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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark One)

☑ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended June 30, 2006

o **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from _____ to _____

Commission file number: 000-30489

LIFELINE THERAPEUTICS, INC.

(Name of small business issuer in its charter)

Colorado	**90-0224471**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
6400 S. Fiddler's Green Circle, #1970 Greenwood Village, Colorado	**80111**
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: **(720) 488-1711**

Securities registered pursuant to Section 12(b) of the Exchange Act: **None**

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, Series A $0.001 par value per share
(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. o

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past twelve (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 o

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

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

Registrant's revenues for the fiscal year ended June 30, 2006 were $7,165,819.

The aggregate market value of the voting stock held by non-affiliates of the Registrant based on the average bid and asked prices of the Registrant's Common Stock on August 31, 2006 was $6,736,367, which excludes 14,755,842 shares of common stock held by Directors, Officers and holders of 5% or more of the Registrant's outstanding Common Stock on that date. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the Registrant, or that such person is controlled by or under common control with the Registrant. There is no non-voting common equity of the Registrant.

The number of shares outstanding of the Registrant's Common Stock, par value $0.001 per share, as of August 31, 2006, was 22,117,992 shares.

Transitional Small Business Disclosure Format (check one): Yes o No ☑

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report on Form 10-KSB contains certain “forward-looking statements” (as such term is defined in section 21E of the Securities Exchange Act of 1934, as amended). These statements, which involve risks and uncertainties, reflect our current expectations, intentions or strategies regarding our possible future results of operations, performance, and achievements. Forward-looking statements include, without limitation: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending; statements regarding our product development strategy; and statements regarding future capital expenditures and financing requirements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and applicable common law and SEC rules.

These forward-looking statements are identified in this report by using words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “plan”, “predict”, “project”, “should” and similar terms and expressions, including references to assumptions and strategies. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- Our short operating history and lack of significant revenues from operations;
- Our ability to successfully expand our operations and manage our future growth;
- The effect of current and future government regulations and regulators on our business;
- The effect of unfavorable publicity on our business;
- Competition in the dietary supplement market;
- The potential for product liability claims against us;
- Our dependence on third party manufacturers to manufacture our product;
- The ability to obtain raw material for our product;
- Our dependence on a limited number of significant customers and a single product for our revenue;
- Our ability to protect our intellectual property rights and the value of our product;
- Our ability to continue to innovate and provide products that are useful to consumers;
- The significant control that our management and significant shareholders exercise over us;
- The illiquidity of our common stock; and
- Other factors, including the other risks, uncertainties, and contingencies under “Risk Factors” and “Management’s Discussion and Analysis or Plan of Operation” in Item 6 of Part II of this report.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. We have no obligation and do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

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PART I

ITEM 1 — DESCRIPTION OF BUSINESS

Overview

Lifeline Therapeutics, Inc. (the "Company" or "Lifeline Therapeutics") markets Protandim®, a patent-pending dietary supplement that is intended to increase the body's natural antioxidant protection by inducing two protective enzymes, superoxide dismustase and catalase. Our principal place of business is at 6400 South Fiddler's Green Circle, Suite 1970, Greenwood Village, CO 80111, telephone (720) 478-1711, fax (720) 488-1722.

Our Product

Protandim®, which is currently our only product, is a proprietary blend of ingredients that has demonstrated the ability to induce two protective enzymes, superoxide dismutase ("SOD") and catalase ("CAT"), in the brain, liver, and blood. Protandim® is intended to combat oxidative stress to the human body by producing SOD and CAT. Oxidative stress refers to the cellular and tissue damage caused by chemically reactive oxygen radicals formed as a natural consequence of cellular metabolism. Oxidative stress is widely believed to play a key role in the aging process, and the body's defenses against oxidative stress and free radicals decrease with age.

Reactive oxygen species ("ROS") and free radicals can be elevated under a wide variety of conditions, including radiation, UV light, smoking, excessive alcohol consumption, certain medical conditions such as neurodegenerative diseases and diabetes, and advancing age. Normally, cellular anti-oxidant enzymes serve to inactivate ROS and maintain their levels at those compatible with normal cell function. Important among these enzymes are SOD and CAT. However, the levels of these protective anti-oxidant enzymes decrease with age and are reduced in a number of disease conditions.

SOD is the body's most effective natural anti-oxidant. SOD works in conjunction with CAT. A by-product of SOD's potent anti-oxidant activity is hydrogen peroxide, a dangerous substance that needs to be subsequently converted into water and oxygen by CAT. Together, these enzymes constitute the first line of defense and repair for the body. However, unlike Protandim®, current SOD and CAT oral supplements can neither be absorbed by the human body nor work in conjunction with each other in one safe, orally-available pill.

Protandim® is designed to induce the body to produce more of its own anti-oxidant enzymes and to decrease the process of lipid peroxidation, an indicator of oxidative stress. Each component of Protandim® has been selected for its ability to meet these criteria. The Protandim® formulation includes low, safe doses of each component which is intended to prevent unwanted side effects that might be associated with one or another of the components individually.

Protandim's® ability to produce SOD and CAT has been demonstrated through studies on animals and humans. The name Protandim® is derived from: "promoting the tandem" co-regulation of SOD and CAT. Protandim® and the intellectual property related to its development are owned by our subsidiary, Lifeline Nutraceuticals Corporation ("Lifeline Nutraceuticals" or "LNC").

Our Business Model

The primary operational components of our business, including the manufacturing, marketing and distribution of Protandim®, are outsourced to companies we believe possess a high degree of professionalism and achievement in their particular fields. By outsourcing these operational tasks, we hope to tie our costs closely to our level of product sales and avoid the relatively high costs of building our own infrastructure. We also believe our approach minimizes the need for a large manufacturing workforce or sales staff by permitting us to monitor and manage the operational components of our manufacturing, marketing and distribution providers. Outsourcing also provides additional production capacity that is available to us without significant advance notice, and often at lower prices than if we added production in house.

Manufacturing. We have retained The Chemins Company of Colorado Springs, Colorado ("Chemins") to produce Protandim® under a manufacturing agreement dated February 26, 2004 and amended January 17, 2005. The agreement with Chemins has a continuous term, but may be terminated by either party upon 90 days written notice. Under the agreement,

- Chemins has ordered and received the raw materials required for one million bottles of Protandim® and
- we have paid Chemins to acquire bottling and packaging materials, and to commence manufacturing 500,000 bottles of Protandim®.
- Chemins delivers product to us based on our purchase orders and additional payments. Through June 30, 2006, Chemins had shipped or delivered 289,000 bottles of Protandim® to our fulfillment center and retail distributor, General Nutrition Distribution, LP ("GNC"). As of June 30, 2006, an additional 211,000 bottles remain to be shipped from the initial 500,000-bottle order.

Through June 30, 2006, we paid Chemins approximately $1,800,000 for delivered product, which includes the deposit for the purchase of raw and packaging materials for a total of one million bottles of Protandim®. We will pay Chemins an additional $800,000 for the remaining product.

Chemins has significant experience in manufacturing dietary supplements. Its plant complies with the cGMP (current good manufacturing practices) for foods in general. Currently there are no specific cGMPs for dietary supplements. While we currently have a contract with Chemins in place, we cannot assure you that this manufacturer will continue to supply our product to us in the quantities we require, or at all.

Marketing. We market Protandim® through print and radio media advertising as well as electronic marketing efforts. In June 2005, the Company and Protandim® were discussed on a nationally-televised news program. We also regularly train and educate customer service representatives to correctly and appropriately represent the product to consumers.

The AND Group, a strategic consultancy firm, was engaged to lead the development of Protandim®'s brand platform and consumer messaging hierarchy to include: structure/function statement, product description, core product benefits, and proof points.

LeGrand Hart was retained as Protandim®'s public relations firm with assignments including developing a strategic and tactical public relations plan, refining core messaging for public relations applications, aggregating media coverage of relevant issues and competitive news, developing target media lists and outreach programs.

Karsh + Hagan Communications, Inc. was retained as Protandim®'s advertising agency of record. Karsh's scope of work included finalizing brand positioning and character, logo development, package design, media planning and buying, collateral material (i.e. Brochures) and advertising (i.e. print, radio, online) development.

In addition to the marketing services that we outsource to these outside firms, we also have an internal sales/marketing group consisting of two full-time employees and an independent consultant.

Sales. In July 2005, we entered into an agreement with General Nutrition Distribution, LP ("GNC"). Pursuant to our agreement with GNC, sales are made on a "sale or return" basis whereby product can be returned by GNC customers for a full refund. Since we do not have sufficient history with GNC to reasonably estimate the rate of product returns, we have deferred all revenue and costs related to these retail shipments. Through June 30, 2006, this deferred revenue has totaled $1,144,950. The Company will recognize the deferred revenue from this sales channel and its related costs when it obtains sufficient information to reasonably estimate the amount of future returns from the retail channel.

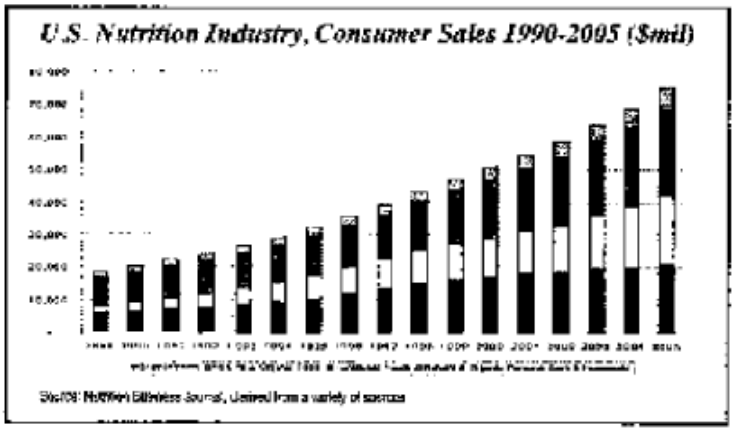
In addition to sales through our retail distributors, we also sell Protandim® directly to individuals through our product website (www.protandim.com) and a call center utilizing a toll-free number (1-8PROTANDIM or 1-877-682-6346). The toll-free number is answered by Convergys, Inc. ("Convergys"), with which we have contracted to provide call center services. Convergys will answer sales calls for us on an around-the-clock basis. Customer service calls to another toll-free number (1-877-488-1711) are answered in our offices in Greenwood Village, Colorado. Our employees are available to respond to our customers' needs, answer questions, track packages, provide refunds, if necessary, and process sales orders. Our website and the call center direct shipping orders to United Parcel Service ("UPS"), our fulfillment center. UPS offers package tracking by toll-free number or online so that our customers or our customer service department can determine the status of a shipment.

Research and Development

Our research efforts to date have focused on investigating various aspects and consequences of the "imbalance of oxidants and anti-oxidants," an abnormality which is an underlying feature in many disorders. We intend to continue our research, development, and documentation of Protandim® to provide credibility to the market. We also anticipate undertaking research, development, testing, and licensing efforts to be able to introduce additional products under the Protandim® brand name in the future. We cannot offer any assurance that we will be successful in this endeavor. Product research and development expenses were approximately $114,200 and $37,900 for fiscal 2006 and 2005, respectively.

The U.S. Dietary Supplement Market

According to the *Nutrition Business Journal*, the U.S. supplement market was estimated to be over $21 billion in 2005 as reflected in the following charts:



2005 U.S. Nutrition Industry Revenues ($mil in Consumer Sales)

2005	Retail-NHF	Retail-MM	Mail Order	MLM	Practitioner	Internet	Total
Supplements	7,741	6,036	1,287	4,198	1,548	506	**21,316**
Natural & Organic Foods	11,466	9,307	17	29	6	14	**20,840**
Functional Foods	2,903	23,337	27	213	32	147	**26,660**
N&O Personal Care, etc.	3,291	757	222	1,962	233	91	**6,556**
Total	**25,401**	**39,437**	**1,554**	**6,402**	**1,819**	**757**	**75,372**

Source: NBJ, Nutrition Business Journal primary research includes NBJ surveys of natural food, supplement and NPC manufacturers, distributors, MLM firms, mail order, internet and raw material companies and numerous interviews with major retailers (WalMart, Costco, etc.), manufacturers, suppliers and industry experts. Secondary sources include Information Resources Inc., SPINS, ACNielsen, Natural Foods Merchandiser, OTC Update, Progressive [ILLEGIBLE], Supermarket Business, US Census Bureau, company data and others. NHF represents natural, health food, supplement and specially retail outlets. MM represents grocery, drug, mass merchandise, club and convenience stores. Mail Order represents catalogs, direct mail and direct response TV and radio. Practitioners represent conventional and alternative practitioners selling to patients. Note: NBJ classifies [ILLEGIBLE]milk and selected other categories only as functional for the purposes of this all industry chart to avoid double counting, even though it can also be classified as a natural & organic.

Source: *Nutrition Business Journal*, June/July, 2006

We believe that the growth in this market is driven by a number of factors including:

- increased awareness of the health benefits of dietary supplements;
- a trend toward preventive health care;
- an increase in the number of older Americans; and
- health care consumers' interest in managing their own health needs.

Target Market

Our primary target markets for Protandim® are the 1) health and wellness markets and 2) elderly populations. We are marketing Protandim® in the United States in media targeted toward these age groups. We plan to test specific targeted messages within younger market segments. Demographically, the more specific initial segments within these age categories would include higher-educated, higher-income individuals that already espouse a healthy lifestyle and have some attributes of consumers concerned about their wellness. With increased awareness and media

support, we believe the demographic appeal can be broadened to more mainstream consumers and persons within lower socio-economic strata.

Competition

Although we believe that Protandim® reflects a unique product in the nutraceutical and pharmaceutical industries, there are a number of potential competitors to Protandim®.

Vitamin C, vitamin E, Coenzyme Q-10 and other sources of exogenous anti-oxidants are often considered competitors of Protandim®. We believe these substances should not be considered competitors because they are oxygen radical scavengers, and are not enzymatic, meaning that they do not work within the cells of the human body. Our research indicates that Protandim® generates intra-cellular anti-oxidants, such as SOD and CAT, within the cells of the body. We believe that the body's internal anti-oxidant enzymes, produced at homeostatic levels, provide a better defense against oxidative stress than exogenous sources of anti-oxidants.

There are many companies performing research into anti-oxidants, and these companies are intensely competitive. At least one entity is currently marketing a direct competitor to Protandim®, and it is highly likely that one or more additional entities will develop, purchase, or license from a third party, competitive products along the lines of our focus. Thus, we expect that we will be subject to significant competition that will intensify as these markets develop.

Many of our actual and potential competitors have longer operating histories and possess greater name recognition, larger customer bases, and significantly greater financial, technical, and marketing resources than we do. As the dietary supplement industry grows and changes, retailers may align themselves with larger suppliers who may be more financially stable, market a broad portfolio of products or offer better customer service. Competition with companies of this nature could materially adversely affect our business, operating results, or financial condition.

Product Liability and Other Insurance

We have product liability insurance coverage for our Protandim® product that we believe is adequate to protect us. We have also obtained commercial property and liability coverage, as well as directors' and officers' liability insurance.

Intellectual Property, Patents, and Royalty Agreements

Protandim® is a proprietary, patent-pending dietary supplement formulation for enhancing SOD and CAT. The patent applications protecting this formulation are listed below and have been assigned to our subsidiary, LNC.

We will protect our intellectual property and license rights through patent protection, trade secrets and contractual protections and intend to develop a strong brand identity in the Protandim® mark. Although we do not currently license our intellectual property to any third parties, we may choose to provide such licensing arrangements in the future to provide a potential new revenue source.

Our intellectual property is covered, in part, by three U.S. utility patent applications on file in the U.S. Patent and Trademark Office ("USPTO"). A Patent Cooperation Treaty (PCT) International Patent Application is also on file. These patent applications claim the benefit of priority of seven U.S. provisional patent applications listed below and are directed to compositions, methods and methods of manufacture. The earliest filing date for this family is

March 23, 2004. If issued, the expected term is through March 23, 2025, assuming there are no term extensions. These patent applications include:

U.S. Provisional Patent Applications*

- U.S. Application Serial Number 60/555,802, filed on March 23, 2004 (expired);
- U.S. Application Serial Number 60/590,528, filed on July 23, 2004 (expired);
- U.S. Application Serial Number 60/604,638, filed on August 26, 2004 (expired);
- U.S. Application Serial Number 60/607,648, filed on September 7, 2004 (expired);
- U.S. Application Serial Number 60/610,749, filed on September 17, 2004 (expired);
- U.S. Application Serial Number 60/643,754, filed on January 13, 2005 (expired);
- U.S. Application Serial Number 60/646,707, filed on January 25, 2005 (expired); and
- U.S. Application Serial Number 60/758,814, filed on January 13, 2006.

* Provisional patent applications expire within 12 months of the filing date of the application. Applications were filed within the 12 months resulting in no forfeiture of either priority date or rights to intellectual property.

U.S. Utility Patent Applications

- U.S. Application Serial Number 11/088,323, filed on March 23, 2005 and claiming the benefit of priority to all the above-referenced U.S. provisional patent applications.
- U.S. Application Serial Number 11/216,313, filed on August 31, 2005 and claiming the benefit of priority of U.S. Application Serial Number 11/088,323, filed on March 23, 2005, as well as all the above-referenced U.S. provisional patent applications.
- U.S. Application Serial Number 11/216,514, filed on August 31, 2005 and claiming the benefit of priority of U.S. Application Serial Number 11/088,323, filed on March 23, 2005, as well as all the above-referenced U.S. provisional patent applications.

We do not anticipate final grant or denial of the above-referenced U.S. utility applications prior to April 2007.

PCT International Patent Applications

- PCT Application Serial Number PCT/US2005/009783, filed on March 23, 2005 and claiming the benefit of priority to seven of the above-referenced U.S. provisional patent applications. This application is scheduled for National Phase filing on or before September 23, 2006.

Trademark. We have applied for registration of the Protandim® trademark in the U.S., Canada, Japan, the European Community, Taiwan, China, and South Korea. Protandim® is registered on the Principal Register of the USPTO as U.S. Reg. No. 2,999,080. Common law rights are also in force in the U.S. and Canada. We do not know with resonable certainty the timing of the final grant or denial of applications to register Protandim® in Canada, Japan, Taiwan, China, the European Community or South

Korea.

Governmental Approval and Regulations

The formulation, manufacturing, packaging, labeling and advertising of Protandim® currently are subject to regulation by federal agencies, including the Food and Drug Administration ("FDA"), the Federal Trade Commission ("FTC"), and also by various federal, state and local agencies. In addition, the distribution and sale of Protandim® is subject to FDA, FTC and federal, state and local regulation. In particular, although the Company is not currently required to obtain FDA or FTC approval to sell Protandim®, the FDA, pursuant to the Federal Food, Drug, and Cosmetic Act ("FFDCA"), which includes the Dietary Supplement Health and Education Act ("DSHEA"), primarily regulates the formulation, manufacturing, packaging, and labeling of the product, while the FTC primarily regulates the advertising and marketing of the product.

Protandim® is marketed as a "dietary supplement" as defined in the DSHEA. The DSHEA is intended to promote access to safe, quality dietary supplements and information about dietary supplements. The U.S. Congress has amended the FFDCA several times with respect to dietary supplements, in particular by the DSHEA. In 1994, the DSHEA established a new framework governing the composition and labeling of dietary supplements. With respect to composition, the DSHEA defined "dietary supplements" as including vitamins, minerals, herbs, other botanicals, amino acids, and other dietary substances for human use to supplement the diet, as well as concentrates, constituents, extracts, or combinations of such dietary ingredients. Under the DSHEA, a dietary supplement that contains a "new dietary ingredient" (defined as a dietary ingredient not marketed in the United States before October 15, 1994) must have a history of human use or other evidence of safety establishing that it is "reasonably expected" by the manufacturer to be safe prior to marketing the product. The manufacturer of a dietary supplement must notify the FDA at least 75 days before marketing products containing new dietary ingredients and provide the FDA with the information upon which the manufacturer based its conclusion that the product has a reasonable expectation of safety. The FDA may not accept the evidence of safety for any new dietary ingredient, and the FDA's refusal to accept such evidence could prevent the marketing of such dietary ingredients.

FDA Regulations Applicable to the Formulation, Manufacturing, Packaging and Labeling of Protandim®

The DSHEA permits statements of nutritional support to be included in labeling for dietary supplements without FDA pre-approval. Such statements may describe how a particular dietary ingredient may affect the structure, function or general well-being of the body or the mechanism of action by which dietary ingredients affect the foregoing. Such statements may not state that a dietary supplement will diagnose, cure, mitigate, treat, or prevent a disease unless such claim has been reviewed and approved by the FDA, either as a "health claim" or as a claim for an approved drug. A company that uses a statement of nutritional support in labeling must possess evidence substantiating that the statement is truthful and not misleading. The FDA may determine that a particular statement of nutritional support that a company wants to use is an illegal claim for an unapproved new drug or an unauthorized version of a health claim. Such a determination might prevent a company from making the claim.

