the event that a public market develops on the Over the Counter Bulletin Board, which expenses may negatively impact our financial performance.

We may incur significant legal, accounting and other expenses as a result of being quoted on the Over the

Counter Bulletin Board. The Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission has required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 as discussed in a prior risk factor, may substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. As a result, there may be a substantial increase in legal, accounting and certain other expenses in the future, which would negatively impact our financial performance and could have a material adverse effect on our results of operations and financial condition.

Employees

The Corporation has one employee. Our chief executive officer spends approximately 10 hours per week on the business. We use consultants, attorneys, and accountants as necessary and will use professional geologists, geophysicists, engineers, and other qualified geological consultants to assist in the development of our business.

Reports to Security Holders

The Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended. The Corporation files reports, proxy statements and other information with the Commission. The public may read and copy any materials that we file with the Commission at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330. The statements and forms we file with the Commission have been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at: www.sec.gov.

ITEM 2. DESCRIPTION OF PROPERTY

The Corporation currently maintains its offices at 325-3495 Cambie Street, Vancouver, British Columbia, Canada, V5Z 4R3. We pay no rent for the use of this address. We do not believe that we will need to maintain additional office space at any time in the foreseeable future in order to carry out the plan of operation described herein.

ITEM 3. LEGAL PROCEEDINGS

None.

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

No matter was submitted to a vote of the security holders, through the solicitation of proxies or otherwise, during the fourth quarter of 2006, which ended December 31.

PART II

ITEM 5. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS

The Corporation's common stock has been accepted for quotation on the Over the Counter Bulletin Board, a service maintained by the National Association of Securities Dealers, Inc. under the symbol, "OUVO". We received our quotation on February 5, 2007. Since receiving our quote, there has been no public trading of our common stock. We expect that trading of our common stock in the over-the-counter market will be limited and sporadic and that our quotation will not necessarily be indicative of actual market conditions. Further, the prices will reflect inter-dealer prices without retail mark-up, mark-down, or commission, and may not necessarily reflect actual transactions.

As there has been no public trading of our common stock, there is no high or low bid pricing to report.

Record Holders

As of March 13, 2007, there were approximately 50 shareholders of record holding a total of 8,250,000 shares of common stock. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Dividends

The Corporation has not declared any cash dividends since inception and does not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the board of directors and will depend on the Corporation's earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit the Corporation's ability to pay dividends on its common stock other than those generally imposed by applicable state law.

Sales of Unregistered Securities

On October 3, 2006, the Corporation issued 150,000 shares of common stock to three investors for cash consideration of \$0.50 per share, for an aggregate of \$75,000, pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act of 1933.

The Corporation complied with the requirements of Regulation S by having made no directed offering efforts in the United States, by offering only to offerees who were outside the United States at the time the shares were issued, and ensuring that the offerees to whom the stock was issued were non-U.S. offerees with addresses in foreign countries.

The Corporation complied with Section 4(2) based on the following factors: (1) the issuances were isolated private transactions by the Corporation which did not involve a public offering; (2) there were limited offerees who were issued the Corporation's stock for cash consideration; (3) the offerees stated an intention not to resell the stock; (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 offerees and the Corporation.

On September 19, 2006, the Corporation issued 100,000 shares of common stock valued at \$0.10 a share to Kent Carasquero, our sole officer and director, in lieu of amounts due pursuant to his consulting agreement in the amount of \$10,000, pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act of 1933.

The Corporation 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 shares were issued, and ensuring that the offeree to whom the stock was issued was a non-U.S. offeree with an address in a foreign country.

The Corporation complied with Section 4(2) based on the following factors: (1) the issuance was an isolated private transaction by the Corporation which did not involve a public offering; (2) there was one offeree who is an officer and director of the Corporation who was issued the Corporation's stock in settlement of amounts due to him; (3) the offeree stated an intention not to resell the stock; (4) there was no subsequent or contemporaneous public offering of the stock; (5) the stock was not immediately 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 Corporation.

ITEM 6. MANAGEMENT'S PLAN OF OPERATION

This Management's Plan of Operation and Results of Operations and other parts of this 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 and the subsection entitled "*Risk Factors*" above. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. All information presented herein is based on our fiscal year ended December 31, 2006.

General

During the year ended December 31, 2006, the Corporation was involved in identifying business opportunities in the mineral exploration sector, completing due diligence on the Claim, executing an agreement with Madman Mining, and commencing the operation of a precious mineral exploration business.

Business Strategy

Short Term Plan

Previous work on the Claim has indicated a potential for the identification of economic quantities of mineralization in the form of gold, silver, copper, lead and zinc. Limited exploration on the Claim by previous prospectors focused on known mineral showings that indicated gold, silver and copper geochemical anomalies, coincident with high-grade rock samples taken from old trenches. We intend to utilize modern exploration techniques and mineralization theories to test for a larger body of mineralization that may be the causative source for the numerous mineral showings within the Claim area.

Our short term plan of operation is to carry out a two-phase exploration for the Claim as devised by our independent geologist.

Initial Phase I-A was implemented to locate and sample the gold, silver, lead, zinc and copper mineralization that occurs at the St. John Ridge Zone as well as a parallel zone previously located 125 feet to the west of the main zone. The exploration crew arrived at the project on November 5, 2006 and the work program required a week for completion. The work consisted of control grid emplacement, soil sampling, rock sampling, and geological mapping/prospecting. Phase I-A progressed as follows:

1. The field crews located the old workings (pits and trenches);
2. The old workings were used as the center/origin for the control grid;
3. The grid was emplaced with a slashed and blazed base line running north/south;
4. Cross lines, oriented east/west were emplaced every 50m along the base line;
5. Sample stations were emplaced every 25m along the cross lines;
6. The control grid was utilized as a control for location of soil samples as well controlling the location of geological/field observations from prospecting/geological traverses;
7. The budget included the analysis of 30 soil and/or rock samples.

The total cost of Phase I-A, which cost was incurred by the Corporation was \$8,310.00

Phase I –B will be guided by the results of Phase I-A. It will require approximately three weeks and will consist of a full grid emplacement, detailed geological mapping, prospecting, further rock and soiling sampling, and a geophysical magnetometer survey. An additional three weeks will be required to complete analysis of samples, data compilation and interpretation, drafting, and report writing. Results gained from the program will lead to a better understanding of, and the location and controls of, the mineralization at known showings. It will also reveal possible new showings and/or anomalous areas. Phase I-B will progress as follows:

1. Emplace a control grid with a surveyed base line over the entire property;
2. Conduct detailed geological mapping and prospecting over the entire property – tying in all showing locations, roads/trails, geological data and samples to the control grid; and
3. Complete a magnetometer survey over the entire property.

The estimated cost of the Phase I-B is \$10,000.

