

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

**FORM 10-K**

*(Mark One)*

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended **December 31, 2007**.

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: **000-52028**

**MISTRAL VENTURES, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**20-2745790**

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

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

(Address of principal executive offices) (Zip Code)

**(604) 725-4160**

(Issuer's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: none.

Securities registered under Section 12(g) of the Exchange Act: common stock (title of class), \$0.001 par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933: Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act: Yes ☐ No ☒.

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐.

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: smaller reporting company ☒.

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

The aggregate market value of the registrant's common stock, \$0.001 par value, held by non-affiliates (14,840,000 shares) was approximately \$16,769,200 based on the average closing bid and asked prices (\$1.13) for the common stock on April 3, 2008.

At April 4, 2008, the number of shares outstanding of the registrant's common stock, \$0.001 par value (the only class of voting stock), was 42,350,000.

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## **PART I**

### **ITEM 1. BUSINESS**

*As used herein the terms “Company,” “we,” “our,” and “us” refer to Mistral Ventures, Inc., unless context indicates otherwise.*

#### **Corporate History**

The Company was incorporated in the State of Nevada on May 13, 2005 to engage in the acquisition, exploration, and development of natural resource properties.

On February 9, 2006, we purchased the Gold Bug Project from John Xinos. The property, which was without known exploitable reserves, consisted of six mineral cell claims having a total surface area of approximately 315 acres in Beaverdell, British Columbia, Canada. We engaged Madman on September 21, 2006 to complete initial exploration work on the property. On April 12, 2007, the Company received the results from the first phase of the exploration; Madman was unable to identify economically viable deposits of precious metals. Shortly thereafter, management decided to discontinue mining activities on the property. Ownership of the claim was transferred to Lloyd Christopher Brewer on January 28<sup>th</sup>, 2007 in exchange for forgiveness of exploration expenses due by the Company.

On September 7, 2007, we entered into a purchase agreement with CypherEdge Technologies, Inc. (“CypherEdge”), and its stockholders. CypherEdge is in the business of providing solutions to wireless service providers in an effort to improve customer experience, quality of service, network reliability, and profitability. The Company was to acquire all of the issued and outstanding shares of common stock of CypherEdge in exchange for an aggregate of 83,000,000 shares of our common stock on or before December 31, 2007. Further, the Company agreed to loan CypherEdge \$1,000,000 in advance of the closing of which we loaned \$975,000, at 10% per annum, due in full by December 31, 2007. However, due to a failure to satisfy certain conditions of the agreement the closing date was not met and the prospective transaction was abandoned. The loan to CypherEdge is currently in default and the Company has provided notice of its intention to collect the outstanding debt.

On January 30, 2008, the Company entered into an agreement with Trustcash Holdings, Inc. (“Trustcash”) and Paivis, Corp. (“Paivis”) whereby the Company agreed to finance, on a best efforts basis, a minimum of \$2,000,000 but no more than \$7,000,000 of the financing required by Trustcash under a Definitive Agreement and Plan of Merger between Trustcash and Paivis dated December 20, 2007, as amended February 5, 2008. The Company further agreed to provide interim financing to both Paivis and Trustcash of at least \$150,000 to cover costs associated with the prospective merger and general working capital of which \$25,000 had been provided as of March 31, 2008.

The Company’s plan of operation for the coming year is to (i) complete a financing as committed to Trustcash and Paivis and (ii) to identify and acquire an alternative business opportunity. We will not limit our options to any particular industry, but will evaluate each opportunity on its own merits.

The Company’s principal place of business is located at 809-4438 West 10<sup>th</sup> Avenue, Vancouver, British Columbia V6R 4R8, Canada, and our telephone number is (604) 725-4160.

The Company’s registered agent is Resident Agents of Nevada, Inc., 711 s. Carson Street, suite 4, Carson City, Nevada, 89701.

## **The Company**

### ***Selection of a Business***

The Company is considering other business opportunities either through merger or acquisition that might create shareholder value. The Company has no day-to-day operations at the present time. Our officers and directors devote limited time and attention to the affairs of the Company.

Management has adopted a conservative policy of seeking opportunities that it considers to be of exceptional quality. As a result of that policy, the Company may have to wait some time before consummating a suitable transaction. Management recognizes that the higher the standards it imposes upon itself, the greater may be its competitive disadvantage when vying with other acquiring interests or entities.

We do not intend to restrict our consideration to any particular business or industry segment, and the Company may consider, among others, finance, brokerage, insurance, transportation, communications, research and development, biotechnology, service, natural resources, manufacturing or high-technology. However, due to our limited financial resources, the scope and number of suitable candidate business ventures available is limited, and most likely we will not be able to participate in more than a single business venture. Accordingly, it is anticipated that we will not be able to diversify, but may be limited to one merger or acquisition. This lack of diversification will not permit the Company to offset potential losses from one business opportunity against profits from another.

The decision to participate in a specific business opportunity will be made upon management's analysis of the quality of the other firm's management and personnel, the anticipated acceptability of new products or marketing concepts, the merit of technological changes and numerous other factors which are difficult, if not impossible, to analyze through the application of any objective criteria. In many instances, it is anticipated that the historical operations of a specific venture may not necessarily be indicative of the potential for the future because of the necessity to substantially shift a marketing approach, expand operations, change product emphasis, change or substantially augment management, or make other changes. The Company will be dependent upon the management of a business opportunity to identify such problems and to implement, or be primarily responsible for the implementation of, required changes. Since the Company may participate in a business opportunity with a newly organized business or with a business which is entering a new phase of growth, it should be emphasized that the Company may incur risk due to the failure of the target's management to have proven its abilities or effectiveness, or the failure to establish a market for the target's products or services, or the failure to realize profits.

The Company will not acquire or merge with any company for which audited financial statements cannot be obtained. It may be anticipated that any opportunity in which we participate will present certain risks. Many of these risks cannot be adequately identified prior to selection of the specific opportunity, and the Company's shareholders must, therefore, depend on the ability of management to identify and evaluate such risk. In the case of some of the opportunities available to us, it may be anticipated that the founders thereof have been unable to develop a going concern or that such business is in its development stage in that it has not generated significant revenues from its principal business activities prior to our participation.

### ***Acquisition of Business***

In implementing a structure for a particular business acquisition, the Company may become a party to a merger, consolidation, reorganization, joint venture, franchise or licensing agreement with another corporation or entity. We may also purchase stock or assets of an existing business. On the consummation of a transaction, it is possible that our present management and shareholders will not be in control of the Company. In addition, our officers and directors may, as part of the terms of the acquisition transaction, resign and be replaced by new officers and directors without a vote of our shareholders.

The Company anticipates that any securities issued in any such reorganization would be issued in reliance on exemptions from registration under applicable federal and state securities laws. In some circumstances, however, as a negotiated element of this transaction, we may agree to register such securities either at the time the transaction is consummated, under certain conditions, or at a specified time thereafter. The issuance of substantial additional securities and their potential sale into any trading market may have a depressive effect on such market.