The DSHEA also permits certain third-party literature, for example a reprint of a peer-reviewed scientific publication, to be used "in connection with the sale of a dietary supplement to consumers" without the literature being subject to regulation as labeling. However, such literature must not be false or misleading, the literature may not promote a particular manufacturer or brand of dietary supplement and it must include a balanced view of the available scientific information on the subject matter, among other requirements. While we exercise care in the dissemination of all such third party literature about Protandim®, we cannot assure you that it would be found by the FDA to satisfy all of these requirements. If we fail to satisfy any of these applicable requirements, the FDA could prevent the use of certain literature and subject Protandim® to regulation as an unapproved new drug. We could also be subject to adverse actions by other third parties.

We are subject to the risk that the FDA may take enforcement action against us for one or more violations of the FFDCA. We have to comply with the FFDCA, including the DSHEA, and all applicable FDA regulations. Any allegations of non-compliance may result in time-consuming and expensive defense of our activities. An enforcement action could include a warning letter that informs us of alleged violations, such as selling a misbranded product, an adulterated product, or an unapproved new drug. Although we would be entitled to take corrective action in response to any such warning letter, the fact that a warning letter had been issued to us from the FDA would be made available to the public. That information could affect our relationships with our investors, vendors and consumers. The FDA could also initiate many additional types of enforcement actions that would be far more detrimental to our business than the issuance of a warning letter, including actions for product seizure, inspection and/or criminal prosecution. Because we are not required to submit all product labeling to the FDA before we sell our dietary supplement, we cannot give any assurance that FDA enforcement action will not occur.

FTC Regulations applicable to the Advertising and Marketing of Protandim®

Advertising and marketing of products is subject to regulation by the FTC under the Federal Trade Commission Act ("FTC Act"). Section 5 of the FTC Act prohibits unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce. Section 12 of the FTC Act provides that disseminating any false advertisement pertaining to drugs or foods, which would include dietary supplements, is an unfair or deceptive act or practice. Under the FTC's Substantiation Doctrine, an advertiser is required to have a "reasonable basis" for all express and implied product claims before the claims are made. Failure to adequately substantiate claims may be considered either deceptive or unfair practices. Pursuant to this FTC requirement, we are required to have adequate substantiation for all material advertising claims made for our products. The FTC routinely reviews advertising and websites to identify significant questionable advertising claims and practices, and competitors often inform the FTC when they believe other competitors are violating the FTC Act. If the FTC initiates an investigation to determine the support for a claim, the FTC can initiate pre-complaint discovery that may be nonpublic in nature. Such an investigation may (i) be very expensive to defend, (ii) be lengthy, and (iii) result in one or more adverse rulings by a court, administrative law judge, or in a publicly disclosed consent decree.

Our telemarketing activities must comply with the FTC's Telemarketing Sales Rule, 16 CFR Part 310, and additional telemarketing and marketing statutes and regulations of the FTC and of states. Because these activities, in general, are in the public eye and because it may be difficult to ensure compliance with these laws and regulations by the individuals who actually make and receive such calls, there is a risk that we could be the subject of investigation and other

enforcement activities that may be brought by the FTC and state agencies. We regularly train and educate telemarketing representatives to correctly and appropriately represent the product.

In addition to federal regulation in the U. S., each state has enacted its own "Little FTC Act" to regulate sales and advertising and each state has enacted its own food and drug laws. We may receive requests to supply information regarding our sales or advertising to state regulatory agencies. We remain subject to the risk that, in one or more of our present or future markets, our products, sales, and advertising could be found not to be in compliance with applicable laws and regulations. If we fail to comply with these laws and regulations, it could have a material adverse effect on our business in a particular market or in general. In addition, these laws and regulations could affect our ability to enter new markets.

The Bioterrorism Act

In June 2002, Congress enacted the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (the "Bioterrorism Act"). The Bioterrorism Act contained new requirements with regard to the sale and importation of food products in the United States:

1. Mandatory registration with the FDA of all food manufacturers.
2. Prior notice to regulators of inbound food shipments.
3. Recordkeeping requirements, and grant of access to the FDA of applicable records.
4. Grant of detention authority to the FDA of food products in certain circumstances.

Under the recordkeeping requirements, Lifeline is considered to be a "nontransporter" of Protandim® and must maintain certain records required of nontransporters. Lifeline is in the process of ensuring that all appropriate records are being kept.

Potential FDA and Other Regulation

We could become subject to additional laws or regulations administered by the FDA, FTC, or by other federal, state, or local regulatory authorities, to the repeal of laws or regulations that we consider favorable, such as the DSHEA, or to more stringent interpretations of current laws or regulations. For example, the FDA is currently developing guidance for the industry to clarify the FDAs interpretation of the new dietary ingredient notification requirements, which may raise new and significant regulatory barriers for new dietary ingredients. In addition, increased FDA enforcement could lead the FDA to challenge dietary ingredients already on the market as illegal under the FFDCA because of the failure to file a new dietary ingredient notification.

In addition, the FDA has proposed final good manufacturing practices ("GMP") regulations for the dietary supplement industry. If finalized, the proposed GMPs would require quality control provisions that are equal to or greater than GMPs for drugs and over-the-counter products. These GMPs could result in increased expenses, changes to or discontinuance of products, or implementation of additional record keeping and administrative procedures. We cannot assure you that if the FDA adopts the GMPs in the form proposed, we will be able to comply with the new regulations without incurring significant costs.

We are not able to predict the nature of such future laws, regulations, repeals, or interpretations, and we cannot predict what effect additional governmental regulation, when and if it occurs, would have on our business in the future. Such developments could, however, require reformulation of products to meet new standards, recalls, or discontinuances of products not able

to be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, additional personnel, or other new requirements. Any such developments could have a material adverse effect on us, including our financial condition or results of operations.

Employees

As of June 30, 2006, we had 11 full-time employees, including two officers, leased through Administaff. We outsource our sales order call center, manufacturing, and distribution operations to minimize the number of employees.

History

Lifeline Therapeutics was formed under Colorado law in June 1988 under the name Andraplex Corporation. We amended our name to Yaak River Resources, Inc. in January 1992, and to Lifeline Therapeutics, Inc. in October 2004.

On October 26, 2004, we acquired approximately 81% of the outstanding common stock of Lifeline Nutraceuticals, a privately held Colorado corporation that was formed in July 2003 (the "Reorganization"). In this Reorganization:

- We issued 15,385,110 shares of our Series A common stock (representing about 94% of our outstanding common stock after the Reorganization) to eleven persons in exchange for their ownership interest in LNC.
- We agreed to exchange $240,000 in new promissory notes for a like amount of convertible debt obligations of LNC.
- We agreed to exchange $559,000 in new promissory notes for a like amount of bridge loan note obligations of LNC.

As a result of the Reorganization, Lifeline Therapeutics owned 81% of the outstanding common stock of LNC. In March 2005, we completed the acquisition of the remaining 19% minority shareholder interest in LNC in exchange for 1,000,000 shares of our series A common stock. LNC owns and has developed the intellectual property that has resulted in the development of Protandim®.

ITEM 2 — DESCRIPTION OF PROPERTIES

Corporate Office

In August 2005, we entered a 36-month lease for our current executive offices in Greenwood Village, Colorado. Pursuant to the agreement, we paid a $35,688 prepayment of rent for 5,736 square feet, and monthly rents of $9,560 from December 2005 through July 2006, $9,799 from August 2006 through July 2007, and $10,038 from August 2007 through July 2008. We also tendered a $30,144 security deposit that will be returned to us, in thirds, at the beginning of the 13th, 25th and at 36th months, provided we do not breach our covenants in the lease.

Warehouse Facility

We have a warehouse facility agreement with UPS, pursuant to which we lease warehouse space from them in their climate-controlled warehouse in Denver, Colorado.

Other Properties

Development Lots. Until November 10, 2004, we owned 91 development lots in Lawrence, Colorado. Management evaluated the value of these properties and determined that the total value was no greater than $25,000. In November 2004, we consummated an agreement with a shareholder and creditor, Donald Smith, by which Mr. Smith canceled indebtedness owed to him by Lifeline Therapeutics of about $20,000 in exchange for a quitclaim deed conveying those lots to him. Mr. Smith also assumed any environmental liability to which the property might be subject.

ITEM 3 — LEGAL PROCEEDINGS

On December 7, 2005, John Bradley commenced a lawsuit naming Lifeline Therapeutics, Inc., Lifeline Nutraceuticals Corporation, and others as defendants in District Court, Arapahoe County, Colorado. Mr. Bradley, alleged that he is entitled to additional compensation, in the form of approximately 450,000 shares of our Series A common stock, for services rendered to the Company and Lifeline Nutraceuticals. Principally, the suit alleged violations of the Colorado Securities Act, breach of contract, and fraudulent inducement.

On January 30, 2006, we filed a Motion to Dismiss Mr. Bradley's claims with the District Court. After written briefing and a hearing, the District Court granted this Motion, without prejudice, on May 16, 2006.

On May 31, 2006, Mr. Bradley filed a Motion for Reconsideration of Order Granting Defendants' Motion to Dismiss, or, in the Alternative, for New Hearing. On June 14, 2006, the Motion for Reconsideration was denied.

The Company filed a Motion for Payment of Attorney's Fees and on June 14, 2006, the Motion was granted. In a letter dated September 1, 2006, Mr. Bradley agreed to pay certain amounts in respect of legal fees to Lifeline Therapeutics, Inc., Lifeline Nutraceuticals Corporation and the other defendants, and to file a stipulation and dismissal of the action.

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

There were no matters submitted to a vote of security holders of Lifeline Therapeutics, Inc. through a solicitation of proxies or otherwise during the fourth quarter of the Company's fiscal year ended June 30, 2006.

PART II

ITEM 5 — MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Since October 5, 2004, our Series A common stock has traded on the OTC Bulletin Board in the United States, under the symbol “LFLT”. Prior to October 5, 2004, our common stock was traded on the OTC Bulletin Board under the symbol “YAAK”. Our Series A common stock first began trading in the first quarter of our 1992 fiscal year.

The table below sets forth for the fiscal quarters indicated the reported high and low sale prices of our common stock, as reported on the OTC Bulletin Board. These prices were reported by an online service, reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. Our fiscal year-end is June 30th.

	2006		2005	
	High	Low	High	Low
First Quarter	$11.75	$4.30	$ 1.36	$0.68
Second Quarter	$ 5.75	$1.72	$ 4.00	$2.55
Third Quarter	$ 5.95	$1.80	$10.60	$2.70
Fourth Quarter	$ 2.71	$0.46	$20.25	$4.00

As of June 30, 2006, we had 279 shareholders of record and 22,117,992 shares of common stock outstanding. This does not include an unknown number of persons who hold shares through brokers and dealers in street name and who are not listed on our shareholder records.

We have not declared any dividends on any class of our equity securities since incorporation and we do not anticipate that we will declare any dividends in the foreseeable future. Our present policy is to retain future earnings, if any, for use in our operations and the expansion of our business.

Stock Option Grants and Warrants

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	—	$ —	—
Equity compensation plans not approved by security holders	7,885,294	$ $2.55	1,574,000
Total	7,885,294	$ $2.55	1,574,000

2006 Stock Option Plan. Our 2006 Stock Option Plan was adopted on January 30, 2006, subject to shareholder approval. The purpose of the 2006 Option Plan is to advance the interests of the Company and its shareholders by affording key employees and other key individuals an opportunity for investment in the Company and the incentive advantages inherent in stock ownership in the Company. Options to acquire 2,000,000 shares of our Series A common stock may be granted under the 2006 Stock Option Plan. There are currently options to purchase 426,000 shares of our Series A common stock outstanding under the 2006 Stock Option Plan, and

options to purchase an additional 1,574,000 shares remaining available for issuance under the 2006 Option Plan. The plan terminates ten years from its adoption subject to shareholder approval prior to January 29, 2007. In addition to the options granted under the plan, there were 1,290,000 options and 6,169,294 warrants outstanding outside the 2006 Stock Option Plan. Included in the options and warrants granted outside the plan are 120,000 warrants granted to a board member, Mr. Baz, pursuant to an agreement entered into prior to the effective date of the 2006 Stock Option Plan.

The 2006 Stock Option Plan authorizes our board of directors or the compensation committee to grant incentive options and non-qualified options. The committee has the power to select the participants to whom options are granted, determine the number of shares to be subject to each option, whether an option will be granted in exchange for the termination of an existing option, the purchase price for the shares underlying the option, the option period, the manner in which options become exercisable, and such other terms the committee deems necessary or desirable. No option may be granted at an exercise price that is less than the fair market value of our Series A common stock on the date of grant. Options must expire no later than 10 years from the date of grant. If a grantee's employment is terminated, then any option held may be exercised only to extent determined by the committee at the time of grant, but no more than 3 months after termination. If certain changes in control of the Company occur, then all options granted under the 2006 Stock Option Plan would become immediately exercisable other than incentive stock options that would violate the $100,000 limitation described in the next paragraph.

The aggregate fair market value of shares underlying incentive stock options granted to a particular grantee that have become exercisable for the first time during the same calendar year will not exceed $100,000, subject to further amendments to the applicable provisions of the Internal Revenue Code. In addition, no incentive stock option may be granted to a key employee who, at the time of the grant, owns stock with more than 10% of the total combined voting power of all classes of our stock, unless at the time of the grant the purchase price for the underlying shares of Series A common stock is at least 110% of the fair market value and the incentive stock option is not exercisable more than 5 years after the date of grant.

Interim Chief Executive Officer. Pursuant to an agreement, effective as of August 1, 2005, with Tatum CFO Partners, LLP ("Tatum"), Brenda March served as our interim Chief Executive Officer. Under the terms of the agreement, the Company granted Ms. March and Tatum warrants to purchase 7,200 and 1,800 shares of common stock, respectively. Subsequent to August 1, 2005, additional warrants to purchase 6,742 and 1,686 shares of common stock, respectively, were granted at exercise prices between $3.13 and $9.85. In connection with the hiring of Stephen K. Onody as Chief Executive Officer, on January 13, 2006, Ms. March substantially ceased providing services to the Company under the terms of the agreement with Tatum and no additional warrants have been granted.

Chairman Warrants. On October 12, 2005, the Company and Mr. Baz, who is the Chairman of the Board of Directors, agreed that Mr. Baz will continue to serve as Chairman from October 1, 2005 through September 30, 2006 in exchange for warrants to purchase 10,000 shares of common stock per month (in addition to the cash compensation being paid to him as a director and a member of the Executive Committee of the Board of Directors). The warrants contain an exercise price equal to the volume weighted average trading price of our Series A common stock on the Wednesday of each month that immediately precedes the last Thursday of the month. If that Wednesday is not a trading day, then the exercise price will be equal to the volume weighted average trading price on the first trading day immediately preceding that Wednesday. Each

warrant is issued at the close of business on the trading day on which its exercise price is determined, and will expire at the close of business on the second anniversary of the issue date. Subsequent to the adoption of the 2006 Stock Option Plan, the pricing of Mr. Baz's remaining warrants was fixed at $3.37 per share for the remaining term of the agreement. There was no underwriter involved in the transaction, and the warrants were issued pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

Chief Executive Officer. On November 28, 2005, our Chief Executive Officer, Stephen K. Onody, was granted an option to purchase 1,000,000 shares of our Series A common stock, with the purchase price equal to the weighted average price for a share of our Series A common stock on November 28, 2005. The stock option vests and becomes exercisable in the amounts set forth below based upon the weighted average trading price of our Series A common stock for a consecutive 90 day period:

Portion of Option Vesting	Common Stock Price
1/3	$ 8.00
1/3	$14.00
1/3	$18.00

To the extent not previously vested pursuant to the terms of the agreement, one-third of the stock option shall vest on November 28, 2006 and the remaining two-thirds shall vest quarterly in eight equal installments, beginning ninety days after November 28, 2006 and ending on November 28, 2008. If after November 28, 2006 and prior to November 28, 2007 there is a "change in control" of the Company, the Company terminates the agreement without Cause (as defined in the employment agreement), or Mr. Onody terminates the agreement with Good Reason (as defined in the employment agreement), then one-third of the option that has not already vested as of such date will immediately vest, and if one of these events occurs after November 28, 2007 but prior to November 28, 2008, two-thirds of the option that has not already vested will immediately vest. There was no underwriter involved in the transaction, and the option was issued pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

Chief Financial Officer. On January 4, 2006, our Chief Financial Officer, Gerald J. Houston, was granted an option to purchase 240,000 shares of the Company's common stock, with the purchase price equal to the weighted average price for a share of the Company's common stock on January 4, 2006.

The stock option vests and become exercisable in the amounts set forth below based upon the weighted average trading price of our Series A common stock for a consecutive 90 day period:

Portion of Option Vesting	Common Stock Price
1/3	$ 8.00
1/3	$14.00
1/3	$18.00

To the extent not previously vested pursuant to the terms of the agreement, one-third of the stock option shall vest on January 4, 2007 and the remaining two-thirds shall vest quarterly in eight equal installments, beginning ninety days after January 4, 2007 and ending on January 4, 2009. If after January 4, 2007 and prior to January 4, 2008 there is a "change in control" of the Company, the Company terminates the agreement without Cause (as defined in the employment agreement), or Mr. Houston terminates the agreement with Good Reason (as defined in the employment agreement), then one-third of the option that has not already vested as of such date

will immediately vest, and if one of these events occurs after January 4, 2008 but prior to January 4, 2009, two-thirds of the option that has not already vested will immediately vest. There was no underwriter involved in the transaction, and the option was issued pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

Board Members and Others. On February 1, 2006, we granted options to board members serving on various committees. Members of the Audit Committee, Marketing Committee, Science Committee and Executive Committee of the Board of Directors, other than the Chairman of these Committees, received options to acquire 12,000 shares of our Series A common stock, with the Chairman of each of the Audit Committee, Marketing Committee and Science Committee receiving options to acquire 24,000 shares of our Series A common stock. Members of the Compensation Committee and Nominating Committee, other than the Chairman of these Committees, received options to acquire 6,000 shares of our Series A common stock, with the Chairman of these Committees receiving options to acquire 12,000 shares of our Series A common stock. One-twelfth of each of these options became exercisable on February 1, 2006, with the remainder of each option becoming exercisable on the last day of the calendar month beginning February 28, 2006. The exercise price of the options granted is equal to the volume weighted average trading price of our Series A common stock on February 1, 2006.

As of June 30, 2006, 7,885,294 total warrants and options to purchase common stock were outstanding. These warrants and options have exercise prices ranging between $0.72 and $9.85, with a weighted average exercise price of $2.55 and expiration dates ranging from July 31, 2007 to January 4, 2016. As of June 30, 2006, 1,883,428 compensation based warrants and options to purchase common stock were outstanding. The compensation based warrants and options have exercise prices ranging between $0.72 and $9.85, with a weighted average exercise price of $3.25 and expiration dates ranging from July 31, 2007 to January 4, 2016. As of June 30, 2006, 6,001,866 investment based warrants and options to purchase common stock were outstanding. The investment based warrants and options have exercise prices ranging between $2.00 and $2.50, with a weighted average exercise price of $2.33 exercisable through April 18, 2008.

ITEM 6 — MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

You should read the following discussion and analysis in connection with our financial statements and related notes beginning on page F-1 following Part III of this annual report.

Overview

This management's discussion and analysis discusses the financial condition and results of operations of Lifeline Therapeutics and its wholly-owned subsidiary, Lifeline Nutraceuticals, Inc. ("Lifeline Nutraceuticals").

At the present time we sell a single product, Protandim®. We developed Protandim®, a proprietary blend of ingredients that has (through studies on animals and humans) demonstrated the ability to enhance superoxide dismutase ("SOD") and catalase ("CAT") in brain, liver, and blood, the primary battlefields for oxidative stress. Protandim® is designed to induce the human body to produce more of its own catalytic anti-oxidants, and to decrease the process of lipid peroxidation, an indicator of oxidative stress. Each component of Protandim® has been selected on its ability to meet these criteria. Low, safe doses of each component ensure that unwanted additional effects that might be associated with one or another of the components are not seen with the formulation.

We sell Protandim® directly to individuals as well as to retail stores. We began significant sales of Protandim® in the fourth quarter ended June 30, 2005. In June 2005, the Company and Protandim® were discussed on a nationally-televised news program, which led to a substantial increase in sales. Between June 2005 and March 2006, sales of Protandim® have declined on a monthly basis as we have not received continuing similar national news exposure. During the fiscal year ended June 30, 2006, our expenditures related to company initiated sales and marketing activities have increased.

Our research efforts to date have been focused on investigating various aspects and consequences of the "imbalance of oxidants and anti-oxidants," an abnormality which is a central underlying feature in many disorders. We intend to continue our research, development, and documentation of Protandim® to provide credibility to the market. We also anticipate undertaking research, development, testing, and licensing efforts to be able to introduce additional products under the Protandim® brand name in the future, although we cannot offer any assurance that we will be successful in this endeavor.

The primary operational components of our business are outsourced to companies that we believe possess a high degree of professionalism and achievement in their particular field of endeavor. One advantage of outsourcing we hope to achieve is a more direct correlation of the costs we incur to our level of product sales versus the relatively high fixed costs of building our own infrastructure to accomplish these same tasks. Another advantage of this structure is to minimize our commitment of resources to the human capital required to manage these operational components successfully. Outsourcing also provides additional capacity without significant advance notice and often at an incremental price lower than the unit prices for the base service.