Phase II of the exploration program is contingent on the success of the Phase I program. Phase II will progress as follows:

1. Complete mechanical trenching along the strike of the known mineralized zones, with detailed geological mapping and rock sampling carried out in each trench; and
2. Perform diamond drilling along the projected strike and down dip of the main mineralized zones.

The minimum estimated cost of the Phase II is \$50,000.

Long Term Plan

Upon the success of Phase I and Phase II, the Corporation's long term plan is to pursue mining on the Claim.

We do not intend to use any additional employees, with the possible exception of part-time clerical assistance on an as-needed basis. Outside advisors or consultants will be used to complete our plan of operation. Management is confident that it will be able to operate in this manner during the next twelve months.

Results of Operations

Net Losses

For the period from March 13, 1991 (the incorporation of Gateway) to December 31, 2006, the

Corporation recorded a net loss of \$546,168 which is primarily attributable to losses from the discontinuation of business operations as well as general and administrative expenses from continuing operations.

Net losses for the twelve month period ended December 31, 2006 were \$186,117 as compared to net losses of \$137,644 for the twelve month period ended December 31, 2005.

During the twelve month period ended December 31, 2006, the Corporation did not realize any revenues from operations.

We expect to continue to incur net losses in future periods until such time as we can generate revenue. However, there is no assurance that we will ever generate sufficient revenues to fund operations.

Capital Expenditures

The Corporation expended no amounts on capital expenditures for the period from March 13, 1991 to December 31, 2006.

Liquidity and Capital Resources

The Corporation is in the development stage and, since inception, has experienced significant changes in liquidity, capital resources and shareholders' equity. The Corporation had current and total assets of \$52,561 consisting solely of cash, with current and total liabilities of \$462,448 as of December 31, 2006. Net stockholders' deficit in the Corporation was \$409,887 at December 31, 2006.

Cash flow used in operating activities was \$167,292 for the twelve month period ended December 31, 2006 as compared to cash flow used in operating activities of \$91,740 for the twelve month period ended December 31, 2005. The cash flow used in operating activities is primarily attributable to general and administrative expenses.

Cash flow used in investing activities was \$8,000 for the twelve month period ended December 31, 2006 and \$0 for the twelve month period ended December 31, 2005.

Cash flow provided by financing activities was \$210,651 for the twelve month period ended December 31, 2006, as compared to cash flow provided by financing activities of \$133,970 for the twelve month period ended December 31, 2005. The cash flow provided by financing activities during the current period is attributable to cash from the issuance of common shares, a loan from a non-related party, and an increase in amounts due to a related party.

Net cash used in discontinued operations was \$0 for the twelve month period ended December 31, 2006, as compared to net cash used in discontinued operations of \$25,000 for the twelve month period ended December 31, 2005.

Our current assets will likely not be sufficient to conduct our plan of operation over the next twelve (12) months. We have no current commitments or arrangements with respect to, or immediate sources of funding. Further, no assurances can be given that funding, if needed, would be available or available to us on acceptable terms. Although, our major shareholders would be the most likely source of new funding in the form of loans or equity placements none have made any commitment for future investment and the

Corporation has no agreement formal or otherwise. Our inability to obtain funding, if required, would have a material adverse affect on our plan of operation.

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

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

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

The statements contained in the section titled *Management's Plan of Operation*, with the exception of historical facts, are forward looking statements within the meaning of Section 27A of the Securities Act. A safe-harbor provision may not be applicable to the forward looking statements made in this Form 10-KSB because of certain exclusions under Section 27A (b). 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 exploration of the Claim;
- the ability of the Corporation to generate revenues to fund future operations;
- the volatility of the stock market and;
- general economic conditions.

We wish to caution readers that the Corporation's 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*." 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 that is required by law.

Critical Accounting Policies

In the notes to the audited financial statements for the year ended December 31, 2006, included in this Form 10-KSB, the Corporation discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. The Corporation believes that the accounting principles utilized by it conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires Corporation 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 Corporation evaluates estimates. The Corporation 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.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (the “FASB”) issued Statements of Financial Accounting Standards (“SFAS”) No. 158, “*Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)*” (SFAS 158”). SFAS 158 requires an employer that sponsors one or more single-employer defined benefit plans to (a) recognize the overfunded or underfunded status of a benefit plan in its statement of financial position, (b) recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to SFAS 87, “Employers’ Accounting for Pensions”, or SFAS 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions”, (c) measure defined benefit plan assets and obligations as of the date of the employer’s fiscal year-end, and (d) disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. SFAS 158 is effective for the Corporation’s fiscal year ending 31 December 2007. We are currently reviewing the impact of this statement.

In September 2006, the FASB issued SFAS No. 157, “*Fair Value Measurement*” (“SFAS 157”). The Statement provides guidance for using fair value to measure assets and liabilities. The Statement also expands disclosures about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurement on earnings. This Statement applies under other accounting pronouncements that require or permit fair value measurements. This Statement does not expand the use of fair value measurements in any new circumstances. Under this Statement, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. SFAS 157 is effective for the Corporation for fair value measurements and disclosures made by the Corporation in our fiscal year beginning on 1 January 2008. We are currently reviewing the impact of this statement. In March 2006, the Financial Accounting Standards Board (the “FASB”) issued Statements of Financial Accounting Standards (“SFAS”) No. 156, “*Accounting for Servicing of Financial Assets*”, which amends SFAS No. 140. SFAS No. 156 may be adopted as early as 1 January 2006, for calendar year-end entities, provided that no interim financial statements have been issued. Those not choosing to early adopt are required to apply the provisions as of the beginning of the first fiscal year that begins after 15 September 2006 (e.g. 1 January 2007, for calendar year-end entities). The intention of the new statement is to simplify accounting for separately recognized servicing assets and liabilities, such as those common with mortgage securitization activities, as well as to simplify efforts to obtain hedge-like accounting. Specifically, the FASB said SFAS No. 156 permits a servicer using derivative financial instruments to report both the derivative financial instrument and related servicing asset or liability by using a consistent measurement attribute, or fair value. The adoption of SFAS No. 156 is not expected to have a material impact on our financial position, results of operations or cash flows.

In February 2006, the FASB issued SFAS No. 155, “*Accounting for Certain Hybrid Financial Instruments*”, which amends SFAS No. 133, “*Accounting for Derivative Instruments and Hedging Activities*” and SFAS No. 140, “*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*”. SFAS No. 155 permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, establishes a

requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or hybrid financial instruments containing embedded derivatives. The adoption of SFAS No. 155 is not expected to have a material impact on our financial position, results of operations or cash flows.