While the actual terms of a transaction to which we may be a party cannot be predicted, it may be expected that the parties to the business transaction will find it desirable to avoid the creation of a taxable event and thereby structure the acquisition in a so called “tax-free” reorganization under Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the “Code”). In order to obtain tax-free treatment under the Code, it may be necessary for the owners of the acquired business to own 80% or more of the voting stock of the surviving entity. In such event, our shareholders would retain less than 20% of the issued and outstanding shares of the surviving entity, which could result in significant dilution in the equity of such shareholders.

As part of our investigation, Company management will meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and take other reasonable investigative measures, to the extent of our limited financial resources and management expertise. The manner in which we participate in an opportunity will depend on the nature of the opportunity, the needs and desires of us and other parties, the management of the opportunity, and the relative negotiating strength of us and such other management. With respect to any mergers or acquisitions, negotiations with target company management will be expected to focus on the percentage of the Company that target company shareholders would acquire in exchange for their shareholdings in the target company.

Depending upon, among other things, the target company’s assets and liabilities, our shareholders will in all likelihood hold a lesser percentage ownership interest in the Company following any merger or acquisition. The percentage ownership may be subject to significant reduction in the event we acquire a target company with substantial assets. Any merger or acquisition effected by us can be expected to have a significant dilutive effect on the percentage of shares held by our then shareholders.

### ***Operation of Business after Acquisition***

Our operation following the merger or acquisition of a business will be dependent on the nature of the business and the interest acquired. We are unable to determine at this time whether we will be in control of the business or whether present management will be in control of the Company following the acquisition. It may be expected that the business will present various challenges that cannot be predicted at the present time.

### **Competition**

The Company will be involved in intense competition with other business entities, many of which will have a competitive edge over the Company by virtue of their stronger financial resources and prior experience in business. There is no assurance that we will be successful in obtaining suitable business opportunities.

### **Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements and Labor Contracts**

The Company is not a party to any patents, trademarks, licenses, franchises, concessions, royalty agreements and labor contracts.

### **Governmental Regulation**

We cannot anticipate the government regulations, if any, to which the Company may be subject until we have acquired an interest in a business. The use of assets to conduct a business that we may acquire could subject us to environmental, public health and safety, land use, trade, or other governmental regulations and state or local taxation. In selecting a business in which to acquire an interest, management will endeavor to ascertain, to the extent of the limited resources of the Company, the effects of such government regulation on the prospective business of the Company. In certain circumstances, however, such as the acquisition of an interest in a new or start-up business activity, it may not be possible to predict with any degree of accuracy the impact of government regulation.

### **Environmental Laws**

We are not currently affected by compliance with any environmental laws and cannot anticipate the laws to which the Company may be subject.

### **Employees**

The Company currently has no employees. Our executive officers devote as much time to the affairs of the Company as they deem appropriate. Management of the Company uses consultants, attorneys, and accountants as necessary, and does not anticipate a need to engage any full-time employees as long as business needs are being identified and evaluated. The need for employees and their availability will be addressed in connection with a decision concerning whether or not to acquire or participate in a specific business venture.

### **Reports to Security Holders**

The Company's annual report contains audited financial statements. We are not required to deliver an annual report to security holders and will not automatically deliver a copy of the annual report to our security holders unless a request is made for such delivery. We file all of our required reports and other information with the Commission. The public may read and copy any materials that are filed by the Company with the Securities and Exchange Commission (the "Commission") at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The statements and forms filed by us with the Commission have also 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 <http://www.sec.gov>.

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

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

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

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

The Company's auditors included an explanatory statement in Note 1 of their report of financial statements for the years ended December 31, 2007 and 2006, stating that there are certain factors which raise substantial doubt about the Company's ability to continue as a going concern. These factors include limited revenue generating activities in place, and losses since inception.

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

Since our inception in 2005, we have had incurred expenses without generating any revenue, resulting in continuing losses and an accumulated deficit of \$93,136 at December 31, 2007. During the twelve months ended December 31, 2007, we recorded a net loss of \$1,036,698. The Company has never realized revenue from operations. We will continue to incur operating losses as we maintain our search for a suitable business opportunity and satisfy our ongoing disclosure requirements with the Securities and Exchange Commission ("Commission"). Such continuing losses could result in a decrease in share value.

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

The Company's future operation is dependent upon the acquisition of a profitable business opportunity. However, the prospect of such an acquisition is doubtful due to the Company's limited financial resources. Since we have no current business opportunity, the Company is not in a position to improve this financial condition through debt or equity offerings. Therefore, this limitation may act as a deterrent in future negotiations with prospective acquisition candidates. Should we be unable to acquire a profitable business opportunity the Company will, in all likelihood, be forced to cease operations.

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

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

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

Kent Carasquero, who serves as our chief financial officer and one of our directors, is the chief executive officer and a director of Trustcash Holdings, Inc ("Trustcash"). The Company has entered into an agreement with Trustcash and Paivis, Corp. to provide financing required by Trustcash under a Definitive Agreement and Plan of Merger between Trustcash and Paivis. As such, Mr. Carasquero may have interests in the financing that are different from other shareholders of the Company.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **ITEM 2. PROPERTIES**

The Company currently maintains its offices at 809-4438 West 10<sup>th</sup> Avenue, Vancouver, British Columbia V6R 4R8, Canada. The Company has paid \$1,200 for each of the years ended December 31, 2007 and 2006 to an officer and director for the use of this address. We believe that we have sufficient office space for the foreseeable future in order to carry out the plan of operation described herein.

### **ITEM 3. LEGAL PROCEEDINGS**

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

However, CypherEdge Technologies, Inc. is in default of the terms of a Secured Promissory Note with a principle of \$975,000 and unpaid accrued interest of \$26,096 at December 31, 2007. As such, the Seattle, Washington offices of Davis Wright Tremaine LLP have served legal notice to CypherEdge Technologies, Inc., on behalf of the Company in respect to our intention to collect the debt.

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

No matters were submitted to a vote of the security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 2007.

## **PART II**

### **ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES**

The Company's common stock trades under the symbol "MILV". Our common stock was first quoted on the Over-the-Counter Bulletin Board on December 14, 2006. However, our common stock did not trade until January 2008. As such, we have no high and low bid prices to report for each of the quarters covered by the Form 10-K.

#### **Capital Stock**

The following is a summary of the material terms of the Company's capital stock. This summary is subject to and qualified by our articles of incorporation and bylaws.

##### ***Common Stock***

As of April 4, 2008, there were 66 shareholders of record holding a total of 42,350,000 shares of fully paid and non-assessable common stock of the 1,125,000,000 shares of common stock, par value \$0.001, authorized. The board of directors believes that the number of beneficial owners is greater than the number of record holders because a portion of our outstanding common stock is held in broker "street names" for the benefit of individual investors. 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.