Our expenditures during fiscal 2006 consisted primarily of marketing expenses, operating expenses, payroll and professional fees, customer service, research and development and product manufacturing for the marketing and sale of Protandim®. During 2005, our expenditures consisted primarily of payroll expenses, operating expenses, professional fees, continuing research and

development, raw material acquisition and product manufacturing for the prospective marketing and sale of Protandim®.

Recent Developments

On November 28, 2005, we announced that our Board of Directors had appointed Stephen K. Onody as our Chief Executive Officer effective November 28, 2005. Mr. Onody was also appointed to serve as a member of our Board of Directors. Mr. Onody replaced Brenda March who had been serving as our interim Chief Executive Officer since July 19, 2005. On January 4, 2006, Gerald J. Houston became our Chief Financial Officer. Mr. Houston replaced Mr. William B. Kutney who has served as our Chief Financial Officer since August 2005.

Reorganization

This discussion and analysis discusses the financial condition and results of operation of Lifeline Therapeutics and its wholly owned subsidiary, Lifeline Nutraceuticals Corporation ("LNC"). As described above, we completed the Reorganization in October 2004, and acquired the remaining minority interest in LNC in March 2005. As a part of the Reorganization, Lifeline Therapeutics also assumed all debt and common stock purchase warrants of LNC. As a result of the Reorganization, our fiscal year end became June 30.

For legal purposes, Lifeline Therapeutics acquired LNC and now owns 100% of the common stock of LNC. However, for financial accounting purposes, LNC is treated as the acquiring company in a reverse acquisition of the company that is now known as Lifeline Therapeutics and that is the parent of LNC. As a consequence of the reverse acquisition treatment, our financial statements as of June 30, 2006 are the consolidated statements of Lifeline Therapeutics and our financial statements as of June 30, 2005 are those of LNC from July 1, 2004 through June 30, 2005, and Lifeline Therapeutics since the date of the reverse merger. For periods prior to October 2004, the historical financial statements are those of LNC.

Year ended June 30, 2006 Compared to the Year ended June 30, 2005

Sales. We generated net sales of approximately $7,165,800 during the year ended June 30, 2006 and approximately $2,353,800 during the year ended June 30, 2005 from the sale of our product, Protandim®. This increase was due to the fact that we did not begin significant sales of Protandim® until the fourth quarter ended June 30, 2005, and as a consequence, sales in the first three quarters of 2005 were minimal. We sold approximately 146,600 units of Protandim in the year ended June 30, 2006, and approximately 48,400 for the year ended June 30, 2005.

Gross Margin. Cost of sales were approximately $1,491,300 for the year ended June 30, 2006, and approximately $393,600 for the year ended June 30, 2005, resulting in a gross margin of approximately $5,674,500, or 79%, and approximately $1,960,200, or 83%, respectively. The change in margin is due to higher fulfillment costs in fiscal year ended June 30, 2006.

Operating Expenses. Total operating expenses for the fiscal year ended June 30, 2006 were approximately $8,544,000 as compared to operating expenses of approximately $4,045,000 for the fiscal year ended June 30, 2005. Operating expenses consist of marketing and customer service expenses, general and administrative expenses, research and development and depreciation and amortization expenses, each of which increased between the fiscal year 2005 and fiscal year 2006, due to expansion of activities related to the launch of Protandim®.

Marketing and Customer Service Expenses. Marketing and customer service expense increased from approximately $924,000 in fiscal year 2005 to approximately $4,260,000 in fiscal year 2006. This increase was due to additional marketing and customer support activity required to expand product distribution in 2006.

General and Administrative Expenses. Our general and administrative expense rose from approximately $2,982,000 in fiscal year 2005 to $3,904,000 in fiscal year 2006. The increase resulted from our hiring of additional staff during the last half of the fiscal year ended June 30, 2006 to provide sufficient infrastructure to management, marketing, operations and administration in connection with our expanded product marketing efforts, as well as related increases in our legal expenses.

Research and Development. Our research and development expenditures increased from approximately $38,000 in fiscal year 2005 to approximately $114,000 in fiscal year 2006 as a result of an increase in our research, development, and documentation of the efficacy of Protandim® for potential consumers.

Depreciation and Amortization Expense. Depreciation and amortization expense increased from approximately $102,000 during our fiscal year ended June 30, 2005 to approximately $265,300 in our fiscal year ended June 30, 2006. This increase was due to the amortization of a non-compete agreement during fiscal year 2006.

Net Other Income and Expense. We recognized net other expense of approximately $3,738,000 in fiscal year 2005 as compared to net other income of approximately $135,000 in fiscal year 2006. This change is largely the result of a reduction of $3,300,000 in interest expense incurred in fiscal year 2005 due to the conversion and repayment of our convertible bridge loans issued during the fiscal year ended June 30, 2005.

Net Loss. As a result of the revenues and expenses described above and because of significant revenue, we reduced our net loss of approximately $2,735,000 for the fiscal year ended June 30, 2006 compared to a net loss of approximately $5,822,000 for the fiscal year ended June 30, 2005.

As further described below in “Unresolved SEC Staff Comments”, we are in the process of responding to comments from the Securities and Exchange Commission regarding, among other issues, the accounting for the convertible debentures issued by us in 2005 as well as the accounting for goodwill from the purchase of the minority interest of LNC in 2005. The outcome of such discussions with the SEC may result in adjustments to certain amounts reported in our financial statements issued for the year ended June 30, 2005 and all subsequent periods thereafter. These adjustments could affect the presentation and classification of amounts and costs relating to certain equity based instruments, and goodwill on our balance sheet and statement of operations, however, we currently believe that if such adjustments are made, our report of cash flows will be unaffected.

Liquidity and Capital Resources

Our primary liquidity and capital resource requirements are to finance the cost of our planned marketing efforts and the manufacture and sale of Protandim® and to pay our general and administrative expenses. Our primary sources of liquidity are cash flow from the sales of our product.

At June 30, 2006, our available liquidity was approximately $3,237,000, including available cash and cash equivalents and marketable securities. This represented a decrease of approximately $1,168,000 from the approximately $4,405,000 in cash, cash equivalents and marketable securities at June 30, 2005. During the fiscal year ended June 30, 2006, we used approximately $1,082,000 of cash in operations as compared to approximately $1,893,000 during fiscal 2005. The Company's cash used by operating activities during fiscal 2006 decreased as a result of increased sales in fiscal 2006 over fiscal 2005.

We used approximately $1,200 in cash from financing activities during fiscal year 2006, compared to $6,801,000 of cash provided from financing activities during fiscal year 2005. Cash provided from financing activities during fiscal year 2005 was primarily due to approximately $2,954,000 received from notes payable and $4,400,000 in net proceeds from the sale of our Series A common stock and warrants, offset by approximately $401,000 in debt issuance costs and the repayment of $160,000 of loans.

During the year ended June 30, 2006, we used approximately $3,260,000 in investing activities, primarily in the purchase of marketable securities. During the year ended June 30, 2005, we used approximately $553,000 in investing activities, primarily for patent costs (approximately $102,000), for a non-compete agreement (approximately $250,000), and for the purchase of equipment and software (approximately $200,000).

At June 30, 2006, we had working capital (current assets minus current liabilities) of approximately $2,254,000, compared to working capital of approximately $5,167,000 at June 30, 2005. Our working capital at June 30, 2006 was primarily derived from our sales of Protandim®, whereas, working capital at June 30, 2005 was primarily derived from the proceeds of the bridge notes and equity transactions.

We currently anticipate that existing cash resources will be sufficient to fund our anticipated working capital and capital expenditure needs through at least June 30, 2007. We base our expenses and expenditures in part on our expectations of future revenue levels from the sale of Protandim®. If our revenue for a particular period is lower than expected, we may take steps to reduce our operating expenses accordingly. If cash generated from operations is insufficient to satisfy our liquidity requirements, we may seek to sell additional public or private equity securities or obtain debt financing. Additional financing may not be available at all or, if available, may not be obtainable on terms favorable to us. If we are unable to obtain additional financing needed if and when cash generated from operations is insufficient to satisfy our liquidity requirements, we may be required to reduce the scope of our planned operations, which could harm our business, financial condition and operating results. Additional financing may also be dilutive to our existing shareholders.

Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. As such, we are required to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Our significant accounting policies are described in Note 2 to our financial statements. Certain of these significant accounting policies require us to make difficult, subjective, or complex judgments or estimates. We consider an

accounting estimate to be critical if (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. Management has discussed the development and selection of these critical accounting estimates with our board of directors, and the audit committee has reviewed the foregoing disclosure.

Allowances for Product Returns

We record allowances for product returns at the time we ship the product. We base these accruals on the historical return rate since the inception of our selling activities, and the specific historical return patterns of the product. Our return rate since the inception of selling activities is approximately 2% of sales.

We offer a 30-day, money back unconditional guarantee to all customers. As of June 30, 2006, our June 2006 shipments of approximately $356,000 were subject to the money back guarantee. We replace returned product damaged during shipment wholly at our cost, which historically has been negligible.

We monitor our return estimate on an ongoing basis and may revise the allowances to reflect our experience. Our allowance for product returns was $34,397 on June 30, 2006, compared with $48,500 on June 30, 2005. To date, product expiration dates have not played any role in product returns, and we do not expect they will in the future because it is unlikely that we will ship product with an expiration date earlier than the latest allowable product return date.

Inventory Valuation

We state inventories at the lower of cost or market on a first-in first-out basis. We maintain a reserve for inventory obsolescence and we base this reserve on assumptions about current and future product demand, inventory whose shelf life has expired and market conditions. We may be required to make additional reserves in the event there is a change in any of these variables. We recorded no reserves for obsolete inventory as of June 30, 2006 because our product and raw materials have a shelf life of at least 3 years and we purchased all product and raw materials in the second half of fiscal 2005.

Revenue Recognition

We ship the majority of our product by United Parcel Service (“UPS”) and receive payment for those shipments in the form of credit card charges. Our return policy is to provide a 30-day money back guarantee on orders placed by customers. After 30 days, we do not refund customers for returned product. We have experienced monthly returns approximating 2% of sales. Sales revenue and estimated returns are recorded when the merchandise is shipped because performance by us is considered met when shipped by UPS.

In July 2005, we entered into an agreement with GNC pursuant to which GNC has the right to return any and all product shipped to them, at any time, for any reason. Since we do not have sufficient history with GNC to reasonably estimate the rate of product returns, we have deferred all

revenue and costs related to these shipments. We will recognize this deferred revenue and its related costs when we obtain sufficient information to reasonably estimate the amount of future returns. Product returns from GNC for the fiscal year ended June 30, 2006 were approximately $5,000.

Goodwill Impairment

Goodwill has constituted a significant portion of our long-term assets. We perform our goodwill impairment test annually. We test goodwill for impairment by first comparing the book value of net assets to the fair value of the related operations. If the fair value is determined to be less than book value, a second step would be performed to compute the amount of the impairment. We estimate the fair value of the related operations by relying upon external third party valuation and goodwill impairment analysis of the Company. In addition to other valuation methods, the external valuation firm utilized discounted cash flows as one of the measures of fair market value. Forecasts of future cash flows based best estimates of future sales and operating costs which could significantly change and affect the amount of future impairments, if any.

Research and Development Costs

We have expensed all of our payments related to research and development activities.

Recently Issued Accounting Standards

In February 2006, the FASB issued SFAS 155, *Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140.* This statement allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 shall be effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. We anticipate that SFAS 155 will not have a material impact on our financial statements.

In March 2006, the FASB issued SFAS 156, *Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140.* The statement addresses the recognition and measurement of separately recognized servicing assets and liabilities and provides an approach to simplify efforts to obtain hedge-like (offset) accounting. Entities shall adopt this statement as of the beginning of the first fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this statement is the date that an entity adopts the requirements of this statement. We anticipate that SFAS 156 will not have a material impact on our financial statements.

In September 2006, Statement 157, *Fair Value Measurements*, was issued by the FASB and is effective for financial statements for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the

application of this Statement will change current practice. We anticipate that SFAS 157 will not have a material impact on our financial statements.

We have reviewed all other recently issued, but not yet effective, accounting pronouncements and do not believe any such pronouncements will have a material impact on our financial statements.

Unresolved SEC Staff Comments

On June 30, 2005, we filed a registration statement on Form SB-2 related to the sale by certain of our shareholders of up to 12,323,867 shares of our Series A common stock issued in connection with our private placement completed in May 2005. We subsequently amended our registration statement to respond to comments from the Staff. We have been in ongoing dialogue with SEC Staff to resolve any outstanding issues. The SEC Staff's most recent comments request clarification on the following matters:

a) The valuation of 1,000,000 shares issued to purchase a minority interest in Lifeline Nutraceuticals in March 2005, and consequently,

b) the valuation of the $5,310,000 goodwill resulting from the transaction,

c) the appropriate purchase price allocation to intangible assets, and

d) the calculation of the beneficial conversion factor related to the bridge notes in fiscal year 2005.

These Staff comments are as yet unresolved. In our response letters to the Staff, we have provided additional information that we believe supports our current and historic accounting treatment on these matters. We believe our accounting treatment regarding these matters is correct, and we are currently discussing these matters with the SEC Staff. We will continue to work with the Staff to resolve these unresolved comments.

If the SEC Staff agrees with our positions on these matters and there are no further comments from the Staff, then we will not be required to restate any of our prior financial statements and would anticipate that the Staff would declare our registration statement effective thereafter. If the Staff disagrees with our positions on these matters, then we will continue to work with the Staff on these matters until resolution is obtained. In such event, we could be required to restate certain of our prior financial statements. To the extent that any of the Staff's comments relate to matters that also impact information included in this Annual Report on Form 10-KSB, we would file an amendment to the Form 10-KSB once the SEC comment process is completed. We cannot assure you, however, that these issues will be resolved in a timely manner or that any resolution will not have a material adverse effect on our prior balance sheet items or our historical results of operations.

Any or all of these matters may require non-cash adjustments to the Company's financial statements, and the outcome of this process could require that we restate this 10-KSB and could require that we restate certain financial statements with respect to our prior financial periods. At this time, we are unable to estimate the extent or magnitude of the changes that may need to be made to our financial statements as a result of the unresolved comments, and we will not be in a position to determine the ultimate impact on our financial statements.

Risk Factors

An investment in our common stock involves a high degree of risk, and should be considered only by persons who can afford the loss of their entire investment. You should carefully consider each of the following risk factors and all of the other information provided in

this annual report, including our financial statements and the related notes, before purchasing our Series A common stock. The risks described below are those we currently believe may materially affect us. The future development of Lifeline Therapeutics and Protandim® is and will continue to be dependent upon a number of factors, not all of which we can predict or anticipate. Accordingly, the following risk factors are not necessarily all of the important factors that could cause actual results of operations to differ materially from those expressed in the forward-looking statements in this annual report. Other unknown or unpredictable factors also could have material adverse effects on our business, future results of operations or financial condition. We have no obligation and do not undertake to update or revise the following risk factors to reflect events or circumstances after the date of this report.

Risk Factors Relating to the Company, our Lack of Operating History, our Management and our Financial Condition

We have a lack of operating history and lack of revenues from operations.

We did not generate any significant revenues from the sale of Protandim® until the last six months of fiscal 2005. For the fiscal years ended June 30, 2004 and 2005, we generated revenues of $0 and $2,353,795, respectively. Although Lifeline Nutraceuticals incorporated in July 2003, and even though we have expended in excess of $12,800,000 in research and development activities and overhead expenses since July 2003, we do not have any significant operating history. We commenced sales of our only product, Protandim®, in February 2005, and for the fiscal year ended June 30, 2005, we incurred a net loss of $5,822,397 and for our fiscal year ended June 30, 2006, we incurred a net loss of $2,734,501. If cash generated from operations is insufficient to satisfy our liquidity requirements, we may seek to sell additional public or private equity securities or obtain debt financing. Additional financing may not be available at all or, if available, may not be obtainable on terms favorable to us. If we are unable to obtain additional financing needed if and when cash generated from operations is insufficient to satisfy our liquidity requirements, we may be required to reduce the scope of our planned operations, which could harm our business, financial condition and operating results. Additional financing may also be dilutive to our existing shareholders.

There is no assurance that we will be successful in expanding our operations and, if successful, managing our future growth.

We increased the scale of our operations by spending the funds available from the completion of our private placement of our Series A common stock in May 2005. This increase in scale and expansion of our operations resulted in higher operating costs. If we are unable to generate revenues that are sufficient to cover our increased costs, our results of operations will be materially and adversely affected. We may experience periods of rapid growth, including increased staffing levels. Any such growth will place a substantial strain on our management, operational, financial and other resources, and we will need to train, motivate, and manage employees, as well as attract sales, technical, and other professionals. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with our business objectives would have a material adverse effect on our business, financial condition, and results of operations.

Government regulators and regulations could adversely affect our business.

The formulation, manufacturing, packaging, labeling, advertising, distribution, and sale of our product, as well as other dietary supplements, are subject to regulation by a number of federal, state, and local agencies, including but not limited to the FDA and the FTC. See Item 1 – Business – Government Approval and Regulations. These agencies have a variety of procedures and enforcement remedies available to them, including but not limited to:

- Initiating investigations;
- Issuing warning letters and cease and desist orders;
- Demanding recalls;
- Initiating adverse publicity;
- Requiring corrective labeling or advertising;
- Requiring consumer redress and/or disgorgement;
- Seeking injunctive relief or product seizures;
- Initiating judicial actions; and
- Imposing civil penalties or commencing criminal prosecution.

Federal and state agencies have in the past used these types of remedies in regulating participants in the dietary supplement industry, including the imposition by federal agencies of monetary redress in the millions of dollars. Adverse publicity related to dietary supplements may result in increased regulatory scrutiny, undermine or eliminate the acceptance of our product by consumers and lead to the initiation of private lawsuits. Product recalls could result in unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

Our failure to comply with applicable laws could also subject us to severe legal sanctions that could have a material adverse effect on our business and results of operations. Specific action taken against us could result in a material adverse effect on our business and results of operations. Furthermore, a state could interpret product claims that are presumptively valid under federal law are nonetheless illegal under that state's regulations.

Future laws or regulations may hinder or prohibit the production or sale of our existing product and any future products.

We may be subject to additional laws or regulations in the future, such as those administered by the FDA, FTC, or other federal, state, or local regulatory authorities. See Item 1 – Business – Government Approval and Regulations. Laws or regulations that we consider favorable may be modified or repealed. Current laws or regulations may be amended or interpreted more stringently. The FDA has proposed extensive good manufacturing practice regulations for dietary supplements. We are unable to predict the nature of such future laws, regulations or interpretations, nor can we predict what effect they may have on our business. Possible effects or requirements could include, but are not limited to, the following:

- The reformulation of products to meet new standards;
- Additional ingredient restrictions;
- Additional claim restrictions;
- The recall or discontinuance of products unable to be reformulated;
- Imposition of additional good manufacturing practices and/or record keeping requirements;

- Expanded documentation of the properties of products; and
- Expanded or different labeling or scientific substantiation.

Any such requirements could have material adverse effects on our business, financial condition or results of operations.

Unfavorable publicity could materially hurt our business and the value of your investment.

We are highly dependent upon consumers' perceptions of the safety, quality and efficacy of our products, as well as products distributed by other companies. Future scientific research or publicity may not be favorable to our industry or any particular product, or consistent with earlier research or publicity. Future reports or research that are perceived less favorably or that question such earlier research could have a material adverse effect on us. Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting from the consumption of our product or any similar products distributed by other companies could have a material adverse impact on us. Such adverse publicity could arise even if the adverse effects associated with such products resulted from failure to consume such products as directed. We may be unable to counter the effects of negative publicity concerning the efficacy of our product. Adverse publicity could also increase our product liability exposure.

We are and will continue to be subject to the risk of investigatory and enforcement action by the FTC, which could have a negative impact upon the price of our stock.

We will always be subject to the risk of investigatory and enforcement action by the FTC based on our advertising claims and marketing practices. The FTC routinely reviews product advertising, including websites, to identify significant questionable advertising claims and practices. The FTC has brought many actions against dietary supplement companies based upon allegations that applicable advertising claims or practices were deceptive and/or not substantiated. If the FTC initiates an investigation, the FTC can initiate pre-complaint discovery that may be nonpublic in nature. Such an investigation: (i) may be very expensive to defend, (ii) may be lengthy, and (iii) may result in an adverse ruling by a court, administrative law judge, or in a publicly disclosed consent decree.

The dietary supplement market is highly competitive.

The market for the sale of dietary supplements is highly competitive. Our competitors could have greater financial and other resources available to them and possess better manufacturing, distribution and marketing capabilities. As the dietary supplement industry grows and changes, retailers may align themselves with larger suppliers who may be more financially stable, market a broad portfolio of products or offer better customer service. Increased competition or increased pricing pressure could have a material adverse effect on our results of operations and financial condition. Among other factors, competition among manufacturers, distributors and retailers of dietary supplements is based upon price. Because of the high degree of price competition, we may not be able to pass on increases in raw material prices to our customers. If a competitor reduces their price in order to gain market share or if raw material prices increase and we are unable to pass along the cost to our customers, our results of operations and financial condition could be materially adversely affected.

Our business is susceptible to product liability claims, which could adversely affect our results of operation and financial condition.