Going Concern

The Corporation's audit expressed substantial doubt as to the Corporation's ability to continue as a going concern as a result of limited operations. The Corporation's accumulated deficit was \$546,168 as of December 31, 2006. Our ability to continue as a going concern is subject to the ability of the Corporation to realize a profit from operations and /or obtain funding from outside sources. Since we have no revenue generating operations, our plan to address the Corporation's ability to continue as a going concern over the next twelve months includes: (1) obtaining debt funding from private placement sources; (2) obtaining additional funding from the sale of our securities; (3) obtaining loans and grants from various financial institutions, where possible, and (4) begin producing revenue from the Claim. Although we believe that we will be able to obtain the necessary funding to allow us to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful.

ITEM 7. FINANCIAL STATEMENTS

The Corporation's financial statements for the fiscal year ended December 31, 2006 are attached hereto as pages F-1 through F-23.

OUVO, INC.
(A Development Stage Company)

INDEX

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Balance Sheet	F-3
Statements of Operations	F-4
Statements of Cash Flows	F-5
Statements of Stockholders' Equity (Deficit)	F-6
Schedule 1 - Mineral Property Expenditures	F-8
Schedule 2 - General and Administrative Expenses	F-9
Notes to Financial Statements	F-10

JAMES STAFFORD

Report of Independent Registered Public Accounting Firm

**To the Board of Directors and Stockholders of
Ouvo, Inc.
(A Development Stage Company)**

James Stafford
Chartered Accountants*
Suite 350 - 1111 Melville
Street
Vancouver, British
Columbia
Canada V6E 3V6
Telephone +1 604 669 0711
Facsimile +1 604 669 0754
* Incorporated professional

We have audited the balance sheet of **Ouvo, Inc.** (the "Company") as at 31 December 2006 and 2005, and the related statements of operations, cash flows and changes in stockholders' deficiency for the years then ended. We have also audited the statements of operations, cash flows and changes in stockholders' deficiency for the period from inception on 13 March 1991 to 31 December 2006, except that we did not audit the financial statements for the period from the date of inception on 13 March 1991 to 31 December 2004; those statements were audited by other auditors. The financial statements of the Company for the year ended 31 December 2004 and the period from inception on 13 March 1991 to 31 December 2004 were audited by another firm of auditors, whose report dated 30 December 2005 included an explanatory paragraph that described that the financial statements were prepared assuming that the Company will continue as a going concern when conditions existed which raised substantial doubt about the Company's ability to continue as a going concern, as discussed in Note 1 to the financial statements. 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 audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2006 and 2005 and the results of its operations, cash flows and changes in stockholders' deficiency for the years then ended and for the period from the date of inception on 13 March 1991 to 31 December 2006 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, 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. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ James Stafford

Vancouver, Canada

Chartered Accountants

28 February 2007

Ouvo, Inc.
(A Development Stage Company)

Balance Sheets

(Expressed in U.S. Dollars)

As at 31 December

	2006 \$	2005 \$
Assets		
Current		
Cash and cash equivalents	<u>52,561</u>	<u>17,202</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	26,833	44,795
Notes payable (Note 5)	386,335	260,948
Due to related party (Note 6)	<u>49,280</u>	<u>20,229</u>
	<u>462,448</u>	<u>325,972</u>
Stockholders' deficiency		
Capital stock (Note 7)		
Authorized		
100,000,000 common shares, par value \$0.0001		
Issued and outstanding		
31 December 2006 – 8,250,000 common shares, par value \$0.0001		
31 December 2005 – 8,000,000 common shares, par value \$0.0001	825	800
Additional paid-in capital	135,456	50,481
Deficit, accumulated during the development stage	<u>(546,168)</u>	<u>(360,051)</u>
	<u>(409,887)</u>	<u>(308,770)</u>
	<u>52,561</u>	<u>17,202</u>

Nature and Continuance of Operations (Note 1) **Commitments** (Note 10) **Contingency** (Note 13)

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

Ouvo, Inc.
(A Development Stage Company)

Statements of Operations
(Expressed in U.S. Dollars)

	For the period from the date of inception on 13 March 1991 to 31 December 2006 \$	For the year ended 31 December 2006 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$
Expenses				
Mineral property expenditures (Schedule 1)	8,759	8,759	-	-
General and administrative (Schedule 2)	347,173	169,319	147,742	30,112
Net loss before other item	(355,932)	(178,078)	(147,742)	(30,112)
Other item				
Write-down of mineral property (Note 3)	(8,000)	(8,000)	-	-
Loss on foreign exchange	(39)	(39)	-	-
Net loss from continuing operations	(363,971)	(186,117)	(147,742)	(30,112)
Discontinued operations (Note 12)				
Loss from discontinued operations	(192,295)	-	-	(131,584)
Gain on disposition of discontinued operations	10,098	-	10,098	-
Income (loss) from discontinued operations	(182,197)	-	10,098	(131,584)
Net loss for the period	(546,168)	(186,117)	(137,644)	(161,696)
Basic and diluted loss per common share		(0.023)	(0.017)	(0.010)
Weighted average number of common shares used in per share calculations		8,064,795	8,000,000	16,666,667

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

Ouvo, Inc.
(A Development Stage Company)

Statements of Cash Flows
(Expressed in U.S. Dollars)

		For the period from the date of inception on 13 March 1991 to 31 December 2006	For the year ended 31 December 2006	For the year ended 31 December 2005	For the year ended 31 December 2004
		\$	\$	\$	\$
Cash flows from operating activities					
Net loss for the period		(546,168)	(186,117)	(137,644)	(161,696)
Loss (gain) from discontinued operations		182,197	-	(10,098)	131,584
Loss from continuing operations		(363,971)	(186,117)	(147,742)	(30,112)
Adjustments to reconcile loss to net cash used by operating activities					
Accrued interest		39,765	28,787	10,978	-
Write-down of mineral property (Note 3)		8,000	8,000	-	-
Changes in operating assets and liabilities					
Increase (decrease) in accounts payable and accrued liabilities		26,833	(17,962)	24,795	20,000
Increase in due to related party		-	-	20,229	-
		(289,373)	(167,292)	(91,740)	(10,112)
Cash flows from investing activity					
Acquisition of mineral property		(8,000)	(8,000)	-	-
Net monetary liabilities from acquisition		(3,130)	-	-	(3,130)
		(11,130)	(8,000)	-	(3,130)
Cash flows from financing activities					
Common shares issued for cash		75,100	75,000	-	-
Increase (decrease) in note payable		346,570	96,600	133,970	116,000
Increase in due to related party		59,280	39,051	-	-
		480,950	210,651	133,970	116,000
Cash flows of discontinued operations (Revised – see note 12)					
Operating cash flows		(127,886)	-	(25,000)	(102,786)
Investing cash flows		-	-	-	-
Financing cash flows		-	-	-	-
		(127,886)	-	(25,000)	(102,786)
Increase (decrease) in cash and cash equivalents		52,561	35,359	17,230	(28)
Cash and cash equivalents, beginning of period		-	17,202	(28)	-
Cash and cash equivalents, end of period		52,561	52,561	17,202	(28)