On June 1, 2007 the Company effected a 1 to 6 forward split of all outstanding common shares and a corresponding forward increase in the Company's authorized common stock. On September 11, 2007 the Company effected a further 1 to 2.5 forward split of all outstanding common shares and a corresponding forward increase in the Company's authorized common stock.

##### ***Preferred Stock***

The Company has no preferred stock authorized.

### ***Warrants***

As of April 4, 2008, the Company had 25,200,000 warrants exercisable at \$0.04 a share until September 19, 2008.

### ***Stock Options***

As of April 4, 2008, the Company had no outstanding stock options to purchase shares of our common stock.

### ***Dividends***

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

### **Transfer Agent and Registrar**

Our transfer agent is Signature Stock Transfer, located at PMB 307-2220 Coit Road, Suite #480, Plano TX, 75075, and their telephone number is (972) 612-4120.

### **Purchases of Equity Securities made by the Issuer and Affiliated Purchasers**

None.

### **Recent Sales of Unregistered Securities**

On September 4, 2007, the Company entered into a subscription agreement to issue 2,000,000 shares of restricted stock for cash consideration of \$1,000,000 or \$0.50 a share to Ludwig Holdings Limited pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act of 1933, as amended. No commission was paid in connection with the subscription. The shares purchased were issued to the subscriber on March 31, 2008.

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

Regulation S provides generally that any offer or sale that occurs outside of the United States is exempt from the registration requirements of the Securities Act, provided that certain conditions are met. Regulation S has two safe harbors. One safe harbor applies to offers and sales by issuers, securities professionals involved in the distribution process pursuant to contract, their respective affiliates, and persons acting on behalf of any of the foregoing (the "issuer safe harbor"), and the other applies to resales by persons other than the issuer, securities professionals involved in the distribution process pursuant to contract, their respective affiliates (except certain officers and directors), and persons acting on behalf of any of the foregoing (the "resale safe harbor"). An offer, sale or resale of securities that satisfied all conditions of the applicable safe harbor is deemed to be outside the United States as required by Regulation S. The distribution compliance period for shares sold in reliance on Regulation S is six months.

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

## **ITEM 6.       SELECTED FINANCIAL DATA**

Not required.

## **ITEM 7.       MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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

### **Discussion and Analysis**

During the year ended December 31, 2007, our operations were focused on (i) exploratory mining operations, (ii) performing due diligence and entering into an agreement with CypherEdge Technologies, Inc., (iii) identifying a suitable business opportunity for acquisition, and (iv) satisfying continuous public disclosure requirements.

Subsequent to the year ended December 31, 2007, we entered into a Binding Term Sheet with Trustcash Holdings, Inc. ("Trustcash") and Paivis, Corp. ("Paivis") whereby the Company agreed to finance, on a best efforts basis, a minimum of \$2,000,000 but no more than \$7,000,000 of the financing required by Trustcash under a Definitive Agreement and Plan of Merger between Trustcash and Paivis dated December 20, 2007, as amended February 5, 2008. The Company further agreed to provide interim financing to both Paivis and Trustcash of at least \$150,000 to cover costs associated with the prospective merger and general working capital.

The Company's plan of operation will require a minimum of \$2,150,000 in funding over the next 12 months pursuant to the Binding Term Sheet, and an additional \$100,000 to continue the search for a suitable business opportunity. This funding is not currently available. Should, we acquire a suitable business opportunity within the next 12 months our funding requirements may change.

### **Results of Operations**

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

### ***Losses***

For the period from May 13, 2005 (inception) to December 31, 2007, the Company recorded net losses of \$1,094,232. Net losses for the year ended December 31, 2007 were \$1,036,698 as compared to \$51,761 for the year ended December 31, 2006. The Company's losses are primarily attributable to general and administrative expenses, mining related costs as well as write-down of loan receivable. The general and administrative expenses include incorporation costs, accounting expenses, professional fees, consulting fees and costs associated with the preparation of disclosure documentation in connection with registration pursuant to the Exchange Act of 1934, as amended ("Exchange Act"). Legal and accounting fees were a major portion of these expenses, at \$44,789 and \$25,424 in 2007 and 2006, respectively.

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

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

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

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

The Company believes that inflation has had a negligible effect on operations since inception. We believe that we can offset inflationary increases in the cost of materials and labor by increasing sales and improving operating efficiencies.

### ***Capital Expenditures***

The Company expensed no amounts on capital expenditures from inception to December 31, 2007.

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

Cash flow used in operating activities was \$70,816 for the period from inception to December 31, 2007. Cash flow used in operating activities was \$39,440 for the twelve month period ended December 31, 2007 as compared to \$30,553 for the twelve month period ended December 31, 2006. Cash flow used in operating activities over the twelve month periods can be primarily attributed to net losses.

Cash flow provided by financing activities was \$78,500 for the period from inception to December 31, 2007. Cash flow used by financing activities was \$30,500 for the twelve month period ended December 31, 2007 as compared to cash flow provided from financing activities of \$99,500 for the twelve month period ended December 31, 2006. Funds used by financing activities in the current period can be attributed to a loan of \$975,000 to CypherEdge Technologies, Inc., a loan of \$100,000 to Trustcash and a rescission of shares, valued at \$58,000, from shareholders who were not accredited investors.

The Company is in the development stage and, since inception, has experienced changes in liquidity, capital resources, and shareholders' equity. The Company had current assets of \$108,917 as of December 31, 2007. These assets consisted of cash and cash equivalents totaling \$7,684 and a loan receivable of \$101,233. Working capital deficit in the Company was \$15,732 at December 31, 2007. We have funded our cash needs from inception through December 31, 2007 through debt and equity transactions. Until such time as we can increase revenues, we expect that we will require new debt or equity transactions to satisfy cash needs. If we are unable to increase our cash flows from operating activities or obtain additional financing, we may not be able to continue operations.

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

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

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

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

As of December 31, 2007, the Company has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to stockholders.

### ***Going Concern***

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

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

The statements contained in the section titled "*Results of Operations*" and "*Description of Business*", with the exception of historical facts, are forward looking statements. A safe-harbor provision may not be applicable to the forward looking statements made in this current report. Forward looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

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

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

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

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

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

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

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

In December 2007, the FASB issued SFAS 160, "Noncontrolling interests in Consolidated Financial Statements – an amendment of ARB No. 51". This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years beginning on or after December 15, 2008. Early adoption is not permitted. Management is currently evaluating the effects of this statement, but it is not expected to have any impact on the Company's financial statements.