The manufacture and sale of any product for human consumption raises the risk of product liability claims if a customer alleges an adverse reaction after using the product. These claims may derive from the product itself or a contaminant found in the product from the manufacturing, packaging, sales process or even due to tampering by unauthorized third parties. Even with the product liability/completed operations insurance we have obtained, there will be a risk that insurance will not cover our potential exposure completely or would fail to cover a particular claim, in which case we may not have the financial resources to satisfy such claims. In addition, certain damages in litigation, such as punitive damages, are not covered by our insurance policy. The payment of claims would require us to use funds that are otherwise needed to conduct our business and make our products. In the event that we do not have adequate insurance or other indemnification coverage, product liability claims and litigation could have a material adverse effect on our results of operation and financial condition.

Consumers of our product may not feel noticeable physiological differences after taking Protandim®.

Consumers of our product may not feel noticeable physiological differences after taking Protandim®. One of our marketing challenges is educating consumers about Protandim's® benefits and encouraging continued use of the product. Although one of our on going initiatives is finding a "home test" or other approach to measuring Protandim's® physiological benefits, there can be no assurances that such a test or approach will be developed or that we will be able to educate consumers about Protandim's® benefits. Consequently, consumers may not continue to purchase our product, which would have a material adverse affect on our business, financial condition and results of operation.

We have no manufacturing capabilities and we are dependent upon a third party to manufacture our product.

We are dependent upon our relationship with an independent manufacturer to fulfill our product needs. We currently only use one manufacturer for our product. Accordingly, we are dependent on the uninterrupted and efficient operation of this manufacturer's facility. Our ability to market and sell our product requires that our product is manufactured in commercial quantities, without significant delay and in compliance with applicable federal and state regulatory requirements. In addition, we must be able to have our product manufactured at a cost that permits us to charge a price acceptable to the customer while also accommodating any distribution costs or third-party sales compensation. If our current manufacturer is unable for any reason to fulfill our requirements, or seeks to impose unfavorable terms, we will have to seek out other contract manufacturers which could disrupt our operations and have a material adverse effect on our results of operation and financial condition. Competitors who perform their own manufacturing may have an advantage over us with respect to pricing, availability of product, and in other areas through their control of the manufacturing process.

Raw material for our product may be difficult to obtain or expensive.

Our third party manufacturer acquires the raw materials necessary for the manufacture of Protandim ® . We cannot assure you that suppliers will provide the raw materials our manufacturer needs in the quantities requested, at a price we are willing to pay or that meet our quality standards. The failure to supply raw materials or changes in the material terms of raw material supply arrangements could have a material adverse effect on our results of operations and financial condition. We are also subject to potential delays in the delivery of raw materials caused by events beyond our control, including labor disputes, transportation interruptions, weather-related events, natural disasters or other catastrophic events, and changes in government regulations. Any significant delay in or disruption of the supply of raw materials could, among other things, substantially increase the cost of such materials, require reformulation or repackaging of products, require the qualification of new suppliers, or result in our inability to meet customer demands. Raw materials account for a significant portion of our manufacturing costs. Significant increases in raw material prices could have a material adverse effect on our results of operations and financial condition.

We depend on a limited number of significant customers and the loss of any of them could negatively affect our business.

Our largest customer is GNC and the loss of GNC as a customer, or a significant reduction in purchase volume by GNC, would have a material adverse effect on our financial condition.

In addition, pursuant to our agreement with GNC, sales are made on a "sale or return" basis whereby product can be returned by GNC customers for a full refund. We do not have sufficient history with GNC to reasonably estimate the rate of product returns and we have deferred all revenue and costs related to these shipments. GNC's return policy could permit consumers to return a greater percentage of our product than if we sold Protandim® through a different retail operation, which in turn could negatively impact our revenues and results of operation.

Product returns may adversely affect our business.

Product returns are part of our business. In addition to the "sale or return" policy applicable to sales through GNC described above, we offer a 30-day, money back unconditional guarantee to all customers.

We record allowances for product returns at the time we ship the product. We base these accruals on the historical return rate since the inception of our selling activities, and the specific historical return patterns of the product. Our return rate since the inception of selling activities is approximately 2% of sales. We replace returned product damaged during shipment wholly at our cost, which historically has been negligible. We cannot guarantee, however, that future return rates or costs associated with returns do not increase.

To date, product expiration dates have not played any role in product returns, and we do not expect they will in the future because it is unlikely that we will ship product with an expiration date earlier than the latest allowable product return date. There can be no guarantee, however, that product returns related to expiration dates will not increase in the future.

We currently depend on a single product for our revenue.

Protandim® is currently the only product we sell and, as such, we cannot rely on a broad portfolio of other products to support our operations in the event we experience any difficulty with the manufacture, marketing, sale or distribution of Protandim®. We cannot assure you that Protandim® will maintain its popularity or growth.

Worsening economic conditions may adversely affect our business.

The demand for dietary supplements tends to be sensitive to consumers' disposable income. Therefore, a decline in general economic conditions may lead to our consumers having less discretionary income with which to purchase such products. This could cause a reduction in our projected revenues and have a material adverse effect on operating results.

We may face limited availability of additional capital.

Should we need to borrow money from financial institutions or other third parties in the future, the cost of capital may be high. Traditional debt financing may be unavailable and we may have to seek alternative sources of financing, including the issuance of new shares of stock or preferential stock that could dilute current shareholders. There can be no guarantee that we could successfully complete such a stock issuance or otherwise raise additional capital.

We could be exposed to certain environmental liabilities due to our past operations and property ownership.

Between 1993 and 1999, we owned mining properties in the Yaak River mining district of Montana. The Company maintained these mining properties pursuant to Montana law, but never conducted any mining operations or ore processing. Prior to completing the Reorganization, LNC management and consultants reviewed the records of this prior ownership and certain publicly available records relating to the properties. The State of Montana Department of Environmental Quality ("DEQ") believed that the properties may contain residues from past mining. Since we have not performed on-site environmental studies to evaluate the environmental circumstances of these properties, there is a risk that there may be material environmental liabilities associated with our former property interests in Montana for which we may be liable, however we cannot provide a reasonable estimate of such risk.

In addition, until November 10, 2004, we owned 91 lots in Lawrence, Colorado. We are not aware of any environmental liabilities with respect to these lots as the party acquiring the property assumed any environmental liability to which the property might be subject. Nonetheless, there is a risk that a governmental agency or a private individual may assert liability against us for violation of environmental laws related to the ownership of this property.

Risks Related to Our Intellectual Property and Obsolescence

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brand.

We have attempted to protect our intellectual property rights in Protandim® through a combination of trade secrets, confidentiality agreements, patents, and other contractual provisions. William Driscoll and Paul Myhill, the original inventors of Protandim®, have assigned all patent filings to LNC and the assignment has been filed with the USPTO. Our intellectual property is covered by three U.S. utility patent applications on file in the USPTO. A PCT International Patent Application is also on file. These patent applications claim the benefit of priority of seven U.S. provisional patent applications. There is no guarantee that these patent applications will be approved. The loss of our intellectual property rights in our Protandim® product could permit our competitors to manufacture their own version of our product which could have a materially adverse effect on our revenues. Even considering our existing patent applications and any others that we may apply for, patents only provide a limited protection against infringement, and patent infringement suits are complex, expensive, and not always successful.

If we do not continue to innovate and provide products that are useful to consumers, we may not remain competitive, and our revenues and operating results could suffer.

Scientists, research institutions, and commercial institutions are making advances and improvements in nutritional supplements and issues relating to oxidative stress and aging very

quickly, both domestically and internationally. It is possible that future developments may occur, and these developments may render Protandim® non-competitive. We believe that our future success will depend in large part upon our ability to develop, commercialize, and market products that address issues relating to aging and oxidative stress, and to anticipate successfully or to respond to technological changes in manufacturing processes on a cost-effective and timely basis. The development and commercialization process, particularly relating to innovative products, is both time-consuming and costly and involves a high degree of business risk. The success of new products or product enhancements is subject to a number of variables, including developing products that will appeal to customers, accurately anticipating consumer needs, pricing a product competitively and complying with laws and regulations. We cannot guarantee that our continuing development efforts will be successful or that consumers will accept any new products. The failure to successfully launch or gain distribution for new product offerings or product enhancements could have a material adverse effect on our results of operations and financial condition.

If we are unable to protect our proprietary information against unauthorized use by others, our competitive position could be harmed.

Our proprietary information is critically important to our competitive position and is a significant aspect of the products we provide. We generally enter into confidentiality or non-compete agreements with our employees and consultants, and control access to, and distribution of, our documentation and other proprietary information. Despite these precautions, these strategies may not be adequate to prevent misappropriation of our proprietary information. Therefore, we could be required to expend significant amounts to defend our rights to proprietary information in the future if a breach were to occur.

Other parties might claim that we infringe on their intellectual property rights.

Although the dietary supplement industry has historically been characterized by products with naturally occurring ingredients in capsule or tablet form, recently it is becoming more common for suppliers and competitors to apply for patents or develop proprietary technologies and processes. We cannot assure you that third parties will not assert intellectual property infringement claims against us despite our efforts to avoid such infringement. To the extent that these developments prevent us from offering competitive products in the marketplace, or result in litigation or threatened litigation against us related to alleged or actual infringement of third-party rights, these developments could have a material adverse effect on our results of operations and financial condition.

Risk Factors Relating to our Series A Common Stock

Our management and large shareholders exercise significant control over our Company and may approve or take actions that may be adverse to your interests.

As of June 30, 2006, our named executive officers, directors, and 5% stockholders beneficially owned approximately 67% of our voting power. For the foreseeable future, to the extent such shareholders vote all their shares in the same manner, they will be able to exercise control over many matters requiring approval by the board of directors or our shareholders. As a result, they will be able to:

- Control the composition of our board of directors;
- Control our management and policies;

- Determine the outcome of significant corporate transactions, including changes in control that may be beneficial to shareholders; and
- Act in each of their own interests, which may conflict with, or be different from, the interests of each other or the interests of the other shareholders.

Our Series A common stock could be classified as penny stock and is extremely illiquid, so investors may not be able to sell as much stock as they want at prevailing market prices.

Our common stock is subject to additional disclosure requirements for penny stocks mandated by the Penny Stock Reform Act of 1990. The SEC Regulations generally define a penny stock to be an equity security that is not traded on the Nasdaq Stock Market and has a market price of less than $5.00 per share. Depending upon our stock price, we may be included within the SEC Rule 3a-51 definition of a penny stock and our Series A common stock may be considered to be a penny stock, with trading of our common stock covered by Rule 15g-9 promulgated under the Securities Exchange Act of 1934. Under this rule, broker-dealers who sell or effect the purchase of such securities to persons other than established customers or in certain exempted transactions, must make a special written disclosure to, and suitability determination for, the purchaser and receive the purchaser's written agreement to a transaction prior to sale. The regulations on penny stocks limit the ability of broker-dealers to sell our Series A common stock and thus may limit the ability of purchasers of our Series A common stock to sell their securities in the secondary market. Our Series A common stock will not be considered penny stock if our net tangible assets exceed $5,000,000 or our average revenue is at least $6,000,000 for the previous three years.

The average daily trading volume of our Common Stock on the over-the-counter market was approximately 33,600 shares per day over the fiscal year ended June 30, 2006. If limited trading in our stock continues, it may be difficult for investors to sell their shares in the public market at any given time at prevailing prices.

Our stock price may experience future volatility.

The trading price of our Common Stock has historically been subject to wide fluctuations. The price of our Common Stock may fluctuate in the future in response to quarter-to-quarter variations in operating results, material announcements by us or competitors, governmental regulatory action, conditions in the dietary supplement industry, or other events or factors, many of which are beyond our control. In addition, the stock market has historically experienced significant price and volume fluctuations which have particularly affected the market prices of many dietary supplement companies and which have, in certain cases, not had a strong correlation to the operating performance of such companies. In addition, our operating results in future quarters may be below the expectations of securities analysts and investors. In such event, the price of our Common Stock would likely decline, perhaps substantially.

ITEM 7 – FINANCIAL STATEMENTS

The information required by this item begins on page F-1 following Part III of this Report on Form 10-KSB and is incorporated into this Item 7 by reference.

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

Not applicable.

ITEM 8A – CONTROLS AND PROCEDURES

As of the end of the period covered by this Report on Form 10-KSB, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934), under the supervision and with the participation of our principal executive officer and principal financial officer. Based on this evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report on Form 10-KSB.

There have been no changes in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 8B – OTHER INFORMATION

Not applicable.

PART III

The information required by Part III is incorporated by reference from the information identified below contained in the Lifeline Therapeutics, Inc. Proxy Statement for the Annual Meeting of Shareholders to be held in 2006 (the "Proxy Statement"). The Proxy Statement is to be filed with the SEC pursuant to Regulation 14A of the Exchange Act, no later than 120 days after the end of the fiscal year covered by this annual report.

ITEM 9 – DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Incorporated herein by reference from the Proxy Statement.

ITEM 10 – EXECUTIVE COMPENSATION

Incorporated herein by reference from the Proxy Statement.

ITEM 11 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Incorporated herein by reference from the Proxy Statement.

ITEM 12 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Proxy Statement.

ITEM 13 – EXHIBITS

See the Exhibit Index following the signature page of this annual report.

ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated herein by reference from the Proxy Statement.

SIGNATURES

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

LIFELINE THERAPEUTICS, INC.
a Colorado corporation

By: /s/ Stephen K. Onody
Stephen K. Onody
Its: Chief Executive Officer
Date: September 26, 2006

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Gerald J. Houston and Evan J. Husney, and each of them, as his or her true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-KSB and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof. In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Date	Title
/s/ Stephen K. Onody Stephen K.Onody	September 26, 2006	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Gerald J. Houston Gerald J. Houston	September 26, 2006	Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)
/s/ Javier W. Baz Javier W. Baz	September 26, 2006	Chairman of the Board of Directors
/s/ James D. Crapo James D. Crapo	September 26, 2006	Director

Signature	Date	Title
/s/ James J. Krejci James J. Krejci	September 26, 2006	Director
/s/ William L. Lister William L. Lister	September 26, 2006	Director
/s/ Joe M. McCord Joe M. McCord, Ph.D.	September 26, 2006	Director
/s/ H. Leigh Severance H. Leigh Severance	September 26, 2006	Director
/s/ John B. Van Heuvelen John B. Van Heuvelen	September 26, 2006	Director

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EXHIBIT INDEX

Exhibit Number	Title
2.1	Agreement and Plan of Reorganization between Lifeline Nutraceuticals Corporation and Yaak River Resources, Inc. dated September 21, 2004 (1)
2.2	Settlement and Release Agreement and Plan of Reorganization dated March 10, 2005, among Lifeline Therapeutics, Inc. Lifeline Nutraceuticals Corporation and Michael Barber (2)
3.1	Articles of Incorporation of the Registrant, as amended *
3.2	Amended and Restated Bylaws of the Registrant *
10.1	Form of Unit Warrant Certificate (3)
10.2	Form of Bridge Warrant Certificate (3)
10.3	Form of Placement Agent Warrant Certificate (3)
10.4	Secured Indemnification Agreement dated February 21, 2005 between Lifeline Therapeutics, Inc. and William J. Driscoll and Rosemary Driscoll (3)
10.5	Interim Executive Services Agreement between Lifeline Therapeutics, Inc. and Tatum CFO Partners, LLP dated August 1, 2005 (4)
10.6	Agreement between Lifeline Therapeutics, Inc. and William Driscoll dated July 1, 2005 (4)
10.7	Form of Placement Agent Warrant Certificate (5)
10.8	Selling Agreement dated January 14, 2005 between Lifeline Therapeutics, Inc. and Keating Securities, LLC (5)
10.9	Memorandum Agreement dated November 16, 2004 between Lifeline Nutraceuticals Corporation and The Scott Group (5)
10.10	Lifeline Therapeutics, Inc. 2006 Stock Option Plan (5)
10.11	Independent Contractor’s Agreement dated September 1, 2005 between Lifeline Therapeutics, Inc. and Robert Sgarlata Associates, Inc. (6)
10.12	Statement regarding Javier Baz Employment Agreement (6)
10.13	Employment Agreement dated November 28, 2005 by and between Lifeline Therapeutics, Inc. and Stephen K. Onody (7)
10.14	Employment Agreement dated January 4, 2006 by and between Lifeline Therapeutics, Inc. and Gerald J. Houston (8)
10.15	Voting Agreement and Irrevocable Proxy dated July 1, 2005 between Lifeline Therapeutics, Inc. and William Driscoll *
10.16	Voting Agreement and Irrevocable Proxy dated February 9, 2006 among Lifeline Therapeutics, Inc., Paul Myhill and Lisa Gail Myhill *
10.17	Manufacturing Agreement dated February 26, 2004 and amended on February 26, 2004 between Lifeline Therapeutics, Inc. and The Chemins Company *
10.18	Lease dated as of August, 2005 between Property Colorado OBJLW One Corporation and Lifeline Therapeutics, Inc. *
21.1	List of subsidiary (4)

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Exhibit Number	Title
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

(1) Filed as an exhibit to Yaak River Resources, Inc.'s Current Report of Form 8-K (File No. 000-30489), filed on September 28, 2004, and incorporated herein by reference.

(2) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Current Report of Form 8-K (File No. 000-30489), filed on March 14, 2005, and incorporated herein by reference.

(3) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Registration Statement on Form SB-2 (File No. 333-126288), filed on June 30, 2005, and incorporated herein by reference.

(4) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Annual Report on Form 10-KSB (File No. 000-30489), filed on October 13, 2005, and incorporated herein by reference.

(5) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Registration Statement on Form SB-2/A (File No. 333-126288), filed on February 6, 2006, and incorporated herein by reference.

(6) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Registration Statement on Form SB-2/A (File No. 333-126288), filed on May 26, 2006, and incorporated herein by reference.

(7) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Current Report on Form 8-K (File No. 000-30489), filed on November 29, 2005, and incorporated herein by reference.

(8) Filed as an exhibit to Lifeline Therapeutics, Inc.'s Current Report on Form 8-K (File No. 000-30489), filed on January 4, 2006, and incorporated herein by reference.

* Filed herewith.

LIFELINE THERAPEUTICS, INC.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Lifeline Therapeutics, Inc.
Englewood, Colorado

We have audited the accompanying consolidated balance sheets of Lifeline Therapeutics, Inc. as of June 30, 2006 and 2005 and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no opinion. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lifeline Therapeutics, Inc. as of June 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ *Gordon, Hughes & Banks, LLP*

Greenwood Village, Colorado
August 15, 2006

LIFELINE THERAPEUTICS, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2006 and 2005

	June 30, 2006	June 30, 2005
ASSETS		
Current assets		
Cash and cash equivalents	$ 228,112	$ 4,405,336
Marketable securities, available for sale	3,008,573	—
Accounts receivable, net	107,892	—
Inventory	45,001	219,644
Deferred expenses	152,677	—
Deposit with manufacturer	555,301	991,560
Prepaid expenses	316,659	415,806
Total current assets	4,414,215	6,032,346
Property and equipment, net	245,000	200,944
Intangible assets, net	5,472,042	5,578,830
Deposits	316,621	31,192
TOTAL ASSETS	$ 10,447,878	$ 11,843,312
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 613,833	$ 657,528
Accrued expenses	399,305	207,672
Deferred revenue	1,144,950	—
Capital lease obligations, current portion	1,985	—
Total current liabilities	2,160,073	865,200
Long-term liabilities		
Capital lease obligations, net of current portion	3,146	—
Total liabilities	2,163,219	865,200
Stockholders' equity		
Preferred stock — par value $.001, 50,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, Series A -par value $.001, 250,000,000 shares authorized and 22,117,992 issued and outstanding	22,118	22,118
Common stock, Series B — par value $.001, 250,000,000 shares authorized, no shares issued or outstanding	—	—
Additional paid-in capital	17,328,487	17,231,832
Accumulated (deficit)	(9,010,339)	(6,275,838)
Unrealized (loss) on securities available for sale	(55,607)	—
Total stockholders' equity	8,284,659	10,978,112
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 10,447,878	$ 11,843,312

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

LIFELINE THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended June 30, 2006 and 2005

	2006	2005
Sales, net	$ 7,165,819	$ 2,353,795
Cost of sales	1,491,332	393,551
Gross profit	5,674,487	1,960,244
Operating expenses:		
Marketing and customer service	4,259,711	923,774
General and administrative	3,904,368	2,981,754
Research and development	114,163	37,933
Depreciation and amortization	265,279	101,596
Total operating expenses	8,543,521	4,045,057
Operating (loss)	(2,869,034)	(2,084,813)
Other income and (expense):		
Interest income (expense)	134,533	(100,563)
Amortization of debt and stock offering costs	—	(447,132)
Beneficial conversion (expense)	—	(3,185,105)
Other	—	(4,784)
Total operating expenses	134,533	(3,737,584)
Net (loss)	$ (2,734,501)	$ (5,822,397)
Net (loss) per share, basic and diluted	$ (0.12)	$ (0.33)
Weighted average shares outstanding, basic and diluted	22,117,992	17,583,562

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

LIFELINE THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
For the Years ended June 30, 2006 and 2005