Supplemental Disclosures with Respect to Cash Flows (Note 11)

uvo, Inc.**(A Development Stage Company)**

Statement of Changes in Stockholders' Deficiency

(Expressed in U.S. Dollars)

(Unaudited)

	Number of shares issued	Capital Stock \$	Additional paid-in capital \$	Deficit, accumulated during the development stage \$	Stockholders' deficiency \$
Balance at 13 March 1991 (inception)	-	-	-	-	-
Common shares issued for cash	8,666,667	867	(767)	-	100
Net loss for the period	-	-	-	(18,455)	(18,455)
Balance at 31 December 1991	8,666,667	867	(767)	(18,455)	(18,355)
Net loss for the year	-	-	-	(20,665)	(20,665)
Balance at 31 December 1992	8,666,667	867	(767)	(39,120)	(39,020)
Net loss for the year	-	-	-	(7,645)	(7,645)
Balance at 31 December 1993	8,666,667	867	(767)	(46,765)	(46,665)
Net loss for the year	-	-	-	(5,560)	(5,560)
Balance at 31 December 1994	8,666,667	867	(767)	(52,325)	(52,225)
Net loss for the year	-	-	-	(2,400)	(2,400)
Balance at 31 December 1995	8,666,667	867	(767)	(54,725)	(54,625)
Net loss for the year	-	-	-	(3,003)	(3,003)
Balance at 31 December 1996	8,666,667	867	(767)	(57,728)	(57,628)
Net loss for the year	-	-	-	(5,007)	(5,007)
Balance at 31 December 1997	8,666,667	867	(767)	(62,735)	(62,635)
Net loss for the year	-	-	-	(5,699)	(5,699)
Balance at 31 December 1998	8,666,667	867	(767)	(68,434)	(68,334)
Net loss for the year	-	-	-	(5,828)	(5,828)
Balance at 31 December 1999	8,666,667	867	(767)	(74,262)	(74,162)
Net income for the year	-	-	-	5,525	5,525
Balance at 31 December 2000	8,666,667	867	(767)	(68,737)	(68,637)
Net loss for the year	-	-	-	(5,208)	(5,208)
Balance at 31 December 2001	8,666,667	867	(767)	(73,945)	(73,845)

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

Ouvo, Inc.**(A Development Stage Company)**

Statement of Changes in Stockholders' Deficiency

(Expressed in U.S. Dollars)

(Unaudited)

	Number of shares issued	Capital Stock \$	Additional paid-in capital \$	Deficit, accumulated during the development stage \$	Stockholders' deficiency \$
Balance forward at 31 December 2001	8,666,667	867	(767)	(73,945)	(73,845)
Net income for the year	-	-	-	20,357	20,357
Balance at 31 December 2002	8,666,667	867	(767)	(53,588)	(53,488)
Net loss for the year	-	-	-	(7,123)	(7,123)
Balance at 31 December 2003	8,666,667	867	(767)	(60,711)	(60,611)
Contribution to capital by related party – forgiveness of shareholder loan	-	-	54,311	-	54,311
Net loss for the period	-	-	-	(8,939)	(8,939)
Balance at 24 June 2004	8,666,667	867	53,544	(69,650)	(15,239)
Acquisition – recapitalization	17,600,000	1,760	(4,890)	-	(3,130)
Cancellation of common shares – 31 July 2004	(9,600,000)	(960)	960	-	-
Net loss for the period	-	-	-	(152,757)	(152,757)
Balance at 31 December 2004	16,666,667	1,667	49,614	(222,407)	(171,126)
Cancellation of common shares – 7 March 2005 (Notes 1 and 7)	(8,666,667)	(867)	867	-	-
Net loss for the year	-	-	-	(137,644)	(137,644)
Balance at 31 December 2005	8,000,000	800	50,481	(360,051)	(308,770)
Common shares issued for related party debt (Notes 6, 7 and 8)	100,000	10	9,990	-	10,000
Common shares issued for cash	150,000	15	74,985	-	75,000
Net loss for the year	-	-	-	(186,117)	(186,117)
Balance at 31 December 2006	8,250,000	825	135,456	(546,168)	(409,887)

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

Ouvo, Inc.
(A Development Stage Company)

Schedule 1 – Mineral Property Expenditures
(Expressed in U.S. Dollars)

	For the period from the date of inception on 13 March 1991 to 31 December 2006 \$	For the year ended 31 December 2006 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$
Assays	1,535	1,535	-	-
Camp and field costs	1,349	1,349	-	-
Geology and engineering	3,850	3,850	-	-
Surveying	125	125	-	-
Transportation	1,900	1,900	-	-
	<u>8,759</u>	<u>8,759</u>	<u>-</u>	<u>-</u>

Details on Mineral Property Expenditures (Note 3)

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

Ouvo, Inc.**(A Development Stage Company)**

Schedule 2 – General and Administrative Expenses

(Expressed in U.S. Dollars)

	For the period from the date of inception on 13 March 1991 to 31 December 2006 \$	For the year ended 31 December 2006 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$
Interest (Note 5)	39,735	28,787	10,947	-
Legal and accounting	171,780	73,478	68,302	30,000
Management fees (Note 8)	115,000	60,000	55,000	-
Office and miscellaneous	5,400	2,960	2,329	112
Settlement of lawsuit (Note 13)	10,000	-	10,000	-
Share transfer fees	5,258	4,094	1,164	-
	<u>347,173</u>	<u>169,319</u>	<u>147,742</u>	<u>30,112</u>

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

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

1. Nature and Continuance of Operations

Ouvo, Inc. (the “Company”) was incorporated under the laws of the State of Delaware on 16 November 2000. The Company was incorporated for the purpose to promote and carry on any lawful business for which a corporation may be incorporated under the laws of the State of Delaware.

The Company is a development stage enterprise, as defined in Statements of Financial Accounting Standards (“SFAS”) No. 7, “*Accounting and Reporting by Development Stage Enterprises*”. The Company is devoting all of its present efforts to securing and establishing a new business and its planned principle operations have not commenced. Accordingly, no revenue has been derived during the organization period.

The Company’s financial statements as at 31 December 2006 and for the year 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 \$186,117 for the year ended 31 December 2006 (31 December 2005 - \$137,644, 31 December 2004 - \$161,696, cumulative - \$546,168) and has a working capital deficit of \$409,887 at 31 December 2006 (31 December 2005 - \$308,770).