In February 2007, the FASB issued SFAS 159, “The Fair Value Option for Financial Assets and Financial Liabilities. SFAS 159 creates a fair value option allowing an entity to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities, with changes in fair value recognized in earnings as they occur. SFAS 159 also requires an entity to report those financial assets and financial liabilities measured at fair value in a manner that separates those reported fair values from the carrying amounts of assets and liabilities measured using another measurement attribute on the face of the statement of financial position. Lastly, SFAS 159 requires an entity to provide information that would allow users to understand the effect on earnings of changes in the fair value on those instruments selected for the fair value election. SFAS 159 is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company is continuing to evaluate SFAS 159 and to assess the impact on our results of operations and financial condition if an election is made to adopt the standard.

**ITEM 7A.      QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

**ITEM 8.        FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Our audited financial statements for the years ended December 31, 2007 and 2006 are attached hereto as F-1 through F-22.



**MISTRAL VENTURES, INC.**  
**(A Development Stage Company)**  
**INDEX TO FINANCIAL STATEMENTS**  
**December 31, 2007 and 2006**

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## **Report of Independent Registered Public Accounting Firm**

### **To the Shareholders of Mistral Ventures, Inc.**

We have audited the balance sheets of **Mistral Ventures, Inc.** as at 31 December 2007 and 2006, and the related statements of loss and comprehensive loss, cash flows and changes in stockholders' deficiency for each of the years then ended and for the period from the date of inception on 13 May 2005 through 31 December 2007. 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 2007 and 2006 and the results of its operations, cash flows and changes in stockholders' deficiency for each of the years then ended and for the period from the date of inception on 13 May 2005 to 31 December 2007 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.

Vancouver, Canada

*/s/ James Stafford*  
**Chartered Accountants**

20 March 2008

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

	<b>As at 31 December 2007 \$</b>	<b>As at 31 December 2006 \$</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	7,684	77,624
Loans receivable (Note 4)	101,233	-
Prepaid expenses	-	687
	<u>108,917</u>	<u>78,311</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	20,916	9,845
Due to related party (Note 6)	2,500	-
Loans payable (Note 8)	101,233	-
	<u>124,649</u>	<u>9,845</u>
<b>Stockholder's equity</b>		
<b>Capital stock</b> (Note 9)		
Authorized		
1,125,000,000 common shares, par value \$0.001		
Issued and outstanding		
31 December 2007 – 40,350,000 common shares, par value \$0.001		
31 December 2006 – 57,000,000 common shares, par value \$0.001	40,350	57,000
<b>Additional paid-in capital</b>	38,148	68,990
<b>Share subscriptions received in advance</b> (Note 9)	1,000,000	-
<b>Warrants</b> (Note 9)	2	10
<b>Deficit, accumulated during the development stage</b>	(1,094,232)	(57,534)
	<u>(15,732)</u>	<u>68,466</u>
	<u>108,917</u>	<u>78,311</u>

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

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

**Mistral Ventures, Inc.**  
**(A Development Stage Company)**  
Statements of Loss and Comprehensive Loss  
(Expressed in U.S. Dollars)

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	<b>For the period from the date of inception on 13 May 2005 to 31 December 2007 \$</b>	<b>For the year ended 31 December 2007 \$</b>	<b>For the year ended 31 December 2006 \$</b>
<b>Expenses</b>			
Acquisition of a mineral property (Notes 3, 7, 9 and 12)	7,998	(1,002)	9,000
Mineral property exploration costs	6,232	1,002	5,230
Bank charges and interest	1,499	1,499	-
Legal and accounting	75,413	44,789	25,424
Listing and filing fees	2,874	2,112	762
Management fees (Notes 7, 9 and 12)	16,100	9,300	6,800
Office and miscellaneous	2,077	1,050	1,009
Rent (Notes 7, 9 and 12)	2,400	1,200	1,200
Transfer agent fees	5,872	2,981	2,336
<b>Net loss before other items</b>	<u>(120,465)</u>	<u>(62,931)</u>	<u>(51,761)</u>
<b>Other items</b>			
Interest income	27,329	27,329	-
Provision for write-down of loans receivable (Notes 4, 11 and 13)	<u>(1,001,096)</u>	<u>(1,001,096)</u>	<u>-</u>
<b>Net loss being comprehensive loss for the period</b>	<u>(1,094,232)</u>	<u>(1,036,698)</u>	<u>(51,761)</u>
<b>Basic and diluted loss per common share</b>		<u>(0.025)</u>	<u>(0.002)</u>
<b>Weighted average number of common shares used in per share calculations</b>		<u>42,030,411</u>	<u>34,350,000</u>

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

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

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

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

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

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	<b>For the period from the date of inception on 13 May 2005 to 31 December 2007 \$</b>	<b>For the year ended 31 December 2007 \$</b>	<b>For the year ended 31 December 2006 \$</b>
<b>Cash flows from operating activities</b>			
Net loss for the period	(1,094,232)	(1,036,698)	(51,761)
Adjustments to reconcile loss to net cash used by operating activities			
Accrued interest receivable	(27,329)	(27,329)	-
Accrued interest payable	1,233	1,233	-
Acquisition of a mineral property (Notes 3, 7, 9 and 12)	7,998	(1,002)	9,000
Contributions to capital by related party – expenses (Notes 7, 9 and 12)	18,500	10,500	8,000
Provision for write-down of loans receivable (Notes 4,11 and 13)	1,001,096	1,001,096	-
Changes in operating assets and liabilities			
Decrease (increase) in prepaid expenses	-	687	(437)
Increase in accounts payable and accrued liabilities	21,918	12,073	4,645
	<u>(70,816)</u>	<u>(39,440)</u>	<u>(30,553)</u>
<b>Cash flows from financing activities</b>			
Common shares issued (rescinded) for cash (Note 9)	50,990	(58,000)	99,990
Share subscriptions received in advance (Note 9)	1,000,000	1,000,000	-
Increase in loans payable (Note 8)	100,000	100,000	-
Increase in loans receivable (Note 4)	(1,075,000)	(1,075,000)	-
Advances from related party (Note 6)	2,500	2,500	(500)
Warrants issued for cash	10	-	10
	<u>78,500</u>	<u>(30,500)</u>	<u>99,500</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>7,684</b>	<b>(69,940)</b>	<b>68,947</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	<b>77,624</b>	<b>8,677</b>
<b>Cash and cash equivalents, end of period</b>	<b><u>7,684</u></b>	<b><u>7,684</u></b>	<b><u>77,624</u></b>

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

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

**1. Nature and Continuance of Operations**

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

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

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

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

At 31 December 2007, the purchase agreement has not closed and CypherEdge was in default on repayment of the \$975,000 related to the bridge loan agreement. CypherEdge was presented with a demand letter on 25 January 2008 and has yet to respond (Note 13).

The Company’s financial statements as at 31 December 2007 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 \$1,036,698 for the year ended 31 December 2007 (31 December 2006 - \$51,761) and has working capital deficit of \$15,732 at 31 December 2007 (31 December 2006 – working capital of \$68,466).