	Series A Common Stock Shares	Series A Common Stock Amount	Additional Paid In Capital	Accumulated Other Comprehensive Income/(loss)	Accumulated Deficit	Total	Comprehensive Income
Balances, July 1, 2004	**16,374,946**	**$ 16,375**	**$ 207,470**	**$ —**	**$ (453,441)**	**$ (229,596)**	
Issuance of stock for minority interest in subsidiary at $5.31 per share	1,000,000	1,000	5,309,000	—	—	5,310,000	
Contribution of stock to charity	200,000	200	649,800	—	—	650,000	
Conversion of debt to common stock at $0.50 per share	536,080	536	267,504	—	—	268,040	
Rights of beneficial conversion of debt	—	—	920,662	—	—	920,662	
Warrants issued with convertible debt	—	—	2,114,443	—	—	2,114,443	
Proceeds from private placement, net of offering costs of $583,134	2,499,764	2,500	4,403,177	—	—	4,405,677	
Conversion of debt to common stock at $2.00 per share	1,507,202	1,507	3,012,865	—	—	3,014,372	
Compensation expense associated with stock option grants	—	—	317,500	—	—	317,500	
Warrants issued for services	—	—	29,411	—	—	29,411	
Net (loss)	—	—	—	—	(5,822,397)	(5,822,397)	**$ (5,822,397)**
Balances, June 30, 2005	**22,117,992**	**$ 22,118**	**$ 17,231,832**	**$ —**	**$ (6,275,838)**	**$ 10,978,112**	**$ (5,822,397)**

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

LIFELINE THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
For the Years ended June 30, 2006 and 2005

	Series A Common Stock Shares	Series A Common Stock Amount	Additional Paid In Capital	Accumulated Other Comprehensive Income/(loss)	Accumulated Deficit	Total	Comprehensive Income
Balances, June 30, 2005	**22,117,992**	**$ 22,118**	**$17,231,832**	**$ —**	**$(6,275,838)**	**$10,978,112**	
Unrealized (loss) on securities available for sale	—	—	—	(55,607)	—	(55,607)	$ (55,607)
Warrants issued for services	—	—	96,655	—	—	96,655	
Net (loss)	—	—	—	—	(2,734,501)	(2,734,501)	(2,734,501)
Balances, June 30, 2006	**22,117,992**	**$ 22,118**	**$17,328,487**	**$ (55,607)**	**$(9,010,339)**	**$ 8,284,659**	**$ (2,790,108)**

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

LIFELINE THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2006 and 2005

	2006	2005
Cash Flows from Operating Activities:		
Net (loss)	$(2,734,501)	$(5,822,397)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:		
Depreciation and amortization	265,279	3,726,833
Charitable donation of common stock	—	650,000
Accrued interest converted to stock	—	98,412
Loss on disposal of real estate	—	4,784
Options issued to employee	—	317,500
Warrants issued for services	96,655	29,411
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	(107,892)	—
Decrease/(increase) in inventory	174,643	(219,644)
Decrease/(increase) in deposits to manufacturer	436,259	(991,560)
Decrease/(increase) in prepaid expenses	99,147	(407,993)
(Increase) in other assets	(285,429)	(25,050)
(Decrease)/increase in accounts payable	(43,695)	629,309
Increase in accrued expenses	191,632	109,638
Increase in deferred revenue	1,144,950	—
(Increase) in deferred expenses	(152,677)	—
Increase in accrued interest	—	7,911
Net Cash (Used) by Operating Activities	**(915,629)**	**(1,892,846)**
Cash Flows from Investing Activities:		
Purchases of marketable securities	(3,064,180)	—
Purchase of equipment	(136,367)	(59,059)
Purchase of third party software	—	(141,451)
Patent costs	(59,879)	(102,138)
Payment for non-compete agreement	—	(250,000)
Net Cash (Used) by Investing Activities	**(3,260,426)**	**(552,648)**
Cash Flows from Financing Activities:		
Collect subscription receivable	—	18,400
Principal payments under capital lease obligation	(1,169)	—
Proceeds from bridge loans	—	2,954,000
Repayment of bridge loans	—	(160,000)
Proceeds from private placements	—	4,988,811
Payment of stock offering costs	—	(583,134)
Payment of debt issuance cost	—	(401,400)
Payment of stock offering costs	—	(15,510)
Net Cash Provided (Used) by Financing Activities	**(1,169)**	**6,801,167**
Increase (decrease) in cash	**(4,177,224)**	**4,355,673**
Cash and Cash Equivalents – beginning of period	4,405,336	49,663
Cash and Cash Equivalents — end of period	**$ 228,112**	**$ 4,405,336**

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

LIFELINE THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2006 and 2005

	2006	2005
Non Cash Investing and Financing Activities:		
Acquisition of asset through capital lease	$6,300	—
Notes payable conversion to stock	—	$ 268,040
Bridge notes payable conversion to stock	—	3,014,372
Warrant discount on convertible debt	—	2,114,443
Beneficial conversion discount on debt	—	920,662
Issuance of stock for minority interest in subsidiary	—	5,310,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest expense	$ —	$ 11,998
Cash paid for income taxes	$ —	$ —

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

Note 1 — Organization and Basis of Presentation:

Lifeline Therapeutics, Inc. ("Lifeline Therapeutics" or the "Company") was formed under Colorado law in June 1988, under the name Andraplex Corporation. The Company amended its name to Yaak River Resources, Inc. in January 1992, and to Lifeline Therapeutics, Inc. in October 2004. The Company is in the business of manufacturing, marketing and selling its product Protandim® to individuals throughout the United States of America. The Company began selling to individuals during the fiscal year ended June 30, 2005 and to retail stores beginning in fiscal year 2006. The Company's principal operations are located in Greenwood Village, Colorado.

On October 26, 2004, the Company consummated an Agreement and Plan of Reorganization with Lifeline Nutraceuticals Corporation ("LNC"), a privately held Colorado corporation, formed on July 1, 2003. The shareholders of LNC exchanged 81% of their outstanding shares of common stock for 15,385,110 shares of Series A common stock of the Company, which represented 94% of the then issued and outstanding shares of the Company. The Company assumed the obligations of LNC note holders as part of the transaction.

For legal purposes, the Company acquired LNC and is the parent company of LNC. However, for accounting purposes, LNC is treated as the acquiring company in a reverse acquisition of the Company. As a consequence, the financial statements presented reflect the consolidated operations of both Lifeline Therapeutics and LNC for the two years ended June 30, 2006 and June 30, 2005 and Lifeline Therapeutics since the date of the reverse merger. For periods prior to October 2004, the historical financial statements are those of LNC.

For the period from July 1, 2003 (LNC's date of formation) to June 30, 2005, LNC (and the Company, following the reorganization) was in the development stage. Activities since inception until February 2005 consisted of organizing LNC, consummation of the reorganization, developing a business plan, formulation and testing of product, and raising capital. In late February 2005, the Company began sales of its product Protandim® and commenced principal planned operations. Accordingly, the Company is no longer in the development stage.

Note 2 — Summary of Significant Accounting Policies:

Consolidation

The accompanying financial statements include the accounts of the Company and its wholly-owned subsidiary, LNC. All inter-company accounts and transactions between the entities have been eliminated in consolidation.

Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements. Actual results could differ from those estimates.

Revenue Recognition

Revenue from product sales is recognized upon passage of title and risk of loss to customers (when product is shipped from the fulfillment facility to direct sales customers). The Company ships the majority of its direct sales product by United Parcel Service ("UPS") and receives substantially all payment in the form of credit card charges. Sales revenue and estimated returns are recorded when product is shipped. The Company's return policy is to provide a 30-day money back guarantee on orders placed by customers. To date, the Company has experienced monthly returns of approximately 2% of sales. As of June 30, 2006 and 2005, the Company's reserve balance for returns and allowances was approximately $34,400 and $48,000, respectively.

In July 2005, the Company entered into an agreement with General Nutrition Distribution, LP ("GNC"). Among other terms of the agreement, sales are subject to a provision whereby the seller and buyer "agree that all Products shall be sold on a "sale or return" basis whereby product can be returned by GNC customers for a full refund. The GNC Vendor Handbook "pledges a 100-percent guarantee by GNC to the purchasers of its products and expects vendors to do the same." Since the Company does not have sufficient history with GNC to reasonably estimate the rate of product returns, the Company has deferred all revenue and costs related to these shipments. The Company will recognize this deferred revenue and its related costs, classified as deferred expense, when it obtains sufficient information to reasonably estimate the amount of future returns. As of June 30, 2006, deferred revenue totaled $1,144,950 and related cost of sales totaled $152,677.

Accounts Receivable

The Company's accounts receivable consist of receivables from retail distributors. Management reviews accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. However, as the Company had only one retail distributor, GNC, as of June 30, 2006, and has never incurred any payment delays from this customer, the Company has no allowance for doubtful accounts. For credit card sales to direct sales customers, the Company verifies the customer's credit card prior to shipment of product. Payment on credit cards is treated as a deposit in transit and is not reflected as a receivable on the accompanying balance sheet. Based on information available, management does not believe that there is justification for an allowance for doubtful accounts as of June 30, 2006. There is no bad debt expense for the year ended June 30, 2006.

Inventory

Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. The Company has capitalized payments to its contract manufacturer for the acquisition of raw materials and commencement of the manufacturing, bottling and labeling of the Company's product. The contract with the manufacturer can be terminated by either party with 90 days written notice. As of June 30, 2006 and June 30, 2005, inventory consisted of:

	June 30, 2006	2005
Finished goods	$ 25,097	$ 201,964
Packaging supplies	19,904	17,680
Total inventory	$ 45,001	$ 219,644

Earnings per share

Basic earnings (loss) per share are computed by dividing the net income or loss by the weighted average number of common shares outstanding during the period. Diluted earnings per common share are computed by dividing net income by the weighted average common shares and potentially dilutive common share equivalents. The effects of potential common stock equivalents are not included in computations when their effect is antidilutive. Because of the net loss for the fiscal years ended June 30, 2006 and June 30, 2005, the basic and diluted average outstanding shares are the same, since including the additional shares would have an antidilutive effect on the loss per share calculation.

Research and Development Costs

The Company expenses all costs related to research and development activities as incurred. Research and development expenses for the years ended June 30, 2006 and June 30, 2005 were $114,163 and $37,933, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2006 and June 30, 2005 were $1,980,901 and $219,005, respectively.

Cash and Cash Equivalents

The Company considers only its monetary liquid assets with original maturities of three months or less as cash and cash equivalents in accordance with SFAS 115.

Marketable Securities

The Company considers its investment in debt instruments as marketable securities. The Company purchased a portfolio of marketable securities primarily comprised of corporate bonds. As of June 30, 2006 the portfolio declined in value and the Company reported an unrealized loss of $55,607 in its accompanying Statement of Comprehensive Income. In accordance with SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, the Company has classified the investment as "*available for sale*" securities and reported the unrealized loss in a separate component of shareholders' equity as a comprehensive income item.

Investment in marketable securities are summarized as follows as of June 30, 2006 and 2005:

	Unrealized (Loss)	Fair Value
As of June 30, 2006		
Available for sale securities		
Debt securities (maturing 0 to 2 years)	($ 55,607)	$ 3,008,573
As of June 30, 2005		
Available for sale securities		
Debt securities	$ —	$ —

Deposit with Manufacturer

At June 30, 2006, the Company had a deposit of $555,301 with its contract manufacturer. At June 30, 2005, the Company had a deposit of $991,560 with its contract manufacturer for acquisition of raw materials and production of finished product. Throughout fiscal year 2006, the Company offset reductions in the deposit against the trade payable to the manufacturer. As of June 30, 2006, the trade payable to the contract manufacturer was approximately $32,000.

Shipping and Handling

Shipping and handling costs associated with inbound freight and freight out to customers are included in cost of sales. Shipping and handling fees charged to customers are included in sales.

Property and Equipment

Property, software, and equipment are recorded at cost. Depreciation of property and equipment is expensed in amounts sufficient to relate the expiring costs of depreciable assets to operations over estimated service lives, principally using the straight-line method. Estimated service lives range from three to seven years. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations in the period of disposal. The cost of normal maintenance and repairs is charged to expense as incurred. Significant expenditures that increase the useful life of an asset are capitalized and depreciated over the estimated useful life of the asset. Property and equipment consist of:

	June 30,	
	2006	2005
Equipment	$ 139,185	$ 77,965
Software	216,881	141,451
Accumulated Depreciation	(111,066)	(18,472)
Property and equipment, net	$ 245,000	$ 200,944

Patents

The costs of applying for patents are capitalized and, once the patent is granted, will be amortized on a straight-line basis over the lesser of the patent's economic or legal life. Capitalized costs will be expensed if patents are not granted. The Company reviews the carrying value of its patent costs, periodically to determine whether the patents have continuing value and such reviews could result in the conclusion that the recorded amounts have been impaired. As of June 30, 2006, all patent applications were in process of approval; therefore, there was no amortization expense for the years ended June 30, 2006 or 2005.

Impairment of Long-Lived Assets

Long-lived assets of the Company are reviewed annually as to whether their carrying value has become impaired, pursuant to guidance established in Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company assesses impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. When an assessment for impairment of long-lived assets, long-lived assets to be disposed of, and certain identifiable intangibles related to those assets is performed, the Company is required to compare the net carrying value of long-lived assets on the lowest level at which cash flows can be determined on a consistent basis to the related estimates of future undiscounted net cash flows for such properties. If the net carrying value exceeds the net cash flows, then impairment is recognized to reduce the carrying value to the estimated fair value, generally equal to the future discounted net cash flow. As of June 30, 2006, the Company has determined that impairment loss has not occurred in its long-lived assets.

Goodwill and Other Intangible Assets

The Company has adopted the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 establishes standards for accounting for goodwill and other intangibles acquired in business combinations. The Company performs impairment tests on the carrying value of its goodwill on an annual basis. As of June 30,

2006 and 2005 no evidence of impairment exists. Goodwill and other intangibles with indefinite lives are not amortized.

Intangible assets consist of:

	June 30, 2006	June 30, 2005
Patent and trademark costs	$ 162,042	$ 102,162
Non-compete agreement, net	—	166,668
Goodwill	5,310,000	5,310,000
Intangible assets, net	$ 5,472,042	$ 5,578,830

Debt issuance costs

Costs incurred in connection with obtaining financing are capitalized and amortized over the maturity period of the debt. During 2005, debt instruments were converted into common stock and the unamortized cost of $275,200 was charged to interest expense.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities 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 operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the effective date of the change.

Concentration of Credit Risk

SFAS No. 105, “Disclosure of Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk”, requires disclosure of significant concentrations of credit risk regardless of the degree of such risk. Financial instruments with significant credit risk include cash and marketable securities. At June 30, 2006, the Company had approximately $3,008,600 with one financial institution in an investment management account.

Stock-Based Compensation

The Company adheres to SFAS No. 123, “Accounting for Stock-Based Compensation”. SFAS No. 123 provides a method of accounting for stock-based compensation arrangements, based on fair value of the stock-based compensation utilizing various assumptions regarding the underlying attributes of the options and stock, rather than the intrinsic method of accounting for stock-based compensation which is proscribed in Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees”. The Company accounts for stock based compensation to employees and directors under APB No. 25 and utilizes the disclosure-only provisions of SFAS No. 123 for any options and warrants issued to these individuals.

The Company expects to begin using the fair value approach to account for stock-based compensation, in accordance with the modified version of prospective application as prescribed by SFAS No. 123(R), beginning in the first quarter of fiscal 2007. Had compensation cost for the Company’s stock option grants been determined based on the fair value at the grant date, consistent with the recognition provisions of SFAS No. 123(R), the effect on the Company’s net loss and loss per share would be as stated in the pro forma amounts below.

In certain circumstances, the Company issued common stock for invoiced services, to pay creditors and in other similar situations. In accordance with SFAS No. 123, payments in equity instruments to non-employees for goods or services are accounted for by the fair value method, which relies on the valuation of the service at the date of the transaction, or public stock sales price, whichever is more reliable as a measurement.

Warrants and options were granted to various directors for services rendered during the years ended June 30, 2006 and 2005. An adjustment to net income for compensation expense to recognize annual vesting would be recorded under SFAS No. 123, on a pro forma basis, as reflected in the following table:

	June 30, 2006	June 30, 2005
Net (loss):		
As reported	$(2,734,501)	$(5,822,397)
Less: total share-based employee compensation determined under the fair value method for all options granted	(1,336,817)	(124,999)
Pro forma (loss)	$(4,071,318)	$(5,947,396)
Basic and diluted earnings (loss) per share:		
As reported	$ (0.12)	$ (0.33)
Pro forma	$ (0.18)	$ (0.34)

The fair value of the options granted in fiscal year ended June 30, 2006 and 2005 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

1. risk-free interest rate of between 3.84 and 5.16 percent in fiscal year 2006 and 3.73 in fiscal year 2005;
2. dividend yield of 0 percent in 2006 and 2005;
3. expected life of 2 — 3 years in 2006 and 2005; and
4. a volatility factor of the expected market price of the Company's common stock of between 187 and 263 percent in 2006 and 535 percent in 2005.

Reclassification

Certain prior period amounts have been reclassified to comply with current period presentation.

Segments of an Enterprise and Related Information

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") replaces the industry segment approach under previously issued pronouncements with the management approach. The management approach designates the internal organization that is used by management for allocating resources and assessing performance as the source of the Company's reportable segments. SFAS 131 also requires disclosures about products and services, geographic areas and major customers. At present, the Company only operates in one segment.

Comprehensive Income

Statement of Financial Accounting Standards No. 130, “Reporting Comprehensive Income” requires the presentation and disclosure of all changes in equity from non-owner sources as “Comprehensive Income”. The Company had comprehensive income for the years ended June 30, 2006 and 2005 of ($2,790,108) and ($5,822,397), respectively.

Organization Costs

The Company accounts for organization costs under the provisions of Statement of Position 98-5, “Reporting on the Costs of Start-Up Activities” which requires that all organization costs be expensed as incurred.

Effect of New Accounting Pronouncements

In February 2006, the FASB issued SFAS 155, “Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140”. This statement allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 shall be effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity’s first fiscal year that begins after September 15, 2006. We anticipate that SFAS 155 will not have a material impact on our financial statements.

In March 2006, the FASB issued SFAS 156, “Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140”. The statement addresses the recognition and measurement of separately recognized servicing assets and liabilities and provides an approach to simplify efforts to obtain hedge-like (offset) accounting. Entities shall adopt this statement as of the beginning of the first fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity’s fiscal year, provided the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this statement is the date that an entity adopts the requirements of this statement. We anticipate that SFAS 156 will not have a material impact on our financial statements.

In September 2006, Statement 157, *Fair Value Measurements*, was issued by the FASB and is effective for financial statements for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. We anticipate that SFAS 157 will not have a material impact on our financial statements.

Note 3 – Acquisition of Minority Interest in Subsidiary and Accounting for Goodwill

On March 10, 2005, the Company reached an agreement with the minority shareholder in the Company's 81% owned subsidiary, LNC. In accordance with the terms of the agreement, the Company exchanged 1,000,000 shares of its Series A common stock for the remaining 4,500,000 shares of LNC, representing 19% of the outstanding shares of LNC. The closing price of the Company's Series A common stock on March 10, 2005 was $9.00 per share. Since the Company's stock had historically been thinly traded, this 1,000,000-share issuance represented a significant block of the Company's total outstanding shares. Accordingly, the Company took a marketability discount to arrive at an estimated fair value of $5.31 per share. The acquisition of the minority interest has been accounted for utilizing the purchase method of accounting resulting in goodwill of $5,310,000. The minority shareholder was a former officer of LNC.

In connection with the purchase of the minority interest in LNC, the Company agreed to pay the minority shareholder $250,000 for a non-compete agreement through March 2006. The payment terms were $125,000 on the date of execution of the agreement and $125,000 in the form of a note payable, which was paid on April 19, 2005. The non-compete agreement is being amortized over the term of the agreement. Amortization expense totaled $166,668 for the year ended June 30, 2006, and $83,332 for the year ended June 30, 2005.

Note 4 –Notes Payable

There were no Notes Payable outstanding to related parties or unrelated parties as of the fiscal years ended June 30, 2006 and 2005.

During the fiscal year ended June 30, 2005, the Company issued notes payable totaling $2,954,000, bearing interest at 10% per annum. Principal and any accrued interest was due the earlier of one year from issuance or the closing of the proposed private placement, as discussed in Note 5 below. Of the total amount of additional notes issued during 2005, $60,000 was from a related party. The note holders had an option to exchange all or part of the principal and accrued interest for securities in the private placement at the private offering price. In addition, the notes had a warrant attached to purchase shares of common stock equal to their principal and accrued interest amount divided by the $2.00 per share offering price in the private placement. A value for the warrants issued in connection with the debt of $2,185,998 was recorded as a discount to the debt and an addition to equity using the Black-Scholes valuation model. Also, because the conversion price of the debt was less than the market value on the date of grant, an additional discount of $920,662 was recorded for the beneficial conversion feature. The discount relating to the warrants and the beneficial conversion feature were amortized over the term of the debt and recorded as interest expense through the date of conversion of these notes to equity during the fourth quarter of fiscal 2005. Upon conversion, the remaining unamortized discount was charged to interest expense. Total warrant discount and beneficial conversion feature recorded as interest expense was $3,185,105.