On 30 April 2004, the Company entered into a Share Exchange Agreement (the “Agreement”) with Gateway Entertainment Group, Inc. (the “Gateway”), a New Jersey corporation, wherein the Company agreed to issue to the stockholders of Gateway 8,666,667 common shares in exchange for the 1,000 shares that constituted all the issued and outstanding shares of Gateway. On 25 June 2004, Gateway completed the reverse acquisition under the Agreement with the Company. Immediately before the acquisition, the Company had 100,000,000 common shares authorized and 366,667 common shares issued and outstanding. The Company completed a 48:1 forward stock split and the total issued and outstanding shares after completing the acquisition was 26,266,667 common shares.

Immediately after the acquisition, the management of Gateway took control of the board and office positions of the Company, constituting a change of control. Because the former owners of Gateway gained control of the Company, the transaction would normally have been considered a purchase by Gateway. However, since the Company was not a business, the transaction was not considered to be a business combination, and the transaction was accounted for as a recapitalization of Gateway and the issuance of stock by Gateway for the assets and liabilities of the Company. The value of the net assets of the Company acquired by Gateway was the same as their historical book value, being a deficiency of \$3,130.

Gateway was incorporated on 13 March 1991, under the laws of the State of New Jersey with an authorized capital stock of 200,000 common shares with no par value common stock. The accompanying financial statements are the historical financial statements of Gateway.

During the year ended 31 December 2005, the Company decided to discontinue its operations with respect to the gaming industry. All operating activities related to the discontinued operations were carried out by the Company’s legal subsidiary, Gateway.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

1. Nature and Continuance of Operations

On 7 March 2005, the Company entered into a Separation Agreement with Stephen Lasser (the “Lasser Agreement”) and a Share Cancellation and Business Transfer Agreement with Lawrence Smith (the “Smith Agreement”). All shares issued to the Gateway shareholders as a result of the reverse merger were cancelled.

Under the Smith Agreement, Smith agreed to cancel the 5,200,000 common shares of the Company owned by himself, and the Company agreed to transfer its assets related to the establishment of a television network dedicated to the Gaming Network Business, including ownership of Gateway, to Smith. On 8 March 2005 the assets comprising the Gaming Network Business were transferred to Smith in exchange for the return to treasury and cancellation of the 5,200,000 common shares of the Company. Smith was formerly an officer and director of the Company and was the Company’s largest shareholder prior to the cancellation of his common shares.

Under the Lasser Agreement, Lasser agreed to cancel the 3,466,667 common shares of the Company owned by himself and release the Company from any claims or potential claims Lasser has or may have against the Company or its directors and officers and the Company agreed to release Lasser from any claims or potential claims the Company has or may have against Lasser. On 8 March 2005 Lasser returned 3,466,667 common shares to the Company’s treasury and the common shares were cancelled.

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 31 December 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 December 2006, the Company was not engaged in a business and had suffered losses from development stage activities to date. Although management is currently attempting to implement its business plan, and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. 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.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

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 development stage enterprises, 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 three months or less.

Mineral property costs

On 10 August 2006, the Company entered the exploration stage and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties.

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.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

2. Significant Accounting Policies - continued

Long-lived assets

In accordance with SFAS No. 144, "*Accounting for Impairment or Disposal of Long-Lived Assets*", the carrying value of long-lived assets is reviewed on a regular basis for the existence of facts or circumstance that may suggest impairment. The Company recognizes an impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

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.

Financial instruments

The carrying value of cash, accounts payable and accrued liabilities, and due to related parties 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.

Income taxes

Deferred income taxes are reported for timing difference 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 loss 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.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

2. Significant Accounting Policies - continued

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 December 2006, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

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.

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.

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 March 1991 to 31 December 2006.

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.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

2. Significant Accounting Policies - continued

Stock-Based Compensation

Effective January 1, 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 January 1, 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".

Recent accounting pronouncements

In September 2006, the Financial Accounting Standards Board (the "FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)*" (SFAS 158"). SFAS 158 requires an employer that sponsors one or more single-employer defined benefit plans to (a) recognize the overfunded or underfunded status of a benefit plan in its statement of financial position, (b) recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to SFAS 87, "Employers' Accounting for Pensions", or SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", (c) measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end, and (d) disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. SFAS 158 is effective for the Company's fiscal year ending 31 December 2007. The Company is currently reviewing the impact of this statement.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

2. Significant Accounting Policies - continued

Recent accounting pronouncements - continued

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurement"* ("SFAS 157"). The Statement provides guidance for using fair value to measure assets and liabilities. The Statement also expands disclosures about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurement on earnings. This Statement applies under other accounting pronouncements that require or permit fair value measurements. This Statement does not expand the use of fair value measurements in any new circumstances. Under this Statement, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. SFAS 157 is effective for the Company for fair value measurements and disclosures made by the Company in its fiscal year beginning on 1 January 2008. The Company is currently reviewing the impact of this statement.

In March 2006, the Financial Accounting Standards Board (the "FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 156, *"Accounting for Servicing of Financial Assets"*, which amends SFAS No. 140. SFAS No. 156 may be adopted as early as 1 January 2006, for calendar year-end entities, provided that no interim financial statements have been issued. Those not choosing to early adopt are required to apply the provisions as of the beginning of the first fiscal year that begins after 15 September 2006 (e.g. 1 January 2007, for calendar year-end entities). The intention of the new statement is to simplify accounting for separately recognized servicing assets and liabilities, such as those common with mortgage securitization activities, as well as to simplify efforts to obtain hedge-like accounting. Specifically, the FASB said SFAS No. 156 permits a servicer using derivative financial instruments to report both the derivative financial instrument and related servicing asset or liability by using a consistent measurement attribute, or fair value. The adoption of SFAS No. 156 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In February 2006, the FASB issued SFAS No. 155, *"Accounting for Certain Hybrid Financial Instruments"*, which amends SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* and SFAS No. 140, *"Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"*. SFAS No. 155 permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or hybrid financial instruments containing embedded derivatives. The adoption of SFAS No. 155 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Comparative figures

Certain comparative figures have been adjusted to conform to the current period's presentation.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

3. Mineral Property

During the year ended 31 December 2006, the Company acquired a 100% interest in a mineral property located approximately 180 miles east of Vancouver, British Columbia (the “St. John Ridge Property”) from Madman Mining Co. Ltd. and Mr. Lloyd C. Brewer, its president (together “Madman Mining”) for proceeds of \$8,000. This unproven mineral property acquisition cost was written down to \$Nil during the year ended 31 December 2006. The Company incurred exploration costs of \$8,759 on the St. John Ridge Property during the year ended 31 December 2006.