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

**1. Nature and Continuance of Operations - continued**

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

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

At 31 December 2007, the Company has 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. Accordingly, the Company must rely on its president to perform essential functions without compensation until a business operation can be commenced. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**2. Significant Accounting Policies**

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

**Basis of presentation**

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

**Cash and cash equivalents**

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



## **2. Significant Accounting Policies - continued**

### **Mineral property costs**

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

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

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

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

### **Reclamation costs**

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

### **Financial instruments**

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

### **Derivative financial instruments**

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

## **2. Significant Accounting Policies - continued**

### **Environmental expenditures**

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

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

### **Income taxes**

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

### **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.

**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 2007, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

**Segments of an enterprise and related information**

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

**Start-up expenses**

The Company has adopted Statement of Position No. 98-5, “*Reporting the Costs of Start-up Activities*”, which requires that costs associated with start-up activities be expensed as incurred. Accordingly, start-up costs associated with the Company's formation have been included in the Company's general and administrative expenses for the period from the date of inception on 13 May 2005 to 31 December 2007.

**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.

## **2. Significant Accounting Policies - continued**

### **Use of estimates**

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

### **Stock-Based Compensation**

Effective 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 January 1, 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 February 2007, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). SFAS 159 allows the company to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the requirements of SFAS 159 and the potential impact on the Company's financial statements.

## **2. Significant Accounting Policies - continued**

### **Recent accounting pronouncements - continued**

In September 2006, the Financial Accounting Standards Board (the "FASB") issued 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 December 31, 2007. The Company is 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 Company for fair value measurements and disclosures made by the Company in its fiscal year beginning on January 1, 2008. The Company is currently reviewing the impact of this statement.

In March 2006, the FASB issued SFAS No. 156, "*Accounting for Servicing of Financial Assets*", which amends SFAS No. 140 "*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*". 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 service 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.

**2. Significant Accounting Policies - continued**

**Recent accounting pronouncements - continued**

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. 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.

**3. Mineral Property**

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

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

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**4. Loans Receivable**

	<b>As at 31 December 2007 \$</b>	<b>As at 31 December 2006 \$</b>
Loan receivable bearing interest at a rate of 10% per annum on any unpaid principle balance, secured by a general charge on the assets of the payee and is repayable in full on 31 December 2007. The balance of \$1,001,096 outstanding at 31 December 2007 (31 December 2006 - \$Nil) consists of principle \$975,000 and unpaid accrued interest of \$26,096 (31 December 2006 - \$Nil). On 7 September 2007, the Company entered into a bridge loan agreement with CypherEdge Technologies Inc. (the "borrower"). Under the terms of this loan agreement, the Company is committed to lending principal of up to \$1,000,000 at the option of the borrower (Notes 11 and 13). This loan receivable was not paid at 31 December 2007 and was in default.	1,001,096	-
Loan receivable bearing interest at a rate of 10% per annum on any unpaid principal balance, unsecured, and is repayable in full on or before 16 November 2008. The balance of \$101,233 at 31 December 2007 (31 December 2006 - \$Nil) consists of principle of \$100,000 and unpaid accrued interest of \$1,233 (31 December 2006 - \$Nil). On 16 November 2007, the Company entered into a loan agreement with Trustcash Holdings Ltd.	101,233	-
	1,102,329	-
Provision for write-down of loans receivable (Notes 11 and 13)	(1,001,096)	-
	101,233	-

**5. Accounts Payable and Accrued Liabilities**

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

**6. Due to Related Party**

As at 31 December 2007, the amount due to related party consists of \$2,500 (31 December 2006 - \$Nil) payable to a director of the Company. This balance is non-interest bearing, unsecured and has no fixed terms of repayment.

## 7. Related Party Transactions

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

During the year ended 31 December 2007, an officer, director and shareholder of the Company made contributions to capital for management fees and rent of \$9,300 (31 December 2006 - \$6,800, cumulative - \$16,100) and \$1,200 (31 December 2006 - \$1,200, cumulative - \$2,400) respectively (Notes 9 and 12). These amounts have been recorded as an increase in expenditures and an increase in additional paid-in capital.

During the year ended 31 December 2006, the Company acquired an interest in the Gold Bug Property from a director and shareholder of the Company. During the year ended 31 December 2007, this interest was returned to this director and shareholder as settlement of a balance of \$1,002 owed to this director by the Company (Notes **Error! Reference source not found.**, 9 and 12).

## 8. Loans Payable

	As at 31 December 2007 \$	As at 31 December 2006 \$
Loan payable bearing interest at a rate of 10% per annum on any unpaid principal balance and is due and payable on or before 16 November 2008. The loan payable is secured by a general charge on the assets of the Company. The balance of \$101,233 at 31 December 2007 (31 December 2006 - \$Nil) consists of principle of \$100,000 and unpaid accrued interest of \$1,233 (31 December 2006 - \$Nil). On 16 November 2007, the Company entered into a loan agreement with Ludwig Holdings Ltd.	101,233	-

## 9. Capital Stock

### Authorized

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



## **9. Capital Stock – continued**

### **Issued and outstanding**

The total issued and outstanding capital stock is 40,350,000 common shares with a par value of \$0.001 per common share.

- i. On 9 February 2006, the Company issued 13,500,000 common shares valued at \$0.001 per share for the acquisition of a mineral property (Notes, 7 and 12).
- ii. On 20 September 2006, 30,000,000 Units (the “Units”) of the Company were issued for cash proceeds of \$100,000. Each Unit consists of one common share of the Company and two share purchase warrants. Each share purchase warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.04 per common share expiring 19 September 2008 (Note 9).
- iii. On 9 February 2007, the Company chose to offer a rescission to shareholders who were not accredited investors. In total, 17,400,000 shares valued at \$58,000 and 34,800,000 warrants were rescinded and the cash was repaid to those shareholders.
- iv. On 2 May 2007 the board of directors of the Company authorized a one to six forward split of all outstanding common shares and a corresponding forward increase in the Company’s authorized common stock pursuant to Section 78.209 of the Nevada Revised Statutes. The forward split and increase in authorized common stock was made effective as of 1 June 2007. The effect of the forward split was to increase the number of the Company’s common shares issued and outstanding from 2,690,000 to 16,140,000 and to increase the Company’s authorized common shares from 75,000,000 shares par value \$0.001 to 450,000,000 shares par value \$0.001. The financial statements have been retroactively adjusted to reflect these stock splits.
- v. On 31 August 2007 the board of directors of the Company authorized a one to 2.5 forward split of all outstanding common shares and a corresponding forward increase in the Company’s authorized common stock pursuant to Section 78.209 of the Nevada Revised Statutes. The forward split and increase in authorized common stock was made effective as of 11 September 2007. The effect of the forward split was to increase the number of the Company’s common shares issued and outstanding from 16,140,000 to 40,350,000 and to increase the Company’s authorized common shares from 450,000,000 shares par value \$0.001 to 1,125,000,000 shares par value \$0.001. The financial statements have been retroactively adjusted to reflect these stock splits.
- vi. On 10 September 2007, the Company cancelled 19,800,000 outstanding warrants.
- vii. During the year ended 31 December 2007, an officer, director and shareholder of the Company made contributions to capital by the payment of the Company’s expenses (Notes 7 and 12).
- viii. During the year ended 31 December 2007, 750,000 shares were issued to a director and officer of the Company as incentive for joining the Board of Directors. These shares were valued at \$2,500 and have been recorded as an increase in non-cash management fee expenditures and an increase in common stock and additional paid-in capital (Notes 7 and 12).