Interest expense related to the related party note payable was $- in fiscal year ended June 30, 2006 and $21,063 for the fiscal year ended June 30, 2005.

Note 5 – Stockholders' Equity

On June 12, 2006, the Company purchased a portfolio of marketable securities primarily comprised of corporate bonds. As of June 30, 2006 the portfolio declined in value and the Company reported an unrealized a loss of $55,607. In accordance with SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, the Company accounted for the investment as "*available for sale*" securities and reported the unrealized loss in a separate component of shareholders' equity as a comprehensive income item.

During 2006, the Company granted warrants and options to consultants for services rendered. In accordance with SFAS No. 123, payments in equity instruments to non-employees for goods or services are accounted for by the fair value method. For the year ended June 30, 2006, compensation of $96,655 was reflected as an increase to additional paid in capital.

In April and May 2005, the Company issued, in a private placement, units consisting of 10,000 shares of common stock and a warrant to purchase 10,000 shares of common stock for $2.50 per share, exercisable through April 18, 2008, to accredited investors for cash and exchange of bridge loan notes.. Each unit was offered at $2.00 per unit. The private placement was made pursuant to an agreement with an investment banking firm entered into by the Company on January 15, 2005. The securities offered in the private placement have not been registered under the Securities Act of 1933 (the "Act") or under the securities laws of any state. The securities are "restricted securities" as defined in Rule 144 under the Act. The securities were offered pursuant to an exemption from registration and may not be reoffered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Pursuant to the private placement, the Company received $4,988,811 in cash from certain accredited investors in exchange for 2,499,764 shares of common stock and an equal number of warrants. The Company also issued 1,507,202 shares of its common stock and an equal number of warrants in exchange for $3,014,372 bridge notes and accrued interest. The Company paid commissions of $508,134 plus a $75,000 expense allowance to the investment banking firm, and issued warrants to the investment banking firm and another placement agent to purchase 409,281 shares of common stock, exercisable at $2.00 per share through April 18, 2008. After payment of commissions, the expense allowance, and a fee to the escrow agent, the Company received net proceeds of $4,405,677. In conjunction with the closing of the private placement, the Company repaid bridge notes payable with a principal balance of $160,000 and related accrued interest of $10,733 to note holders electing to be repaid rather than exchange their notes for units in the private placement.

The Company has an obligation to register the Series A common stock issued in the private placement and the shares underlying the warrants received by bridge note holders and investors in the private placement.

On November 19, 2004, the Board of Directors authorized the issuance of 200,000 shares of the Company's Series A common stock to Lifeline Orphan Foundation, a not-for-profit organization. The closing price of the Company's common stock that day was $3.25 and, accordingly, the Company recorded an expense in the consolidated statement of operations for the year ended June 30, 2005 of $650,000.

The Company's articles of incorporation authorize the issuance of preferred shares. However, as of June 30, 2006, none have been issued nor have any rights or preferences been assigned to the preferred shares by the Board of Directors.

Note 6 – Stock Option Grants and Warrants

Stock Option Grants – During the year ended June 30, 2006, the Company granted stock options to various employees and directors of the Company. The options granted the right to purchase shares of the Company's Series A common stock at prices between $2.00 and $3.47 per share. The options are not transferable and expire on various dates through January 4, 2016. The Company has not adopted SFAS 123(R) for the fiscal year ended June 30, 2006 and the pro forma impact of SFAS 123(R) is reflected in Note 2 under Stock Based Compensation. There were no stock option grants during the fiscal year ended June 30, 2005.

Warrants – At June 30, 2006, 6,001,866 warrants granted during fiscal year ended June 30, 2005 and 167,428 warrants granted during fiscal year ended June 30, 2006 to purchase common stock were outstanding. The warrants granted during fiscal year ended June 30, 2005 are at exercise prices ranging between $2.00 and $2.50 with a weighted average exercise price of $2.33 and expiration dates ranging from April 18, 2008 to May 31, 2008. The warrants granted during fiscal year ended 2006 are at exercise prices ranging between $0.72 and $9.85 with a weighted average exercise price of $3.43 and expiration dates ranging from July 31, 2007 to September 30, 2008.

The following is a summary of stock options and warrants granted for the years ended June 30, 2006 and 2005.

	Options	Warrants	Exercise Price
Outstanding and exercisable, July 1, 2004	—	32,136	3.11
Granted		6,001,866	2.33
Cancelled		(32,136)	3.11
Exercised	—	—	—
Expired	—	—	—
Outstanding and exercisable, June 30, 2005	—	6,001,866	$2.33
Granted	1,716,000	167,428	$3.25
Cancelled			
Exercised			
Expired			
Outstanding and exercisable, June 30, 2006	1,716,000	6,169,294	$2.55
Fiscal year ended June 30, 2006:			
Weighted average exercise price	$ 3.23	$ 2.36	
Weighted average remaining contractual life (years)	8.0	1.8	
Weighted average fair value of options and warrants granted during 2006	$ 3.23	$ 3.43	
Fiscal year ended June 30, 2005:			
Weighted average exercise price	$ 2.50	$ 2.33	
Weighted average remaining contractual life (years)	2.9	2.8	
Weighted average fair value of options and warrants granted during 2005	$ 8.85	$ 6.28	

Note 7 – Fair Value of Financial Instruments

SFAS No. 107 requires disclosures about the fair value for all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about fair value of financial instruments are based on pertinent information available to management as of June 30, 2006 and June 30, 2005. Accordingly, the estimates presented in these statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments.

Management has estimated the fair values of cash, marketable securities, accounts receivable, accounts payable, and accrued expenses to be approximately their respective carrying values reported in these financial statements because of their short maturities.

Note 8 – Income Taxes

At June 30, 2006, the Company had a net operating loss ("NOL") carry-forward of approximately $3,300,000. At June 30, 2005, the Company had an NOL carry-forward of approximately $1,687,000. The NOL may be offset against future taxable income, if any, until 2020. These carry-forwards are subject to review by the Internal Revenue Service.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows:

	June 30,	
	2006	2005
Deferred tax assets:		
Net operating loss carry forwards	$ 1,284,000	$ 658,300
Amortization of noncompete agreement	—	32,000
Contribution carryover	260,000	269,000
Net accrued return liability	383,000	—
Book/tax depreciation/amortization	(27,000)	—
State income taxes	(85,000)	—
Amortization of non-compete agreement	—	(1,100)
Total deferred tax assets	1,815,000	958,200
Deferred tax liabilities	—	—
Net deferred tax assets before valuation allowance	1,815,000	958,200
Valuation allowance	(1,815,000)	(958,200)
Net deferred tax asset	$ —	$ —

The Company has fully reserved the tax benefit of the net deferred tax assets by a valuation allowance of the same amount, because the Company has determined that the probability of realization of the tax benefit is less than likely to occur.

The Company's actual income tax benefit differs from the expected income tax benefit determined by applying the statutory rate of 39% (34% federal and 5% state) to the net loss due to the following:

	June 30,	
	2006	2005
Expected federal income tax benefit	$1,056,000	$ 1,979,700
Amortization of debt discount	—	(1,080,600)
Deferred revenue	(442,000)	—
Deferred expense	60,000	—
Book/tax depreciation difference	(10,000)	—
Stock options for services	(37,000)	(108,000)
Meals and entertainment	(2,000)	(2,400)
State income tax benefit	—	79,000
Change in prior year estimates	—	18,900
Stock transfer fees	(3,000)	—
Prior year A/R reserve write-off	28,000	—
Sales returns and allowances	(13,200)	—
Other future differences	220,000	
Change in valuation allowance	(856,800)	(886,600)
Net income tax benefit	$ —	$ —

Note 9 – Operating Lease Commitments

Effective July 1, 2004, the Company entered into a month-to-month lease for its office facilities. The office facility lease require monthly payments of approximately $5,400. Included in such payments were charges each month for common area maintenance charges, property tax, bookkeeping, insurance, and management fees.

In August 2005, the Company entered into a 36-month lease for its office facilities. The terms of the agreement required a $35,688 prepayment of rent for 5,736 square feet, with rents ranging from $9,560 to $10,038 over the term of the lease. Associated with this lease, the Company also tendered a $30,144 security deposit that will be returned to the Company, in thirds, at the beginning of the thirteenth month, twenty-fifth month and at termination of the agreement, provided the Company does not breach any covenant set forth in the lease. The Company continues to be responsible for payments such as maintenance charges, property tax, bookkeeping, insurance, and management fees. Rent expense totaled $110,939 and $66,968 for the years ended June 30, 2006 and 2005, respectively.

Future minimum lease payments under the non-cancelable leases are as follows:

Year ending June 30,	
2007	$ 117,358
2008	119,739
2009	10,038
Total future minimum Lease payments	$ 247,135

Note 10 – Interim Financial Results (Unaudited)

LIFELINE THERAPEUTICS, INC.
CONDENSED CONSOLIDATED QUARTERLY RESULTS
(in '000's except per share data)

	Quarter				Fiscal Year ended
Fiscal year ended June 30, 2006	First	Second	Third	Fourth	June. 30, 2006
Sales, net	$2,964.6	$1,711.7	$1,390.6	$1,098.9	$7,165.8
Gross profit	2,368.0	1,348.7	1,094.5	863.3	5,674.5
Net income (loss)	$ 80.3	($ 571.0)	($ 670.9)	($1,572.9)	($2,734.5)
Per common share:					
Loss per share, basic and diluted	$ 0.00	($ 0.02)	($ 0.03)	($ 0.07)	($ 0.12)

	Quarter				Fiscal Year ended
Fiscal year ended June 30, 2005	First	Second	Third	Fourth	June. 30, 2005
Sales, net	$ 0.0	$ 0.0	$ 25.8	$2,328.0	$2,353.8
Gross profit	—	—	15.7	1,944.5	1,960.2
Net income (loss)	($44.8)	($1,164.3)	($1,519.8)	($3,093.5)	($5,822.4)
Per common share:					
Loss per share, basic and diluted	($0.04)	($ 0.07)	($ 0.09)	($ 0.13)	($ 0.33)

Exhibit 3.1

ARTICLES OF INCORPORATION OF

ANDRAPLEX CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

That I, Edward H. Hawkins, Jr., desiring to establish a corporation under the name of Andraplex Corporation for the purpose of becoming a body corporate under and by virtue of the laws of the State of Colorado and, in accordance with the provisions of the laws of said State, do hereby make, execute and acknowledge this certificate in writing of my intention to become a body corporate, under and by virtue of said laws.

ARTICLE I

The corporate name of the corporation shall be:

Andraplex Corporation

ARTICLE II

The nature of the business and the objects and purposes to be transacted, promoted and carried on are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do, and in any part of the world, to wit:

(a) To [ILLEGIBLE] in the business of venture capital investments.

(b) To manufacture, purchase or otherwise acquire and to hold, own, mortgage or otherwise [ILLEGIBLE], pledge, lease, sell, assign, exchange, transfer or in and [ILLEGIBLE] dispose of, and to invest, deal and trade in and with [ILLEGIBLE], wares, [ILLEGIBLE] and personal property of any and every class and description, within [ILLEGIBLE] the State of Colorado.

(c) [ILLEGIBLE]

(d) To guarantee, purchase or otherwise acquire, hold, sell, assign, transfer, [ILLEGIBLE], pledge or otherwise dispose of shares of the capital stock, bonds or [ILLEGIBLE] of indebtedness created by other corporations and, while the

holder of such stock, to exercise all the rights and privileges of ownership, including the right to vote thereon, to the same extent as a natural person might or could do.

(e) To purchase or otherwise acquire, apply for, register, hold, use, sell or in any manner dispose of and to grant licenses or other rights in and in any manner deal with patents, inventions, improvements, processes, formulas, trademarks, trade names, rights and licenses secured under letters patent, copyright or otherwise.

(f) To enter into, make and perform contracts of every kind for any lawful purpose, with any person, firm, association or corporation, town, city, county, body politic, state, territory, government, colony or dependency thereof.

(g) To borrow money for any of the purposes of the corporation and to draw, make, accept, endorse, discount, execute, issue, sell, pledge or otherwise dispose of promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or nonnegotiable, transferable or nontransferable instruments and evidences of indebtedness, and to secure the payment thereof and the interest thereon by mortgage or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation at the time owned or thereafter acquired.

(h) To lend money to, or guarantee the obligations of, or to otherwise assist the directors of the corporation or of any other corporation the majority of whose voting capital stock is owned by the corporation, upon the affirmative vote of at least a majority of the outstanding shares entitled to vote for directors.

(i) To purchase, take, own, hold, deal in, mortgage or otherwise pledge, and to lease, sell, exchange, convey, transfer or in any manner whatever dispose of real property, within or without the State of Colorado; to act as agent or custodian for such properties and assets of value and description, and to provide a security depositary or vaults or other places of safekeeping for such property, issuing appropriate depositary receipts, certificates of safekeeping and letters of documentary credit therefor.

(j) To purchase, hold, sell and transfer the shares of its capital stock.

(k) To have one or more offices and to conduct any or all operations and business and to promote its objects, within or without the State of Colorado, without restrictions as to place or amount.

(l) To do any or all of the things herein set forth as principal, agent, contractor, trustee, partner or otherwise, alone or in company with others.

(m) The objects and purposes specified herein shall be regarded as independent objects and purposes and, except where otherwise expressed, shall be in no way limited or restricted by reference to or inference from the terms of any other clauses or paragraph of these Articles of Incorporation.

(n) The foregoing shall be construed both as objects and powers and the enumeration thereof shall not be held to limit or restrict in any manner the

general powers conferred on this corporation by the laws of the State of Colorado.

ARTICLE III

The authorized capital stock of the corporation is two hundred, fifty million (250,000,000) shares of Series A Common Stock at a par value of $.0001 per share and shall be voting stock; two hundred, fifty million (250,000,000) shares of Series B Common Stock at a par value of $.0001, which shall be non voting shares; and fifty million (50,000,000) shares of preferred stock at a par value of $.0001, which shall be non voting shares, and which may be, at the discretion of the Board of Directors, issued in alphanumerical series with the rights and preferences designated at the time of issue by the Board of Directors.

All shares of Common Stock, shall be issued by the corporation for cash, property, services actually performed, or other consideration deemed appropriate by the Board of Directors for no less than the par value of the respective stock. All shares shall be fully paid and non assessable. Dividends in cash, property or shares of the corporation may be paid upon the Common Stock, as and when declared by the board of directors, out of funds of the Corporation to the extent and in the manner permitted by law.

ARTICLE IV

The corporation shall have perpetual existence.

ARTICLE V

The governing board of this corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the Bylaws of this corporation, provided that the number of directors shall not be reduced to less than two, unless otherwise required by Article I, Section 7-5-101 of the Colorado Corporation Code, in which case there shall be no less than three directors.

The name and post office address of the incorporator is as follows: Edward H. Hawkins. Jr., 19698 E. Flora Place, Aurora, CO 80013.

The names and post office addresses of the original Board of Directors are as follows:

Edward H. Hawkins, Jr., 19689 E. Flora Place, Aurora, CO 80013

Virginia H. Dean, 258 S. Washington St. Louisville, CO 80027

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

To manage and govern the corporation by majority vote of members present at any regular or special meeting at which a quorum shall be present.

To make, alter, or amend the Bylaws of the corporation at any regular or special meeting.

To fix the amount to be reserved as working capital over and above its capital stock paid in, to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

To designate one or more committees, each committee to consist of two or more of the directors of the corporation, which, to the extent provided by resolution or in the Bylaws of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation. Such committee or committees shall have such name or names as may be stated in the By-Laws of the corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

The Board of Directors shall have power and authority to sell, lease, exchange or otherwise dispose of all or substantially all of the property and assets of the corporation, if in the usual and regular course of its business, upon such terms and conditions as the Board of Directors may determine without vote or consent of the shareholders.

The Board of Directors shall have power and authority to sell, lease, exchange or otherwise dispose of all or substantially all the property or assets of the corporation, including its good will, if not in the usual and regular course of its business, upon such terms and conditions as the Board of Directors may determine, provided that such sale shall be authorized or ratified by the affirmative vote of the shareholders of at least a majority of the shares entitled to vote, thereon at a shareholders meeting called for that purpose, or when authorized or ratified by the written consent of all the shareholders of the shares entitled to vote thereon.

The Board of Directors shall have power and authority to merge or consolidate the corporation upon such terms and conditions as the Board of Directors may authorize, provided that such merger or consolidation is approved or ratified by the shares entitled to vote thereon at a shareholders meeting called for that purpose, or when authorized or ratified by the written consent of all the shareholders of the shares entitled to vote thereon.

The Board of Directors may, from time to time, distribute to its shareholders, without the approval of the shareholders, in partial liquidation, out of stated capital or capital surplus of the corporation, a portion of its assets, in cash or in property, so long as the partial liquidation is in compliance with Title 7, Article 5, Section 111, of the 1973 Colorado Revised Statutes.

The corporation shall be dissolved upon the affirmative vote of the shareholders of at least a majority of the shares entitled to vote thereon at a meeting called for that purpose, or when authorized or ratified by the written consent of all the shareholders of the shares entitled to vote thereon.

The corporation shall revoke voluntary dissolution proceedings upon the affirmative vote of the shareholders of at least a majority of the shares entitled

to vote at a meeting called for that purpose, or when authorized or ratified by the written consent of all the shareholders of the shares entitled to vote.

ARTICLE VI

The following provisions are inserted for the management of the business and for the conduct of the affairs of the corporation, and the same are in furtherance of and not in limitation of the powers conferred by law:

No contract or other transactions of the corporation with any other person, firm or corporation, or in which this corporation is interested, shall be affected or invalidated by (a) the fact that any one or more of the directors or officers of this corporation is interested in or is a director or officer of such other firm or corporation; or (b) the fact that any director or officer of this corporation, individually or jointly with others, may be a party to or may be interested in any such contract or transaction, so long as the contract or transaction is authorized, approved or ratified at a meeting of the Board of Directors by sufficient vote thereon by directors not interested therein, to which such fact of relationship or interest has been disclosed, or the contract or transaction has been approved or ratified by vote or written consent of the shareholders entitled to vote, to whom such fact of relationship or interest has been disclosed, or so long as the contract or transaction is fair and reasonable to the corporation. Each person who may become a director or officer of the corporation is hereby relieved from any liability that might otherwise arise by reason of his contracting with the corporation for the benefit of himself or any firm or corporation in which he may be in any way interested.

The officers, directors and other members of management of this corporation shall be subject to the doctrine of corporate opportunities only insofar as it applies to business opportunities in which this corporation has expressed an interest as determined from time to time by the corporation's Board of Directors as evidenced by resolutions appearing in the corporation's minutes. When such areas of interest are delineated, all such business opportunities within such areas of interest which come to the attention of the officers, directors and other members of management of this corporation shall be disclosed promptly to this corporation and made available to it. The Board of Directors may reject any business opportunity presented to it and thereafter any officer, director or other member of management may avail himself of such opportunity. Until such time as this corporation, through its Board of Directors, has designated an area of interest, the officers, directors and other members of management of this corporation shall be free to engage in such areas of interest on their own and the provisions hereof shall not limit the rights of any officer, director or other member of management of this corporation to continue a business existing prior to the time that such area of interest is designated by this corporation. This provision shall not be construed to release any employee of the corporation (other than an officer, director or member of management) from any duties which he may have to the corporation.

ARTICLE VII

Each director and each officer of the corporation shall be indemnified by the corporation as follows:

(a) The corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.The termination of any action, suit or proceeding, by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action or suit by or in the right of the corporation, to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation, unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court deems proper.

(c) To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections (a) and (b) of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under Sections (a) or (b) of this Article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the officer, director and employee or agent is proper in the circumstances, because he has met the applicable standard of conduct set forth in Sections (a) or (b) of this Article. Such determination shall be made (i) by the Board of Directors by a majority vote

of a quorum, consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the affirmative vote of the holders of a majority of the shares of stock entitled to vote and represented at a meeting called for such purpose.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding, as authorized in Section (d) of this Article, upon receipt of an understanding by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Article.

(f) The Board of Directors may exercise the corporation's power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this Article.

(g) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under these Articles of Incorporation, the By-Laws, agreements, vote of the shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such a person.

(h) As authorized by Section 7-3-101 of the Colorado Corporation Code, no Director of the corporation shall be personally liable to the corporation or any shareholder thereof for monetary damages for breach of his fiduciary duty as a Director, except for liability for (i) any breach of a Director's duty of loyalty to the corporation or its shareholders, (ii) acts of omission not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) acts in violation of C.R.S. 7-5-114 or any successor legislation, or (iv) any transaction from which a Director derives an improper personal benefit. This subparagraph (h) shall apply to a person who has ceased to be a Director of the corporation with respect to any breach of fiduciary duty which occurred when such person was serving as a Director. This subparagraph (h) shall not be construed to limit or modify in any way any Director's right to indemnification or other right whatsoever under these Articles, the corporation's By-Laws or the Colorado Corporation Code. If the Colorado Corporation Code hereafter is amended to authorize the further elimination of the liability of the corporation's Directors, in addition to the limitation of personal liability provided herein, shall be limited to the fullest extent permitted by the Colorado Corporation Code as so amended. Any repeal or modification of this subparagraph (h) by the shareholders shall be prospective only and shall not adversely affect any limitation on the personal

liability of any Director existing at the time of such repeal or modification. The affirmative vote of at least two-thirds (2/3rds) of the total voting power shall be required to amend or repeal, or adopt any provision inconsistent with this subparagraph (h).