4. Accounts Payable and Accrued Liabilities

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

	As at 31 December 2006 \$	As at 31 December 2005 \$
Accounts payable	15,318	16,392
Accrued liabilities	<u>11,515</u>	<u>28,403</u>
	<u>26,833</u>	<u>44,795</u>

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

5. Notes Payable

	As at 31 December 2006 \$	As at 31 December 2005 \$
The note payable bears interest at a rate of 10% per annum on any unpaid principle balance, is secured by a general charge on the assets of the Company and is due and payable on 31 December 2006. The holder of the note payable has the right to convert any portion of the unpaid principle and/or accrued interest into common shares of the Company at any time prior to maturity date at a conversion rate to be negotiated between the bearer and the Company. The balance of \$363,822 outstanding at 31 December 2006 consists of principle and unpaid accrued interest of \$325,000 and \$38,822, respectively (Note 10).	363,822	260,948
The note payable bears interest at a rate of 10% per annum on any unpaid principle balance, is secured by a general charge on the assets of the Company and is due and payable on 31 December 2007. The holder of the note payable has the right to convert any portion of the unpaid principle and/or interest into common shares of the Company equal to the value of the debt at any time prior to the maturity date. The balance of \$22,513 outstanding at 31 December 2006 consists of principle and unpaid accrued interest of \$21,600 and \$913, respectively (Note 10).	22,513	-
	386,335	260,948

6. Due to Related Party

As at 31 December 2006, the amount due to related party consists of \$49,280 (31 December 2005 - \$20,229) payable to a director of the Company. This balance is non-interest bearing, unsecured and has no fixed terms of repayment.

On 19 September 2006, the Company issued 100,000 common shares valued at \$10,000 (\$0.10 per common share) as payment of related party debt of \$10,000 (Notes 7, 8 and 11).

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

7. Capital Stock

Authorized

The total authorized capital stock is 100,000,000 common shares with a par value of \$0.0001 per common share.

Issued and outstanding

The total issued and outstanding capital stock is 8,250,000 common shares with a par value of \$0.0001 per common share.

On 3 October 2006, the Company issued 150,000 common shares at a price of \$0.50 per share for total proceeds of \$75,000.

On 19 September 2006, the Company issued 100,000 common shares valued at \$10,000 (\$0.10 per common share) as payment of related party debt of \$10,000 (Notes 6, 8 and 11).

On 7 March 2005, the Company cancelled 8,666,667 common shares (Note 1).

On 9 June 2004, the Company, by way of unanimous written consent of the Board of Directors, cancelled 22,400,000 restricted common shares of the Company held by a former director of the Company. The former director agreed to such a cancellation.

8. Related Party Transactions

During the year ended 31 December 2006, the Company paid or accrued management fees of \$60,000 (31 December 2005 - \$55,000, cumulative - \$115,000) to a director of the Company.

On 19 September 2006, the Company issued 100,000 common shares valued at \$10,000 (\$0.10 per common share) as payment of related party debt of \$10,000 (Notes 6, 7 and 11).

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, are covered by signed agreements. It is the position of the management of the Company that these transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

9. Income Taxes

The Company has losses carried forward for income tax purposes to 31 December 2006. There are no current or deferred tax expenses for the year ended 31 December 2006 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 carryforward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

9. Income Taxes - continued

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

	For the year ended 31 December 2006 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$
Deferred tax asset attributable to:			
Current operations	63,280	50,232	10,238
Less: Change in valuation allowance	<u>(63,280)</u>	<u>(50,232)</u>	<u>(10,238)</u>
Net refundable amount	<u>-</u>	<u>-</u>	<u>-</u>

The composition of the Company's deferred tax assets as at 31 December 2006 and 2005 is as follows:

	As at 31 December 2006 \$	As at 31 December 2005 \$
Net income tax operating loss carryforward	<u>402,256</u>	<u>216,139</u>
Statutory federal income tax rate	34%	34%
Effective income tax rate	0%	0%
Deferred tax asset		
Tax loss carryforward	136,767	73,487
Less: Valuation allowance	<u>(136,767)</u>	<u>(73,487)</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.

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

9. Income Taxes - continued

As at 31 December 2006, the Company has an unused net operating loss carryforward balance of approximately \$402,256 that is available to offset future taxable income. These unused net operating loss carryforward balances for income tax purposes expires as follows:

2020	\$ 2,657
2021	19,368
2022	8,751
2023	7,509
2024	30,112
2025	147,742
2026	186,117

10. Commitment

- i. On 1 February 2005, the Company entered into a contract for management services with an officer and director of the Company, requiring the Company to make a payment of \$5,000 per month.
- ii. The Company's notes payable and/or related accrued interest are convertible into common shares of the Company at anytime prior to the maturity date (Note 5).

11. Supplemental Disclosures with Respect to Cash Flows

	For the period from the date of inception on 13 March 1991 to 31 December 2006 \$	For the year ended 31 December 2006 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$
Accrued interest on note payable (Note 5)	39,734	28,787	10,978	-
Shares issued for acquisition of Gateway	(3,130)	-	-	(3,130)
Forgiveness of shareholder loan	54,311	-	-	54,311
Cash paid during the year for income taxes	2,135	-	-	-

On 19 September 2006, the Company issued 100,000 common shares valued at \$10,000 (\$0.10 per common share) as payment of related party debt of \$10,000 (Notes 6, 7 and 8).

Ouvo, Inc.
(A Development Stage Company)

Notes to Financial Statements
(Expressed in U.S. Dollars)
31 December 2006

12. Discontinued Operations

During the year ended 31 December 2005 the Company discontinued its operations with respect to the gaming industry. All operating activities related to the discontinued operations were carried out by the Company's legal subsidiary, Gateway. The decision to discontinue this business component was made by management due to the Company's desire to shift its business focus to other unrelated opportunities. The ownership of Gateway was transferred to a former officer and director of the Company on 8 March 2005 in exchange for the cancellation of the former officer and director's shares of the Company's common stock (Note 1).

In accordance with SFAS 144, "*Accounting for Impairment or Disposal of Long-lived Assets*", the related financial information for the gaming industry are reported as discontinued operations. The gaming industry component sought to develop a gaming lifestyle media business offering gambling, entertainment, news and information.

The Company does not have any continued involvement in the management of the gaming business, nor does the Company have a direct financial ownership investment in the gaming business.

A summary of the results of the operations of the discontinued gaming operating unit is as follows:

	For the period from the date of inception on 13 March 1991 to 31 December 2006 \$	For the year ended 31 December 2006 \$	For the year ended 31 December 2005 \$
Loss from discontinued operations before gain on disposition	(192,295)	-	-
Gain on disposition of discontinued operations	<u>10,098</u>	<u>-</u>	<u>10,098</u>
Income (loss) from discontinued operations	<u>(182,197)</u>	<u>-</u>	<u>10,098</u>
Basic and diluted earnings per common share		<u>-</u>	<u>0.001</u>

The Company has revised the statement of cash flows for the years ended 31 December 2005 and 2004 and for the period from the date of inception on 13 March 1991 to 31 December 2006 to separately disclose operating, investing and financing portions of the cash flows attributable to discontinued operations, which in prior periods were reported on a combined basis as a single amount.