**9. Capital Stock – continued**

**Share subscriptions received in advance**

On 4 September 2007, the Company received \$1,000,000 as payment for a share subscription for 2,000,000 shares at a price of \$0.50. As at 31 December 2007, the common shares related to this subscription have not yet been issued.

**Warrants**

The following share purchase warrants were outstanding at 31 December 2007:

	<b>Exercise price \$</b>	<b>Number of warrants</b>	<b>Remaining contractual life (years)</b>
Warrants	0.04	<u>5,400,000</u>	0.80

The following is a summary of warrant activities during the year ended 31 December 2007 and 2006:

	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>
Outstanding and exercisable at 1 January 2007	60,000,000	0.04
Granted	-	-
Exercised	-	-
Expired	-	-
Rescinded	<u>(54,600,000)</u>	<u>0.04</u>
Outstanding and exercisable at 31 December 2007	<u>5,400,000</u>	<u>0.04</u>
Weighted average fair value of warrants granted during the year		<u>-</u>
Outstanding and exercisable at 1 January 2006	-	-
Granted	60,000,000	0.10
Exercised	-	-
Expired	-	-
Rescinded	<u>-</u>	<u>-</u>
Outstanding and exercisable at 31 December 2006	<u>60,000,000</u>	<u>0.10</u>

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	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>
Weighted average fair value of warrants granted during the year		<u>0.000002</u>
<b>9. Capital Stock – continued</b>		

**Warrants**

The weighted average grant date fair value of warrants issued during the year ended 31 December 2007 is \$Nil per warrant (31 December 2006 - \$0.000002 per warrant). The fair value of each warrant granted was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

	<b>31 December 2007</b>	<b>31 December 2006</b>
Risk free interest rate	-	4.81%
Expected life	-	2 years
Annualized volatility	-	101%
Expected dividends	-	0%

Because the shares of the Company have not begun trading on any recognized stock exchange, there is no trading history to establish the expected volatility. The Company has used the average volatility for two companies in the same industry or considered to be comparable.

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

**10. Income Taxes**

The Company has losses carried forward for income tax purposes to 31 December 2007. There are no current or deferred tax expenses for the year ended 31 December 2007 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

## 10. Income Taxes - continued

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

	For the year ended 31 December 2007 \$	For the year ended 31 December 2006 \$
Deferred tax asset attributable to:		
Current operations	352,477	17,599
Contributions to capital by related party – expenses	(3,570)	(2,720)
Less: Change in valuation allowance	<u>(348,907)</u>	<u>(14,879)</u>
Net refundable amount	<u>-</u>	<u>-</u>

The composition of the Company's deferred tax assets as at 31 December 2007 and 31 December 2006 are as follows:

	31 December 2007 \$	31 December 2006 \$
Net income tax operating loss carry forward	<u>(1,075,732)</u>	<u>(49,534)</u>
Statutory federal income tax rate	34%	34%
Effective income tax rate	0%	0%
Deferred tax assets	365,749	16,842
Less: Valuation allowance	<u>(365,749)</u>	<u>(16,842)</u>
Net deferred tax asset	<u>-</u>	<u>-</u>

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

As at 31 December 2007, the Company has an unused net operating loss carry forward balance of approximately \$1,075,732 that is available to offset future taxable income. This unused net operating loss carry forward balance for income tax purposes expires between the years 2026 and 2027.

## **11. Commitments**

- i. On 7 September 2007, the Company entered into a purchase agreement with CypherEdge Technologies, Inc. ("CypherEdge"), whereby the Company has the right to acquire all of the issued and outstanding common shares of CypherEdge in consideration for the issuance of 83,000,000 common shares of the Company to the stockholders of CypherEdge. Under the terms of the purchase agreement, the closing of the acquisition is to take place no later than December 31, 2007. This transaction was not completed by 31 December 2007 (Note 11(ii)).
- ii. On 7 September 2007, the Company entered into a bridge loan agreement with CypherEdge whereby the Company is to provide a bridging loan of up to \$1,000,000 to CypherEdge repayable in full by 31 December 2007. At 31 December 2007, the Company had advanced \$975,000 related to this loan agreement and the required repayment of the full amount of the loan had not been completed. The Company has recorded a provision for write-down of \$1,001,096 on this loan receivable (principle \$975,000 and accrued interest \$26,096) and is pursuing all legal remedies available to the Company to obtain repayment (Notes 4 and 13).

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

	<b>For the period from the date of inception on 13 May 2005 31 December 2007 \$</b>	<b>For the year ended 31 December 2007</b>	<b>For the year ended 31 December 2006 \$</b>
Cash paid during the year for interest	-	-	-
Cash paid during the year for income taxes	-	-	-

During the year ended 31 December 2007, 750,000 shares were issued to a director and officer of the Company as incentive for joining the Board of Directors. These shares were valued at \$2,500 and have been recorded as an increase in non-cash management fee expenditures and an increase in common stock and additional paid-in capital (Notes 7 and 9).

During the year ended 31 December 2007, an officer, director and shareholder of the Company made contributions to capital for management fees and rent of \$9,300 (31 December 2006 - \$6,800, cumulative - \$16,100) and \$1,200 (31 December 2006 - \$1,200, cumulative - \$2,400) respectively (Notes 7 and 9).

During the year ended 31 December 2007, the Company settled accounts payable debts of \$1,002 to

a director and shareholder of the Company by transferring its interest in the Gold Bug Property to the director and shareholder (Notes 3 and 7).

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

### **13. Contingency**

The Company's loan receivable of \$1,001,096 (principle \$975,000 and accrued interest \$26,096) to CypherEdge was not repaid in full on 31 December 2007 and the loan receivable is in default. The Company is pursuing all legal actions available to recover the outstanding amount (Notes 4 and 11).

### **14. Subsequent Event**

On 30 January 2008, the Company entered into a Binding Term Sheet ("Term Sheet") with Trustcash Holdings, Inc. ("Trustcash") and Paivis, Corp. ("Paivis") whereby the Company agreed to finance on a best efforts basis a minimum of \$2,000,000 but no more than \$7,000,000 towards the financing required by Trustcash under a Definitive Agreement and Plan of Merger (the "Merger") between Trustcash and Paivis. The Company further agreed in the Term Sheet to provide interim financing to both Paivis and Trustcash to cover the costs of the Merger and miscellaneous working capital at a minimum level of \$150,000 combined. The Company and Trustcash have a director and shareholder in common.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES (ITEM 9A(T))**

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

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

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2007.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Commission that permit us to provide only the management's report in this Form 10-K.