ARTICLE VIII

The initial registered office of said corporation shall be located at 19698 East Flora Place, Aurora, 80013, and the initial registered agent of the corporation shall be Edward H. Hawkins, Jr.

Part or all of the business of said corporation may be carried on in the City of Aurora, colorado, or any other place in the state of Colorado or beyond the limits of the state of Colorado, in other states or territories of the United States and in foreign countries.

ARTICLE IX

Whenever a compromise or arrangement is proposed by the corporation between it and its creditors or any class of them, and/or between said corporation and its shareholders or any class of them, any court of equitable jurisdiction may, on the application in a summary way by said corporation, or by a majority of its stock, or on the application of any receiver or receivers appointed for said corporation, or on the application of trustees in dissolution, order a meeting of the creditors or class of creditors and/or of the shareholders or class of shareholders of said corporation, as the case may be, to be notified in such manner as the said court decides. If a majority in number, representing at least three-fourths in amount of the creditors or class of creditors, and/or the holders of the majority of the stock or class of stock of said corporation, as the case may be, agree to any compromise or arrangement and/or to any reorganization of said corporation, as a consequence of such compromise or arrangement, the said compromise or arrangement and/or the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding upon all the creditors or class of creditors, and/or on all the shareholders or class of shareholders of said corporation, as the case may be, and also on said corporation.

ARTICLE X

No shareholder in the corporation shall have the preemptive right to subscribe to any or all additional issues of stock and/or other securities of any or all classes of this corporation or securities convertible into stock or carrying stock purchase warrants, options or privileges.

ARTICLE XI

Meetings of shareholders may be held at such time and place as the By-Laws shall provide. At all meetings of the shareholders, one-third of all shares entitled to vote shall constitute a quorum.

ARTICLE XII

Cumulative voting shall not be allowed.

ARTICLE XIII

These Articles of Incorporation may be amended by resolution of the Board of Directors if no shares have been issued, and if shares have been issued, by affirmative vote of the shareholders of at least a majority of the shares entitled to vote thereon at a meeting called for that purpose, or, when authorized, when such action is ratified by the written consent of all the shareholders of the shares entitled to vote thereon.

ARTICLE XIV

Whenever the shareholders must approve or authorize any matter, whether now or hereinafter required by the laws of the State of Colorado, the affirmative vote of a majority of the shares entitled to vote thereon shall be necessary to constitute such approval or authorization.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal on this _____ day of June 10, 1988.

/s/ Edward H. Hawkins, Jr.
Edward H. Hawkins, Jr.

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION OF
ANDRAPLEX CORPORATION

Pursuant to the provisions of the Colorado Corporation Code, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

First: The name of the corporation is Andraplex Corporation

Second: The following amendment was adopted by the shareholders of the corporation on January 10, 1992, in the manner prescribed by the Colorado Corporation Code:

a. Article I of the Articles of Incorporation of Andraplex Corporation reads:

“The name of the corporation shall be Andraplex Corporation.”

b. Article I was amended to read as follows:

“The name of the corporation shall be Yaak River Resources, Inc.”

Third: The number of shares of the corporation outstanding at the time of such adoption was 17,666,000 and the number of shares entitled to vote thereon was 12,995,000.

Fourth: The designation and number of outstanding shares of each class entitled to vote thereon as a class were as follows:

Class	Number of Shares
Common	12,995,000

Fifth: The number of shares voted for such amendment was 12,995,000 and the number of shares voted against such amendment was -0-.

Sixth: The number of shares of each class entitled to vote thereon as a class voted for and against such amendment, respectively, was:

Class	Number of Shares Voted For	Against
Common	12,995,000	-0-

Seventh: The manner in which any exchange, reclassification, or cancellation of issued shares provided for in the amendment shall be effected in accordance with the Articles of Incorporation and the Bylaws of the company.

Dated this 17th day of January, 1992.

ANDRAPLEX CORPORATION.

By: /s/ WM Ernest Simmons
President

By: /s/ Adolph L. Amundson
Treasurer / Secretary

VERIFYING OFFICER:

/s/ WM Ernest Simmons
President

Document Processing Fee
If document is on paper: $25.00
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1560 Broadway, Suite 200
Denver, CO S0202-5169
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Articles of Amendment
filed pursuant to §7-90-301, et seq. and §7-110-106 of the Colorado Revised Statutes (C.R.S.)

ID number: 19881060803

1. Entity name:
Yaak River Resources, Inc.
(If changing the name of the corporation, indicate name BEFORE the name change)

2. New Entity name:
(if applicable)
Lifeline Therapeutics, Inc.

3. Use of Restricted Words *(if any of these terms are contained in an entity name, true name of an entity, trade name or trademark stated in this document, make the applicable selection):*
o "bank" or "trust" or any derivative thereof
o "credit union" o "savings and loan"
o "insurance", "casualty", "mutual", or "surety"

4. Other amendments, if any, are attached.

5. If the amendment provides for an exchange, reclassification or cancellation of issued shares, the attachment states the provisions for implementing the amendment.

6. If the corporation's period of duration as amended is less than perpetual, state the date on which the period of duration expires:
(mm/dd/yyyy)

OR

If the corporation's period of duration as amended is perpetual, mark this box: o

7. *(Optional)* Delayed effective date: October 1, 2004
(mm/dd/yyyy)

Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic

statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

8. Name(s) and address(es) of the individual(s) causing the document to be delivered for filing:

Kaduru	Blaize		
(Last)	*(First)*	*(Middle)*	*(Suffix)*

423 Baybridge Drive
(Street name and number or Post Office information)

Sugarland	TX	77478
(City)	*(State)*	*(Postal/Zip Code)*

(Province – if applicable)	*(Country – if not US)*

(The document need not state the true name and address of more than one individual. However, if you wish to state the name and address of any additional individuals causing the document to be delivered for filing, mark this box **o** *and include an attachment stating the name and address of such individuals.)*

Disclaimer:

This form, and any related instructions, are not intended to provide legal, business or tax advice, and are offered as a public service without representation or warranty. While this form is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's attorney.

EXHIBIT A TO THE ARTICLES OF AMENDMENT OF
YAAK RIVER RESOURCES, INC.

ARTICLE THREE is hereby amended to add the following paragraph:

"Reverse Stock Split. Each share of the Corporation's Common Stock value, issued and outstanding immediately prior to October 1, 2004 (the "Old Common Stock") shall automatically and without any action on the part of the holder thereof be reclassified as and changed, pursuant to a reverse stock split (the "Reverse Stock split"), into a fraction thereof of 1/68 of a share of the Corporation's outstanding Common Stock (the "New Common Stock"), subject to the treatment of fractional share interests as described below. Each holder of a certificate or certificates which immediately prior to the October 1, 2004 represented outstanding shares of Old Common Stock (the "Old Certificates," whether one or more) shall be entitled to receive, upon surrender of such Old Certificates to the Corporation's Transfer Agent for cancellation, a certificate or certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are classified under the terms hereof. From and after the October 1,2004, Old Certificates shall represent only the right to receive New Certificates pursuant to the provisions hereof. No certificates or scrip representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a shareholder of the Corporation. Any fraction of a share of New Common Stock to which the holder would otherwise be entitled will be adjusted upward to the nearest whole share. If more than one Old Certificate shall be surrendered at one time for the account of the same Shareholder the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old certificates so surrendered. In the event that the Corporation's Transfer Agent determines that a holder of Old Certificates has not tendered all his certificates for exchange, the Transfer Agent shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that payment for fractional shares to any one person shall not exceed the value of one share. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and otherwise in proper form for transfer. From and after the October 1, 2004, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified until after reduced or increased in accordance with applicable law."

Exhibit 3.2

AMENDED AND RESTATED BYLAWS
OF
LIFELINE THERAPEUTICS, INC.

(As adopted on October 25, 2004 and further amended on February 28, 2006)

Article I
SHAREHOLDERS

1. ANNUAL SHAREHOLDERS' MEETING. The annual shareholders' meeting shall be held on the date and at the time and place fixed from time to time by the board of directors.

2. SPECIAL SHAREHOLDERS' MEETING. A special shareholders' meeting for any purpose or purposes, may be called by the board of directors or the chief executive officer. The Corporation shall also hold a special shareholders' meeting in the event it receives, in the manner specified in Article VII, Section 3, one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by the holders of shares representing not less than one-tenth of all of the votes entitled to be cast on any issue at the meeting. Special meetings shall be held at the principal office of the Corporation or at such other place as the board of directors or the chief executive officer may determine.

3. RECORD DATE FOR DETERMINATION OF SHAREHOLDERS.

(a) In order to make a determination of shareholders (1) entitled to notice of or to vote at any shareholders' meeting or at any adjournment of a shareholders' meeting, (2) entitled to demand a special shareholders' meeting, (3) entitled to take any other action, (4) entitled to receive payment of a share dividend or a distribution, or (5) for any other purpose, the board of directors may fix a future date as the record date for such determination of shareholders. The record date may be fixed not more than seventy days before the date of the proposed action.

(b) Unless otherwise specified when the record date is fixed, the time of day for determination of shareholders shall be as of the Corporation's close of business on the record date.

(c) A determination of shareholders entitled to be given notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the board of directors fixes a new record date, which the board shall do if the meeting is adjourned to a date more than one hundred twenty days after the date fixed for the original meeting.

(d) If no record date is otherwise fixed, the record date for determining shareholders entitled to be given notice of and to vote at an annual or special shareholders' meeting is the day before the first notice is given to shareholders.

(e) The record date for determining shareholders entitled to take action without a meeting pursuant to Article I, Section 10 is the date a writing upon which the action is taken is first received by the Corporation.

4. VOTING LIST.

(a) After a record date is fixed for a shareholders' meeting, the secretary shall prepare a list of the names of all its shareholders who are entitled to be given notice of the

meeting. The list shall be arranged by voting groups and within each voting group by class or series of shares, shall be alphabetical within each class or series, and shall show the address of, and the number of shares of each such class and series that are held by, each shareholder.

(b) The shareholders' list shall be available for inspection by any shareholder, beginning the earlier of ten days before the meeting for which the list was prepared or two business days after notice of the meeting is given and continuing through the meeting, and any adjournment thereof, at the Corporation's principal office or at a place identified in the notice of the meeting in the city where the meeting will be held.

(c) The secretary shall make the shareholders' list available at the meeting, and any shareholder or agent or attorney of a shareholder is entitled to inspect the list at any time during the meeting or any adjournment.

5. NOTICE TO SHAREHOLDERS.

(a) The secretary shall give notice to shareholders of the date, time, and place of each annual and special shareholders' meeting no fewer than ten nor more than sixty days before the date of the meeting; except that, if the articles of incorporation are to be amended to increase the number of authorized shares, at least thirty days' notice shall be given. Except as otherwise required by the Colorado Business Corporation Act, the secretary shall be required to give such notice only to shareholders entitled to vote at the meeting.

(b) Notice of an annual shareholders' meeting need not include a description of the purpose or purposes for which the meeting is called unless a purpose of the meeting is to consider an amendment to the articles of incorporation, a restatement of the articles of incorporation, a plan of merger or share exchange, disposition of substantially all of the property of the Corporation, consent by the Corporation to the disposition of property by another entity, or dissolution of the Corporation.

(c) Notice of a special shareholders' meeting shall include a description of the purpose or purposes for which the meeting is called.

(d) Notice of a shareholders' meeting shall be in writing and shall be given

(1) by deposit in the United States mail, properly addressed to the shareholder's address shown in the Corporation's current record of shareholders, first class postage prepaid, and, if so given, shall be effective when mailed; or

(2) by telegraph, teletype, electronically transmitted facsimile, electronic mail, mail, or private carrier or by personal delivery to the shareholder, and, if so given, shall be effective when actually received by the shareholder.

(e) If an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment; provided, however, that, if a new record date for the adjourned meeting is fixed pursuant to Article I, Section 3(c), notice of the adjourned meeting shall be given to persons who are shareholders as of the new record date.

(f) If three successive notices are given by the Corporation, whether with respect to a shareholders' meeting or otherwise, to a shareholder and are returned as undeliverable, no

further notices to such shareholder shall be necessary until another address for the shareholder is made known to the Corporation.

6. QUORUM. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. One-third of the votes entitled to be cast on the matter by the voting group shall constitute a quorum of that voting group for action on the matter. If a quorum does not exist with respect to any voting group, the chief executive officer or any shareholder or proxy that is present at the meeting, whether or not a member of that voting group, may adjourn the meeting to a different date, time, or place, and (subject to the next sentence) notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed pursuant to Article I, Section 3(c), notice of the adjourned meeting shall be given pursuant to Article I, Section 5 to persons who are shareholders as of the new record date. At any adjourned meeting at which a quorum exists, any matter may be acted upon that could have been acted upon at the meeting originally called; provided, however, that, if new notice is given of the adjourned meeting, then such notice shall state the purpose or purposes of the adjourned meeting sufficiently to permit action on such matters. Once a share is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or shall be set for that adjourned meeting.

7. VOTING ENTITLEMENT OF SHARES. Except as stated in the articles of incorporation, each outstanding share, regardless of class, is entitled to one vote, and each fractional share is entitled to a corresponding fractional vote, on each matter voted on at a shareholders' meeting.

8. PROXIES; ACCEPTANCE OF VOTES AND CONSENTS.

(a) A shareholder may vote either in person or by proxy.

(b) An appointment of a proxy is not effective against the Corporation until the appointment is received by the Corporation. An appointment is valid for eleven months unless a different period is expressly provided in the appointment form.

(c) The Corporation may accept or reject any appointment of a proxy, revocation of appointment of a proxy, vote, consent, waiver, or other writing purportedly signed by or for a shareholder, if such acceptance or rejection is in accordance with the provisions of the Colorado Business Corporation Act.

9. WAIVER OF NOTICE.

(a) A shareholder may waive any notice required by the Colorado Business Corporation Act, the articles of incorporation or these bylaws, whether before or after the date or time stated in the notice as the date or time when any action will occur or has occurred. The waiver shall be in writing, be signed by the shareholder entitled to the notice, and be delivered to the Corporation for inclusion in the minutes or filing with the corporate records, but such delivery and filing shall not be conditions of the effectiveness of the waiver.

(b) A shareholder's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to

holding the meeting or transacting business at the meeting because of lack of notice or defective notice, and waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

10. ACTION BY SHAREHOLDERS WITHOUT A MEETING. Any action required or permitted to be taken at a shareholders' meeting may be taken without a meeting if all of the shareholders entitled to vote thereon consent to such action in writing. Action taken pursuant to this section shall be effective when the Corporation has received writings that describe and consent to the action, signed by all of the shareholders entitled to vote thereon. Action taken pursuant to this section shall be effective as of the date the last writing necessary to effect the action is received by the Corporation, unless all of the writings necessary to effect the action specify another date, which may be before or after the date the writings are received by the Corporation. Such action shall have the same effect as action taken at a meeting of shareholders and may be described as such in any document. Any shareholder who has signed a writing describing and consenting to action taken pursuant to this section may revoke such consent by a writing signed by the shareholder describing the action and stating that the shareholder's prior consent thereto is revoked, if such writing is received by the Corporation before the effectiveness of the action.

11. MEETINGS BY TELECOMMUNICATIONS. To the extent provided by resolution of the Board of Directors or in the notice of the meeting, any or all of the shareholders may participate in an annual or special shareholders' meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

Article II

DIRECTORS

1. AUTHORITY OF THE BOARD OF DIRECTORS. The corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, a board of directors.

2. NUMBER. Subject to the provisions of the Articles of Incorporation, the number of directors shall be fixed by resolution of the board of directors from time to time and may be increased or decreased by resolution adopted by the board of directors from time to time, but no decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

3. QUALIFICATION. Directors shall be natural persons at least eighteen years old but need not be residents of the State of Colorado or shareholders of the Corporation.

4. ELECTION. The board of directors shall be elected at the annual meeting of the shareholders or at a special meeting called for that purpose.

5. TERM. Each director shall be elected to hold office until the next annual meeting of shareholders and until the director's successor is elected and qualified unless the directors are appointed to staggered terms as provided in the Articles of Incorporation. In such case, the terms of the directors shall expire as set forth in the Articles of Incorporation

6. RESIGNATION. A director may resign at any time by giving written notice of his or her resignation to any other director or (if the director is not also the secretary) to the secretary. The resignation shall be effective when it is received by the other director or secretary, as the case may be, unless the notice of resignation specifies a later effective date. Acceptance of such resignation shall not be necessary to make it effective unless the notice so provides.

7. REMOVAL. Any director may be removed by the shareholders of the voting group that elected the director, with or without cause at a meeting called for that purpose. The notice of the meeting shall state that the purpose, or one of the purposes, of the meeting is removal of the director. A director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal.

8. VACANCIES.

(a) If a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors:

(1) The shareholders may fill the vacancy at the next annual meeting or at a special meeting called for that purpose; or

(2) The board of directors may fill the vacancy; or

(3) If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

(b) Notwithstanding Article II, Section 8(a), if the vacant office was held by a director elected by a voting group of shareholders, then, if one or more of the remaining directors were elected by the same voting group, only such directors are entitled to vote to fill the vacancy if it is filled by directors, and they may do so by the affirmative vote of a majority of such directors remaining in office; and only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.

(c) A vacancy that will occur at a specific later date, by reason of a resignation that will become effective at a later date under Article II, Section 6 or otherwise, may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

9. MEETINGS. The board of directors may hold regular or special meetings in or out of Colorado. A regular meeting shall be held in the principal office of the Corporation on such date or dates, and at such time, as may be established by resolution of the board of directors. If the board shall establish a date and time for a regular meeting of the board, such meeting may be held without notice of the date, time, place, or purpose of the meeting The board of directors may, by resolution, establish other dates, times and places for additional regular meetings, which may thereafter be held without further notice. Special meetings may be called by the chief executive officer or by any two directors and shall be held at the principal office of the Corporation unless another place is consented to by every director. At any time when the board consists of a single director, that director may act at any time, date, or place without notice.

10. NOTICE OF SPECIAL MEETING. Notice of a special meeting shall be given to every director at least twenty four hours before the time of the meeting, stating the date, time, and place of the meeting. The notice need not describe the purpose of the meeting. Notice may be given orally to the director, personally or by telephone or other wire or wireless

communication. Notice may also be given in writing by telegraph, teletype, electronically transmitted facsimile, electronic mail, mail, or private carrier. Notice shall be effective at the earliest of the time it is received; five days after it is deposited in the United States mail, properly addressed to the last address for the director shown on the records of the Corporation, first class postage prepaid; or the date shown on the return receipt if mailed by registered or certified mail, return receipt requested, postage prepaid, in the United States mail and if the return receipt is signed by the director to which the notice is addressed.

11. QUORUM. Except as provided in Article II, Section 8, a majority of the number of directors fixed in accordance with these Bylaws shall constitute a quorum for the transaction of business at all meetings of the board of directors. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as otherwise specifically required by law.

12. WAIVER OF NOTICE.

(a) A director may waive any notice of a meeting before or after the time and date of the meeting stated in the notice. Except as provided by Article II, Section 12(b), the waiver shall be in writing and shall be signed by the director. Such waiver shall be delivered to the secretary for filing with the corporate records, but such delivery and filing shall not be conditions of the effectiveness of the waiver.

(b) A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless, at the beginning of the meeting or promptly upon his or her later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting.

13. ATTENDANCE BY TELEPHONE. One or more directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

14. DEEMED ASSENT TO ACTION. A director who is present at a meeting of the board of directors when corporate action is taken shall be deemed to have assented to all action taken at the meeting unless:

(1) The director objects at the beginning of the meeting, or promptly upon his or her arrival, to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting;

(2) The director contemporaneously requests that his or her dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or

(3) The director causes written notice of his or her dissent or abstention as to any specific action to be received by the presiding officer of the meeting before adjournment of the meeting or by the secretary (or, if the director is the secretary, by another director) promptly after adjournment of the meeting.

The right of dissent or abstention pursuant to this Article II, Section 14 as to a specific action is not available to a director who votes in favor of the action taken.

15. ACTION BY DIRECTORS WITHOUT A MEETING. Any action required or permitted by law to be taken at a board of directors' meeting may be taken without a meeting if all members of the board consent to such action in writing. Action shall be deemed to have been so taken by the board at the time the last director signs a writing describing the action taken, unless, before such time, any director has revoked his or her consent by a writing signed by the director and received by the secretary or any other person authorized by the bylaws or the board of directors to receive such a revocation. Such action shall be effective at the time and date it is so taken unless the directors establish a different effective time or date. Such action has the same effect as action taken at a meeting of directors and may be described as such in any document.

16. NOMINATIONS OF DIRECTORS.

(a) The Board of Directors may nominate persons to stand for election to the board of directors at any time prior to a meeting of shareholders at which directors are to be elected.

(b) Any shareholder may nominate a person to stand for election to the Board of Directors provided such shareholder provides written notification of the intention to nominate such persons at the next shareholder meeting not less than 90 days in advance of such meeting, and provided further such notice is accompanied by information regarding the proposed nominee meeting the requirements of part III of SEC Regulation SB or Regulation SK and information regarding all direct and indirect business or personal relationships between the shareholder and the proposed nominee.