Ouvo, Inc.**(A Development Stage Company)**

Notes to Financial Statements

(Expressed in U.S. Dollars)

31 December 2006

13. Contingency

The Company was named the defendant in a lawsuit filed by Media Underground, Inc. for the collection of payments under a sublease agreement related to space rented and used by the Company. During the year ended 31 December 2006, the Company paid \$10,000 to Media Underground, Inc. as settlement of the lawsuit for payments under the sublease agreement.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On March 3, 2005, the Corporation's independent auditors, Beckstead and Watts LLP ("Beckstead"), notified the Corporation that they were resigning effective as of that date.

The audit reports of Beckstead on the Corporation's financial statements for the fiscal years ending December 31, 2003 and December 31, 2002 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except that such reports were modified to include an explanatory paragraph raising substantial doubt about the Corporation's ability to continue as a going concern.

In connection with the audits of the fiscal years ending December 31, 2003 and December 31, 2002, including the subsequent periods through March 3, 2005, the Corporation had no disagreements with Beckstead with respect to accounting or auditing issues of the type discussed in Item 304(a)(1)(iv) of Regulation S-B. Had there been any disagreements that were not resolved to their satisfaction, such disagreements would have caused Beckstead to make reference in connection with their opinion to the subject matter of the disagreement. In addition, during that time there were no reportable events (as described in Item 304(a)(1)(iv) of Regulation S-B).

On October 13, 2005 the Corporation retained De Joya Griffith and Company, LLC ("Dejoya") as the principal accountants to replace Beckstead. The Corporation's board of directors approved the appointment of De Joya.

During the fiscal years ending December 31, 2003 and December 31, 2002, including the subsequent periods through March 3, 2005, the date of Beckstead's resignation, and prior to the appointment of De Joya, the Corporation (or anyone on its behalf) did not consult with De Joya regarding any of the accounting or auditing concerns stated in Item 304(a)(2) of Regulation S-B. Since there were no disagreements (as referred to in Item 304(a)(2) of Regulation S-B), the Corporation did not consult De Joya in respect to these matters during the time periods detailed herein.

On May 26, 2006, the Corporation terminated its relationship with De Joya.

The audit reports of De Joya on the Corporation's financial statements for the fiscal years ending December 31, 2004 and 2003, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except that such reports were modified to include an explanatory paragraph raising substantial doubt about the Corporation's ability to continue as a going concern.

In connection with the audits of the fiscal years ending December 31, 2004 and 2003, including the subsequent periods through May 26, 2006, the Corporation had no disagreements with De Joya with respect to accounting or auditing issues of the type discussed in Item 304(a)(1)(iv) of Regulation S-B. Had there been any disagreements that had not been resolved to their satisfaction, such disagreements would have caused De Joya to make reference in connection with their opinion to the subject matter of the disagreement. In addition, during that time there were no reportable events (as described in Item 304(a)(1)(iv) of Regulation S-B).

On June 16, 2006 the Corporation retained James Stafford Chartered Accountants ("James Stafford") as the principal accountants to replace De Joya. The Corporation's board of directors approved the appointment of James Stafford.

During the fiscal years ending December 31, 2004 and 2003, including the subsequent periods through May 26, 2006, the date of De Joya's termination, and prior to the appointment of James Stafford, the Corporation (or anyone on its behalf) did not consult with James Stafford regarding any of the accounting or auditing concerns stated in Item 304(a)(2) of Regulation S-B. Since there were no disagreements (as referred to in Item 304(a)(2) of Regulation S-B), the Corporation did not consult James Stafford in respect to these matters during the time periods detailed herein.

ITEM 8A. CONTROLS AND PROCEEDURES

Our president acts both as the chief executive officer and the chief financial officer and is responsible for establishing and maintaining disclosure controls and procedures.

a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of December 31, 2006. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms.

The auditors did not test the effectiveness of nor relied on the internal controls of the Corporation for the fiscal years ended December 31, 2006 and 2005.

b) Changes in internal controls over financial reporting.

During the year ended December 31, 2006 there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 8B. OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS

The officers and directors of the Corporation as of January 8, 2007, are as follows:

<i>Name</i>	<i>Age</i>	<i>Position</i>
Kent Carasquero	40	chief executive officer, chief financial officer, principal accounting officer and director

On January 21, 2005, the Corporation elected Kent Carasquero as the sole director and appointed Mr. Carasquero as chief executive officer and chief financial officer pursuant to the written consent of the shareholders holding a two thirds majority of the Corporation's issued and outstanding shares.

Mr. Carasquero holds an Advanced BA in Economics from the University of Manitoba and is currently enrolled at the Canadian Institute of Chartered Business Valuators. Since 2002, Mr. Carasquero has been the president of Tyee Capital Consultants, Inc., a private company involved in assisting publicly and privately held corporations in all major industry groups with structuring, marketing, investor communications, and financing activities. Mr. Carasquero previously served as an officer and director of American Unity Investments Inc. (formerly known as "Capital Hill Gold, Inc.") formerly an exploration stage mining company, from February 2004 to February 2005. Mr. Carasquero also served as an officer and director of Mangapets, Inc., (formerly known as "Newmark Ventures, Inc.") formerly a distributor of bank machines, from April 2004 until September 2004.

Mr. Carasquero has entered into a consulting agreement with the Corporation. The appointment of Mr. Carasquero to the Corporation's board of directors was not based on any prior understanding or arrangement.

Board of Directors Committees

The board of directors has not established an audit committee or a compensation committee. An audit committee typically reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the recommendations and performance of independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, and internal accounting and financial control policies and procedures. Certain stock exchanges currently require companies to adopt a formal written charter that establishes an audit committee that specifies the scope of an audit committee's responsibilities and the means by which it carries out those responsibilities. In order to be listed on any of these exchanges, the Corporation will be required to establish an audit committee.

Code of Ethics

The Corporation has adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-B of the Securities Exchange Act of 1934. The Code of Ethics applies to directors and senior officers, such as the principal executive officer, principal financial officer, controller, and persons performing similar functions. The Corporation has incorporated a copy of its Code of Ethics by reference as Exhibit 14 to this Form 10-KSB. Further, the Corporation's Code of Ethics is available in print, at no charge, to any security holder who requests such information by contacting the Corporation.

Compliance with Section 16(a) of the Exchange Act

Based solely upon a review of Forms 3, 4 and 5 furnished to the Corporation, the Corporation is not aware of any individuals or entities who during the period ended December 31, 2006 were directors, officers, or beneficial owners of more than ten percent of the common stock of the Corporation, and who failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934.