**Changes in Internal Controls over Financial Reporting**

During the period ended December 31, 2007, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

**9B. OTHER INFORMATION**

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

##### Officers and Directors

The following table sets forth the name, age and position of each director and executive officer of the Company:

<i>Name</i>	<i>Age</i>	<i>Year Elected/Appointed</i>	<i>Positions Held</i>
John Xinos	40	1998	CEO and director
Kent Carasquero	41	2007	CFO, PAO, and director

**John Xinos** has been the chief executive officer and director of the Company since inception on May 13, 2005. Mr. Xinos was the chief financial officer and principal accounting officer from inception to March 28, 2007.

For the past 7 years, Mr. Xinos has been the owner and president of two private companies – Pine Street Investments and Fir Street Investments - which are solely involved in the purchase and/or rental or sale of real estate within British Columbia. Mr. Xinos has studied business management at the University of British Columbia although has not registered for the final year required to complete a degree. Mr. Xinos holds a Free Miner's Certificate and has registered for a BCeID (British Columbia electronic Identification). Mr. Xinos currently devotes approximately 5-7 hours per week to our business.

Mr. Xinos has not been an officer or director of any other companies in the past five years.

**Kent Carasquero** has been the chief financial officer, principal accounting officer and director of the Company since March 28, 2007.

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, equity, and debt raising activities. Mr. Carasquero holds an Advanced BA in Economics from the University of Manitoba.

Mr. Carasquero has served as interim president and chief financial officer of Trustcash Holdings, Inc. since February 12, 2008. He has served as a director of Trustcash Holdings, Inc. since January 21, 2005. He served as Trustcash Holdings, Inc.'s sole executive officer from January 21, 2005 until June 30, 2007. Mr. Carasquero served as an officer and director of Intrepid Global 3D Imaging, Inc. from April of 2004 until September of 2004 (formerly "Delta Capital Technologies, Inc.") and American Unity Investments, Inc. from February of 2004 until March of 2005 (formerly "Capital Hill Gold, Inc.").

No other persons are expected to make any significant contributions to the Company's executive decisions who are not executive officers or directors of the Company.



### ***Term of Office***

Our directors are appointed for a one (1) year term to hold office until the next annual meeting of our shareholders or until removed from office in accordance with our bylaws. Our executive officers are appointed by our Board of Directors and hold office until removed by the board.

### ***Family Relationships***

There are no family relationships between or among the directors or executive officers

### ***Director Independence***

The Company is listed on the OTC Bulletin Board inter-dealer quotation system, which does not have director independence requirements. However, for purposes of determining director independence, we have applied the definitions set out in NASDAQ Rule 4200(a)(15). NASDAQ Rule 4200(a)(15) states that a director is not considered to be independent if he or she is also an executive officer or employee of the corporation. Accordingly, we do not have any independent directors.

### ***Involvement in Certain Legal Proceedings***

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

### **Compliance with Section 16(A) of the Exchange Act**

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company, we are not aware of any persons who, during the period ended December 31, 2007, failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934.

### ***Code of Ethics***

The Company 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 Company has incorporated a copy of its Code of Ethics as Exhibit 14 to this form 10-K. Further, our Code of Ethics is available in print, at no charge, to any security holder who requests such information by contacting us.

### Board of Directors Committees

The board of directors has not established an audit 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 Company will be required to establish an audit committee.

The board of directors has not established a compensation committee.

### Director Compensation

Directors currently are not reimbursed for out-of-pocket costs incurred in attending meetings nor are they compensated for their service as directors. However, Kent Carasquero did receive 750,000 shares of our common stock as an incentive for joining our board of directors (see the *Summary Compensation Table*, below). The Company may adopt a provision for compensating directors for their services in the future.

The following table provides summary information for the year 2007 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of our directors.

<i>Summary Compensation Table</i>							
Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option Awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation (\$)	All other compensation (\$)	Total (\$)
Kent Carasquero	-	2,500	-	-	-	-	2,500

## ITEM 11. EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Since the Company remains in the development stage it does not offer any form of compensation plan to its executive officers. While we have deemed that this approach to compensation arrangements is satisfactory for the time being and is appropriately suited for our objectives, we do intend to establish a compensation program in the future in the event that revenue producing operations can be sustained and consideration is given to any future employees. Elements of future compensation packages may include salaries, options and other compensatory elements.

### Tables

The following table provides summary information for the years 2007, and 2006 concerning cash and non-cash compensation paid or accrued by the Company 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 (\$)
John Xinos CEO and director	2007	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-
Kent Carasquero CFO, PAO and director	2007	-	-	-	-	-	-	-	-

We have 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 do we have any “Post Employment Payments” to report.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information concerning the ownership of the Company’s 42,350,000 shares of common stock issued and outstanding as of April 4, 2008, with respect to: (i) all directors; (ii) each person known by us to be the beneficial owner of more than five percent of our common stock; and (iii) our directors and executive officers as a group.

<i>Names and Addresses of Managers and Beneficial Owners</i>	<i>Title of Class</i>	<i>Number of Shares</i>	<i>Percent of Class</i>
John Xinos CEO and director 809-4438 West 10 <sup>th</sup> Avenue Vancouver BC Canada V6R 4R8	Common	27,000,000	63.8%
Kent Carasquero CFO, PAO and director 809-4438 West 10 <sup>th</sup> Avenue, Vancouver, BC, Canada V6R 4R8	Common	510,000	1.2%
Officer and Directors as a Group (2)	Common	27,510,000	65.0%

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

None of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the beginning of our last fiscal year or in any presently proposed transaction which, in either case, has or will materially affect us, except those listed below.

During the year ended December 31, 2007 the Company issued 750,000 shares of common stock valued at \$2,500 to Kent Carasquero, our chief financial officer, principal accounting officer and one of our directors, as an incentive to join the board of directors.

During the year ended December 31, 2007, Mr. Xinos, our chief executive officer and a director, made contributions to capital for management fees and rent incurred of \$9,300 and \$1,200 respectively.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

***Fees and Services***

James Stafford, Chartered Accountants, audited our annual financial statements and reviewed our quarterly financial statements for fiscal year ended December 31 2006 and 2007. The following is an aggregate of fees billed for each of the last fiscal years for professional services rendered by our principal accountant:

<i>Accountant's Fees</i>		
	<b>2007</b>	<b>2006</b>
Audit fees - auditing of our annual financial statements and preparation of auditors' report.	\$ 6,483.81	\$ 5,141.00
Audit-related fees - review of each of the quarterly financial statements.	\$ 6,177.00	\$ 12,051.47
Tax fees - preparation and filing of three major tax-related forms and tax planning.	-	-
All other fees - other services provided by our principal accountants.	-	-
Total fees paid or accrued to our principal accountants	\$ 12,660.81	\$ 17,192.47

***Audit Committee Pre-Approval***

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

## **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

### ***(a) Consolidated Financial Statements***

The following documents are filed under “*Item 8. Financial Statements and Supplementary Data*,” pages F-1 through F-21, and are included as part of this Form 10-K:

Financial Statements of the Company for the years ended December 31, 2007 and 2006:  
Report of Independent Registered Public Accounting Firm  
Balance Sheets  
Statements of Loss and Comprehensive Loss  
Statements of Changes in Stockholders’ Deficiency  
Statements of Cash Flows  
Notes to Financial Statements

### ***(b) Exhibits***

The exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits on page 25 of this Form 10-K, and are incorporated herein by this reference.

### ***(c) Financial Statement Schedules***

We are not filing any financial statement schedules as part of this Form 10-K because such schedules are either not applicable or the required information is included in the financial statements or notes thereto.

## SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 5<sup>th</sup> day of April, 2008.

### MISTRAL VENTURE, INC.

/s/ John Xinos  
John Xinos  
Chief Executive Officer

/s/ Kent Carasquero  
Kent Carasquero  
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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<u>/s/ John Xinos</u> John Xinos	Director	April 5, 2008
<u>/s/ Kent Carasquero</u> Kent Carasquero	Director	April 5, 2008

## INDEX TO EXHIBITS

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

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

MISTRAL VENTURES, INC.  
CODE OF ETHICS FOR SENIOR OFFICERS

PREFACE

Senior officers such as the principal executive officer, principal financial officer, controller, officers of the Company or its subsidiaries, and persons performing similar functions (“Senior Officers”) hold an important and elevated role in corporate governance. They are vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the Company’s stakeholders, including stockholders, clients, employees, suppliers, and citizens of the communities in which business is conducted. Senior Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the Company’s financial organization, and by demonstrating the following:

I. HONEST AND ETHICAL CONDUCT

Senior Officers will exhibit and promote the highest standards of honest and ethical conduct through the establishment and operation of policies and procedures that:

- Encourage and reward professional integrity in all aspects of the financial organization, by eliminating inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal, or alienation from the financial organization or the enterprise itself.
- Prohibit and eliminate the appearance or occurrence of conflicts between what is in the best interest of the enterprise and what could result in material personal gain for a member of the organization, including Senior Officers.
- Company directors, officers and employees have an obligation to promote the best interests of the Company at all times. They should avoid any action which may involve a conflict of interest with the Company. Directors, officers and employees should not have any undisclosed, unapproved financial or other business relationships with suppliers, customers or competitors that might impair the independence of any judgment they may need to make on behalf of the Company. Conflicts of interest would also arise if a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.
- Where conflicts of interest arise, directors, officers and employees must provide full disclosure of the circumstances and abstain from any related decision making process.
- Directors, officers and employees must also avoid apparent conflicts of interest, which occur where a reasonable observer might assume there is a conflict of interest and, therefore, a loss of objectivity in their dealings on behalf of the Company.
- Provide a mechanism for members of the finance organization to inform senior management of deviations in practice from policies and procedures governing honest and ethical behavior.
- If any employee has knowledge or is suspicious of non-compliance with any provision of this Code or is concerned whether circumstances could lead to a violation of this Code, he or she should discuss the situation with one or more members of the Audit Committee or in the absence of an Audit Committee with the Company’s Board of Directors. The Company will not allow any retaliation against a director, officer or employee who acts in good faith in reporting any such violation or suspected violation.
- If directors or executive officers have knowledge or are suspicious of any non-compliance with any provision of this Code or are concerned whether circumstances could lead to a violation of this Code, they should discuss the situation with the Audit Committee or in the absence of an Audit Committee with the Board of Directors of the Company.
- Demonstrate their personal support for such policies and procedures through periodic communication reinforcing these ethical standards throughout the Company.



## II. FINANCIAL RECORDS AND PERIODIC REPORTS

Senior Officers will establish and manage the Company's transaction and reporting systems and procedures to ensure that:

- The Company complies with its obligations to disclose all material information in accordance with all applicable securities laws.
- All employees comply with the Company's Internal Disclosure Controls and Procedures Guidelines and all other financial and disclosure controls and procedures.
- Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with Generally Accepted Accounting Principles (GAAP) and established Company financial policy.
- The retention or proper disposal of Company records shall be in accordance with established Company financial policies and applicable legal and regulatory requirements.
- Periodic financial communications and reports will be delivered in a manner that facilitates the highest degree of clarity of content and meaning so that readers and users will quickly and accurately determine their significance and consequence.
- Any Senior Officer in possession of material information must not disclose such information before its public disclosure and must take steps to ensure that the Company complies with its timely disclosure obligations.

## III. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

Senior Officers will establish and maintain mechanisms to:

- Educate appropriate employees of the Company about any federal, state or local statute, regulation or administrative procedure that affects the operation of the finance and accounting organization and the Company generally.
- Monitor the compliance of the Company with any applicable federal, state or local statute, regulation or administrative rule.
- Identify, report and correct in a swift and certain manner, any detected deviations from applicable federal, state or local statute or regulation.
- If a law conflicts with a provision of this Code, Senior Officers must comply with the law; however, if a local custom or policy conflicts with a provision of this Code, Senior Officers must comply with the Code.

## IV. ACCOUNTABILITY FOR ADHERENCE TO THE CODE

All directors and Senior Officers are responsible for abiding by this Code. This includes individuals responsible for the failure to exercise proper supervision and to detect and report a violation by their subordinates. Discipline may, when appropriate, include dismissal.

## V. AMENDMENTS AND WAIVERS

This Code of Ethics may be amended, and compliance with it may be waived, only with the approval of the Audit Committee or in the absence of an Audit Committee by the Board of Directors.

Date: April 4, 2008

Date: April 4, 2008

/s/ John Xinos  
John Xinos, Director

/s/ Kent Carasquero  
Kent Carasquero, Director

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

I, John Xinos, certify that:

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

Date: April 5, 2008

/s/ John Xinos

John Xinos, Chief Executive Officer

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

I, Kent Carasquero, certify that:

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

Date: April 5, 2008

/s/ Kent Carasquero

Kent Carasquero, Chief Financial Officer

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

In connection with the report on Form 10-K of Mistral Ventures, Inc. for the annual period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof ("Report"), I, John Xinos, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

/s/ John Xinos

John Xinos

Chief Executive Officer

Date: April 5, 2008

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

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

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

In connection with the report on Form 10-K of Mistral Ventures, Inc. for the annual period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof ("Report"), I, Kent Carasquero, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

/s/ Kent Carasquero  
Kent Carasquero  
Chief Financial Officer  
Date: April 5, 2008

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

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