ITEM 10. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objective of the Corporation's compensation program is to provide compensation for services rendered by our sole executive officer. The Corporation's single salary is designed to retain the services of our executive officer. Salary is currently the only type of compensation used in our compensation program. We use this form of compensation because we feel that it is adequate to retain and motivate our executive officer. The amount we deem appropriate to compensate our executive officer is determined in accordance with market forces; we have no specific formula to determine compensatory amounts at this time. While we have deemed that our current compensatory program and the decisions regarding compensation are easy to administer and are appropriately suited for our objectives, we may expand our compensation program to any additional future employees to include options and other compensatory elements.

Table

The following table provides summary information for the years 2006, 2005, and 2004 concerning cash and non-cash compensation paid or accrued by the Corporation to or on behalf of (i) the chief executive officer and (ii) any other employee to receive compensation in excess of \$100,000.

<i>Summary Compensation Table</i>									
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Kent Carasquero CEO, CFO, PAO, and director	2006	60,000	-	-	-	-	-	-	60,000
	2005	55,000	-	-	-	-	-	-	55,000
	2004	-	-	-	-	-	-	-	-

The Corporation has no "Grants of Plan-Based Awards", "Outstanding Equity Awards at Fiscal Year-End", "Option Exercises and Stock Vested", "Pension Benefits", or "Nonqualified Deferred Compensation". Nor does the Corporation have any "Post Employment Payments" to report.

Our director receives no compensation for his services as director.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the stock of the Corporation as of March 13, 2007, by each shareholder who is known by the Corporation to beneficially own more than 5% of the outstanding common stock, by each director, and by all executive officers and directors as a group.

Title of Class	Name and Address of Beneficial Ownership	Amount and nature of Beneficial Ownership	Percent of Class
Common Stock	Kent Carasquero	70,000	0.1%
Common Stock	All Executive Officers and Directors as a Group	70,000	0.1%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

No director or executive officer of the Corporation, owner of five percent or more of the Corporation's outstanding shares, or member of their immediate family, has entered into any reportable, related transaction during the last two years except as follows:

On September 19, 2006, Kent Carasquero, our sole officer and director, authorized the issuance of 100,000 shares valued at \$0.10 per share or an aggregate of \$10,000 pursuant to a debt settlement agreement.

On February 1, 2006, Kent Carasquero entered into an employment agreement with the Corporation. Mr. Carasquero's employment agreement is terminable at the will of the Corporation and entitles Mr. Carasquero to a base salary of \$5,000 per month.

ITEM 13. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning on page 26 of this Form 10-KSB, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

James Stafford Chartered Accountants ("Stafford") provided audit services to the Corporation in connection with its annual report for the fiscal years ended December 31, 2006 and 2005. The aggregate fees billed by Stafford for the audit of the Corporation's annual financial statements were \$12,011 and \$7,012, respectively.

Audit Related Fees

James Stafford billed to the Corporation no fees in 2006 or 2005 for professional services that are reasonably related to the audit or review of the Corporation's financial statements that are not disclosed in "Audit Fees" above.

Tax Fees

James Stafford billed to the Corporation no fees in 2006 or 2005 for professional services rendered in connection with the preparation of the Corporation's tax returns for the period.

All Other Fees

James Stafford billed to the Corporation no fees in 2006 or 2005 for other professional services rendered or any other services not disclosed above.

Audit Committee Pre-Approval

The Corporation does not have a standing audit committee. Therefore, all services provided to the Corporation by James Stafford, as detailed above, were pre-approved by the Corporation's board of directors. James Stafford performed all work only with their permanent full time employees.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 13th day of March 2007.

Ouvo, Inc.

/s/ Kent Carasquero

Kent Carasquero, Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Kent Carasquero</u> Kent Carasquero	Director	March 13, 2007

INDEX TO EXHIBITS

<i>Exhibit No.</i>	<i>Page No.</i>	<i>Description</i>
3(i)(a)	*	Articles of Incorporation dated October 31, 2000. (Incorporated by reference from Form SB2 filed with the SEC on August 24, 2001.)
3(i)(b)	*	Amended Articles of Incorporation dated July 26, 2004. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
3(i)(c)	*	Amended Articles of Incorporation dated April 12, 2005. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
3(ii)	*	By-Laws dated October 31, 2000. (Incorporated by reference from Form SB-2 filed with the SEC on August 24, 2001.)
10(i)	*	Separation Agreement dated March 7, 2005 between Casino Entertainment Television Inc. and Stephen Lasser. (Incorporated by reference from Form 10-QSB filed with the Commission on February 8, 2006.)
10(ii)	*	Share Cancellation and Business Transfer Agreement dated March 7, 2005 between Casino Entertainment Television Inc. and Lawrence Smith. (Incorporated by reference from Form 10-QSB filed with the Commission on February 8, 2006.)
10(iii)	*	Loan Agreement dated June 19, 2005 between the Corporation and Ludwig Holdings Inc. (Incorporated by reference from Form 10-QSB filed with the Commission on February 8, 2006.)
10(iv)	*	Employment Agreement dated February 1, 2006 between Kent Carasquero and Casino Entertainment, Inc. (Incorporated by reference from the Form 10-KSB filed with the Commission on August 26, 2006.)
10(v)	*	Loan Agreement dated July 12, 2006 between the Corporation and Vince Carnovale. (Incorporated by reference from the Form 8-K filed with the Commission on November 2, 2006.)
10(vi)	*	Loan Agreement dated July 27, 2006 between the Corporation and Ludwig Holdings Inc. (Incorporated by reference from the Form 8-K filed with the Commission on November 2, 2006.)
10(vii)	*	Property Purchase Agreement dated August 10, 2006, between the Corporation and Madman Mining Co. Ltd. (Incorporated by reference from Form 10-QSB filed with the Commission on October 10, 2006.)
10(viii)	*	Debt Settlement Agreement dated September 19, 2006 between the Corporation and Kent Carasquero. (Incorporated by reference from the Form 8-K filed with the Commission on November 2, 2006.)
14	*	Code of Ethics (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
31	27	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	28	Certification of the Chief Executive Officer and 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 from previous filings of the Corporation.

EXHIBIT 31

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED 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-KSB ("Report") of Ouvo, 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 small business issuer 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 small business issuer 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 small business issuer 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 small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation, to the small business issuer's auditors and the audit committee of small business issuer'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 small business issuer'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 small business issuer's internal controls over financial reporting.

Date: March 13, 2007

/s/ Kent Carasquero

Kent Carasquero

Chief Executive Officer and Chief Financial Officer

EXHIBIT 32

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND 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-KSB of Ouvo, Inc. for the annual period ended December 31, 2006 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:

- (1) This Report 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 small business issuer at the end of the period covered by this Report and results of operations of the small business issuer for the period covered by this Report.

/s/ Kent Carasquero

Kent Carasquero

Chief Executive Officer and Chief Financial Officer

March 13, 2007

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 small business issuer 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 small business issuer and will be retained by the small business issuer and furnished to the Securities and Exchange Commission or its staff upon request.