Article III

COMMITTEES OF THE BOARD OF DIRECTORS

1. COMMITTEES OF THE BOARD OF DIRECTORS.

(a) Subject to the provisions of the Colorado Business Corporation Act, the board of directors may create one or more committees and appoint one or more members of the board of directors to serve on them. The creation of a committee and appointment of members to it shall require the approval of a majority of all the directors in office when the action is taken, whether or not those directors constitute a quorum of the board.

(b) The provisions of these bylaws governing meetings, action without meeting, notice, waiver of notice, and quorum and voting requirements of the board of directors apply to committees and their members as well.

(c) To the extent specified by resolution adopted from time to time by a majority of all the directors in office when the resolution is adopted, whether or not those directors constitute a quorum of the board, each committee shall exercise the authority of the board of directors with respect to the corporate powers and the management of the business and affairs of the Corporation; except that a committee shall not:

(1) Authorize distributions;

(2) Approve or propose to shareholders action that the Colorado Business Corporation Act requires to be approved by shareholders;

(3) Fill vacancies on the board of directors or on any of its committees;

(4) Amend the articles of incorporation pursuant to the Colorado Business Corporation Act;

(5) Adopt, amend, or repeal bylaws;

(6) Approve a plan of merger not requiring shareholder approval;

(7) Authorize or approve reacquisition of shares, except according to a formula or method prescribed by the board of directors; or

(8) Authorize or approve the issuance or sale of shares, or a contract for the sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares; except that the board of directors may authorize a committee or an officer to do so within limits specifically prescribed by the board of directors.

(d) The creation of, delegation of authority to, or action by, a committee does not alone constitute compliance by a director with applicable standards of conduct.

Article IV

OFFICERS

1. GENERAL.

(a) The Corporation shall have as officers a chief executive officer and a secretary, each of whom who shall be appointed by the board of directors. The board of directors may appoint as additional officers a chairman and other officers of the board.

(b) The board of directors, the chief executive officer, and such other subordinate officers as the board of directors may authorize from time to time, acting singly, may appoint as additional officers one or more vice presidents, assistant secretaries, assistant treasurers, and such other subordinate officers as the board of directors, the chief executive officer, or such other appointing officers deem necessary or appropriate.

(c) The officers of the Corporation shall hold their offices for such terms and shall exercise such authority and perform such duties as shall be determined from time to time by these Bylaws, the board of directors, or (with respect to officers whom are appointed by the chief executive officer or other appointing officers) the persons appointing them; provided, however, that the board of directors may change the term of offices and the authority of any officer appointed by the chief executive officer or other appointing officers.

(d) Any two or more offices may be held by the same person. The officers of the Corporation shall be natural persons at least eighteen years old.

2. TERM. Each officer shall hold office from the time of appointment until the time of removal or resignation pursuant to Article IV, Section 3 or until the officer’s death.

3. REMOVAL AND RESIGNATION. Any officer appointed by the board of directors may be removed at any time by the board of directors. Any officer appointed by the chief executive officer or other appointing officer may be removed at any time by the board of directors or by the person appointing the officer. Any officer may resign at any time by giving written notice of resignation to any director (or to any director other than the resigning officer if the officer is also a director), to the chief executive officer, to the secretary, or to the officer who

appointed the officer. Acceptance of such resignation shall not be necessary to make it effective, unless the notice so provides.

4. CHIEF EXECUTIVE OFFICER. The chief executive officer shall preside at all meetings of shareholders, and shall also preside at all meetings of the board of directors unless the board of directors has appointed a chairman, vice chairman, or other officer of the board and has authorized such person to preside at meetings of the board of directors instead of the chief executive officer. Subject to the direction and control of the board of directors, the chief executive officer of the Corporation shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the board of directors are carried into effect. The chief executive officer may negotiate, enter into, and execute contracts, deeds, and other instruments on behalf of the Corporation as are necessary and appropriate to the conduct to the business and affairs of the Corporation or as are approved by the board of directors. The chief executive officer shall have such additional authority and duties as are appropriate and customary for the office of chief executive officer, except as the same may be expanded or limited by the board of directors from time to time.

5. VICE PRESIDENT. The vice president, if any, or, if there are more than one, the vice presidents in the order determined by the board of directors or the chief executive officer (or, if no such determination is made, in the order of their appointment), shall be the officer or officers next in seniority after the chief executive officer. Each vice president shall have such authority and duties as are prescribed by the board of directors or chief executive officer. Upon the death, absence, or disability of the chief executive officer, the vice president, if any, or, if there are more than one, the vice presidents in the order determined by the board of directors or the chief executive officer, shall have the authority and duties of the chief executive officer.

6. SECRETARY. The secretary shall be responsible for the preparation and maintenance of minutes of the meetings of the board of directors and of the shareholders and of the other records and information required to be kept by the Corporation under the Colorado Business Corporation Act and for authenticating records of the corporation. The secretary shall also give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, keep the minutes of such meetings, have charge of the corporate seal, if any, and have authority to affix the corporate seal to any instrument requiring it (and, when so affixed, it may be attested by the secretary's signature), be responsible for the maintenance of all other corporate records and files and for the preparation and filing of reports to governmental agencies (other than tax returns), and have such other authority and duties as are appropriate and customary for the office of secretary, except as the same may be expanded or limited by the board of directors from time to time.

7. ASSISTANT SECRETARY. The assistant secretary, if any, or, if there are more than one, the assistant secretaries in the order determined by the board of directors or the secretary (or, if no such determination is made, in the order of their appointment) shall, under the supervision of the secretary, perform such duties and have such authority as may be prescribed from time to time by the board of directors or the secretary. Upon the death, absence, or disability of the secretary, the assistant secretary, if any, or, if there are more than one, the assistant secretaries in the order designated by the board of directors or the secretary (or, if no such determination is made, in the order of their appointment), shall have the authority and duties of the secretary.

8. TREASURER. The treasurer, if any, shall have control of the funds and the care and custody of all stocks, bonds, and other securities owned by the Corporation, and shall be responsible for the preparation and filing of tax returns. The treasurer shall receive all moneys paid to the Corporation and, subject to any limits imposed by the board of directors, shall have authority to give receipts and vouchers, to sign and endorse checks and warrants in the Corporation's name and on the Corporation's behalf, and give full discharge for the same. The treasurer shall also have charge of disbursement of funds of the Corporation, shall keep full and accurate records of the receipts and disbursements, and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as shall be designated by the board of directors. The treasurer shall have such additional authority and duties as are appropriate and customary for the office of treasurer, except as the same may be expanded or limited by the board of directors from time to time.

9. COMPENSATION. Officers shall receive such compensation for their services as may be authorized or ratified by the board of directors. Election or appointment of an officer shall not of itself create a contractual right to compensation for services performed as such officer.

Article V

INDEMNIFICATION

1. DEFINITIONS. As used in this article:

(a) "Corporation" includes any domestic or foreign entity that is a predecessor of the Corporation by reason of a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(b) "Director" means an individual who is or was a director of the Corporation or an individual who, while a director of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, fiduciary, or agent of another domestic or foreign corporation or other person or of an employee benefit plan. A director is considered to be serving an employee benefit plan at the Corporation's request if his or her duties to the Corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

(c) "Expenses" includes counsel fees.

(d) "Liability" means the obligation incurred with respect to a proceeding to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expenses.

(e) "Official capacity" means, when used with respect to a director, the office of director in the Corporation and, when used with respect to a person other than a director as contemplated in Article V, Section 2(a), the office in the Corporation held by the officer or the employment, fiduciary, or agency relationship undertaken by the employee, fiduciary, or agent on behalf of the Corporation. "Official capacity" does not include service for any other domestic or foreign corporation or other person or employee benefit plan.

(f) "Party" includes a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(g) “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

2. AUTHORITY TO INDEMNIFY DIRECTORS.

(a) Except as provided in Article V, Section 2(d), the Corporation may indemnify a person made a party to a proceeding because the person is or was a director against liability incurred in the proceeding if:

(1) The person conducted himself or herself in good faith; and

(2) The person reasonably believed:

(A) In the case of conduct in an official capacity with the Corporation, that his or her conduct was in the Corporation’s best interests; and

(B) In all other cases, that his or her conduct was at least not opposed to the Corporation’s best interests; and

(3) In the case of any criminal proceeding, the person had no reasonable cause to believe his or her conduct was unlawful.

(b) A director’s conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirement of Article V, Section 2(a)(2)(B). A director’s conduct with respect to an employee benefit plan for a purpose that the director did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of Article V, Section 2(a)(1).

(c) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this Article V, Section 2.

(d) The Corporation may not indemnify a director under this Article V, Section 2:

(1) In connection with a proceeding by or in the right of the Corporation in which the director was adjudged liable to the Corporation; or

(2) In connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the director was adjudged liable on the basis that he or she derived an improper personal benefit.

(e) Indemnification permitted under this Article V, Section 2 in connection with a proceeding by or in the right of the Corporation is limited to reasonable expenses incurred in connection with the proceeding.

3. MANDATORY INDEMNIFICATION OF DIRECTORS. The Corporation shall indemnify a person who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the person was a party because the person is or was a director, against reasonable expenses incurred by him or her in connection with the proceeding.

4. ADVANCE OF EXPENSES TO DIRECTORS.

(a) The Corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if:

(1) The director furnishes to the Corporation a written affirmation of the director's good faith belief that he or she has met the standard of conduct described in Article V, Section 2.

(2) The director furnishes to the Corporation a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct; and

(3) A determination is made that the facts then known to those making the determination would not preclude indemnification under this article.

(b) The undertaking required by Article V, Section 4(a)(2) shall be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.

(c) Determinations and authorizations of payments under this Article V, Section 4 shall be made in the manner specified in Article V, Section 6.

5. COURT-ORDERED INDEMNIFICATION OF DIRECTORS. A director who is or was a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court, after giving any notice the court considers necessary, may order indemnification in the following manner:

(1) If it determines that the director is entitled to mandatory indemnification under Article V, Section 3, the court shall order indemnification, in which case the court shall also order the Corporation to pay the director's reasonable expenses incurred to obtain court-ordered indemnification.

(2) If it determines that the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director met the standard of conduct set forth in Article V, Section 2(a) or was adjudged liable in the circumstances described in Article V, Section 2(d), the court may order such indemnification as the court deems proper; except that the indemnification with respect to any proceeding in which liability shall have been adjudged in the circumstances described in Article V, Section 2(d) is limited to reasonable expenses incurred in connection with the proceeding and reasonable expenses incurred to obtain court-ordered indemnification.

6. DETERMINATION AND AUTHORIZATION OF INDEMNIFICATION OF DIRECTORS.

(a) The Corporation may not indemnify a director under Article V, Section 2 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director has met the standard of conduct set forth in Article V, Section 2. The Corporation shall not advance expenses to a director under Article V, Section 4 unless authorized in the specific case after the written

affirmation and undertaking required by Article V, Section 4(a)(1) and 4(a)(2) are received and the determination required by Article V, Section 4(a)(3) has been made.

(b) The determinations required by Article V, Section 6(a) shall be made:

(1) By the board of directors by a majority vote of those present at a meeting at which a quorum is present, and only those directors not parties to the proceeding shall be counted in satisfying the quorum; or

(2) If a quorum cannot be obtained, by a majority vote of a committee of the board of directors designated by the board of directors, which committee shall consist of two or more directors not parties to the proceeding; except that directors who are parties to the proceeding may participate in the designation of directors for the committee.

(c) If a quorum cannot be obtained as contemplated in Article V, Section 6(b)(1), and a committee cannot be established under Article V, Section 6(b)(2) if a quorum is obtained or a committee is designated, if a majority of the directors constituting such quorum or such committee so directs, the determination required to be made by Article V, Section 6(a) shall be made:

(1) By independent legal counsel selected by a vote of the board of directors or the committee in the manner specified in Article V, Section 6(b)(1) or 6(b)(2), or, if a quorum of the full board cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board of directors; or

(2) By the shareholders.

(d) Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible; except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

7. INDEMNIFICATION OF OFFICERS, EMPLOYEES, FIDUCIARIES, AND AGENTS.

(a) An officer is entitled to mandatory indemnification under Article V, Section 3 and is entitled to apply for court-ordered indemnification under Article V, Section 5, in each case to the same extent as a director;

(b) The Corporation may indemnify and advance expenses to an officer, employee, fiduciary, or agent of the Corporation to the same extent as to a director; and

(c) The Corporation may also indemnify and advance expenses to an officer, employee, fiduciary, or agent who is not a director to a greater extent than is provided in these bylaws, if not inconsistent with public policy, and if provided for by general or specific action of its board of directors or shareholders or by contract.

8. INSURANCE. The Corporation may purchase and maintain insurance on behalf of a person who is or was a director, officer, employee, fiduciary, or agent of the Corporation, or who, while a director, officer, employee, fiduciary, or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, fiduciary, or agent of another domestic or foreign corporation or other person or of an employee benefit plan,

against liability asserted against or incurred by the person in that capacity or arising from his or her status as a director, officer, employee, fiduciary, or agent, whether or not the Corporation would have power to indemnify the person against the same liability under Article V, Sections 2, 3, or 7. Any such insurance may be procured from any insurance company designated by the board of directors, whether such insurance company is formed under the laws of this state or any other jurisdiction of the United States or elsewhere, including any insurance company in which the Corporation has an equity or any other interest through stock ownership or otherwise.

9. NOTICE TO SHAREHOLDERS OF INDEMNIFICATION OF DIRECTOR. If the Corporation indemnifies or advances expenses to a director under this article in connection with a proceeding by or in the right of the Corporation, the Corporation shall give written notice of the indemnification or advance to the shareholders with or before the notice of the next shareholders' meeting. If the next shareholder action is taken without a meeting at the instigation of the board of directors, such notice shall be given to the shareholders at or before the time the first shareholder signs a writing consenting to such action.

Article VI

SHARES

1. CERTIFICATES. Certificates representing shares of the capital stock of the Corporation shall be in such form as is approved by the board of directors and shall be signed by the chairman or vice chairman of the board of directors (if any), or the chief executive officer and by the secretary or an assistant secretary or the treasurer or an assistant treasurer. All certificates shall be consecutively numbered, and the names of the owners, the number of shares, and the date of issue shall be entered on the books of the Corporation. Each certificate representing shares shall state upon its face

(a) That the Corporation is organized under the laws of the State of Colorado;

(b) The name of the person to whom issued;

(c) The number and class of the shares and the designation of the series, if any, that the certificate represents;

(d) The par value, if any, of each share represented by the certificate;

(e) Any restrictions imposed by the Corporation upon the transfer of the shares represented by the certificate; and

(f) Other matters required to be stated on the certificates by the Colorado Business Corporation Act, ss.7-106-206 and other applicable sections.

2. FACSIMILE SIGNATURES. Where a certificate is signed

(a) By a transfer agent other than the Corporation or its employee, or

(b) By a registrar other than the Corporation or its employee, any or all of the officers' signatures on the certificate required by Article VI, Section 1 may be facsimile. If any officer, transfer agent or registrar who has signed, or whose facsimile signature or signatures have been placed upon, any certificate, shall cease to be such officer, transfer agent, or registrar, whether because of death, resignation, or otherwise, before the certificate is issued by the

Corporation, it may nevertheless be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

3. TRANSFERS OF SHARES. Transfers of shares shall be made on the books of the Corporation only upon presentation of the certificate or certificates representing such shares properly endorsed by the person or persons appearing upon the face of such certificate to be the owner, or accompanied by a proper transfer or assignment separate from the certificate, except as may otherwise be expressly provided by the statutes of the State of Colorado or by order of a court of competent jurisdiction. The officers or transfer agents of the Corporation may, in their discretion, require a signature guaranty before making any transfer. The Corporation shall be entitled to treat the person in whose name any shares are registered on its books as the owner of those shares for all purposes and shall not be bound to recognize any equitable or other claim or interest in the shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interest.

4. SHARES HELD FOR ACCOUNT OF ANOTHER. The board of directors may adopt by resolution a procedure whereby a shareholder of the Corporation may certify in writing to the Corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. The resolution shall set forth

(a) The classification of shareholders who may certify;

(b) The purpose or purposes for which the certification may be made;

(c) The form of certification and information to be contained herein;

(d) If the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or the closing of the stock transfer books within which the certification must be received by the Corporation; and

(e) Such other provisions with respect to the procedure as are deemed necessary or desirable. Upon receipt by the Corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

Article VII

MISCELLANEOUS

1. CORPORATE SEAL. The board of directors may adopt a seal, circular in form and bearing the name of the Corporation and the words “SEAL” and “COLORADO,” which, when adopted, shall constitute the seal of the Corporation. The seal may be used by causing it or a facsimile of it to be impressed, affixed, manually reproduced, or rubber stamped with indelible ink. Even if the Corporation has adopted a corporate seal, properly authorized actions of the Corporation are effective whether or not any writing evidencing such action is sealed.

2. FISCAL YEAR. The board of directors may, by resolution, adopt a fiscal year for the Corporation.

3. RECEIPT OF NOTICES BY THE CORPORATION. Notices, shareholder writings consenting to action, and other documents or writings shall be deemed to have been received by the Corporation when they are received

(a) At the registered office of the Corporation in the State of Colorado;

(b) At the principal office of the Corporation (as that office is designated in the most recent document filed by the Corporation with the Secretary of State for the State of Colorado designating a principal office) addressed to the attention of the secretary of the Corporation;

(c) By the secretary of the corporation wherever the secretary may be found; or

(d) By any other person authorized from time to time by the board of directors, the chief executive officer, or the secretary to receive such writings, wherever such person is found.

4. FACSIMILE SIGNATURE. Where, under these Bylaws or under the Colorado Business Corporation Act, as amended, a signature of a director, officer or shareholder of the Corporation is required, such signature may be presented either in original form or by a facsimile copy thereof, to the extent permitted by law.

5. AMENDMENT OF BYLAWS. These Bylaws may at any time and from time to time be amended, supplemented, or repealed by the board of directors.

Exhibit 10.15

VOTING AGREEMENT
AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT (this "**Agreement**") is entered into on the dates executed by the parties to be effective as of July 1, 2005, by and among Lifeline Therapeutics, Inc., a Colorado corporation ("**Company**")**,** and William Driscoll (the "**Shareholder**").

PRELIMINARY STATEMENTS

WHEREAS, Company and Shareholder have entered into an Agreement, dated July 1, 2005, by and between Company and Shareholder (the "**Severance Agreement**") whereby Shareholder resigned from his position as President and Chief Executive Officer of Company and Company agreed to provide certain separation benefits, including severance pay;

WHEREAS, in the Severance Agreement, Shareholder agreed to the execution and delivery of this Agreement as part of Shareholder's consideration for receiving the separation benefits; and

WHEREAS, Company and Shareholder desire to enter into this Agreement to set forth their current agreements and understandings with respect to how shares of Company's class A common stock held by Shareholder (the "**Shares**") will be voted.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Voting Provisions.

1.1 Transfer of Voting Rights. Shareholder hereby grants to the Chairman of the Board of Directors of Company (the "**Board**") the irrevocable right to vote the Shares and any New Shares (as defined below) at every meeting of the shareholders of Company and at every adjournment thereof, and on every action or approval by written consent of the shareholders of Company.

1.2 Additional Share Purchases. Shareholder agrees that any shares of capital stock of Company that Shareholder purchases or with respect to which Shareholder otherwise acquires record or beneficial ownership ("**New Shares**") after the execution of this Agreement and prior to the termination of this Agreement (including through the exercise of any stock options, warrants or similar instruments) shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Irrevocable Proxy. THE SHAREHOLDER HEREBY GRANTS TO AND APPOINTS THE CHAIRMAN OF THE BOARD, AS SUCH SHAREHOLDER'S SOLE AND

EXCLUSIVE PROXY AND ATTORNEY-IN-FACT (WITH FULL POWER OF SUBSTITUTION) TO VOTE OR TO ACT BY WRITTEN CONSENT, IN EACH CASE TO THE FULLEST EXTENT PERMITTED BY AND SUBJECT TO APPLICABLE LAW, THE SHARES AND ANY NEW SHARES IN RESPECT OF ANY MATTER. THIS PROXY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE THROUGH THE TERMINATION DATE (AS DEFINED BELOW). THE SHAREHOLDER FURTHER AGREES TO TAKE SUCH OTHER ACTION AND EXECUTE SUCH OTHER INSTRUMENTS, IN EACH CASE AS MAY BE NECESSARY TO EFFECTUATE THE INTENT OF THIS VOTING AGREEMENT AND IRREVOCABLE PROXY, AND HEREBY REVOKES ANY PROXY PREVIOUSLY GRANTED BY THE SHAREHOLDER WITH RESPECT TO THE SHARES OR ANY NEW SHARES THAT IS INCONSISTENT WITH THE INTENT HEREOF.

3. Successors in Interest. Provisions of this Agreement shall be binding upon the successors in interest to any of the Shares held by Shareholder to whom a transfer of such stock is made; *provided, however,* that this Agreement shall not be binding upon any successor in interest to any of the Shares if such Shares were purchased in a "brokers' transaction" as defined in Rule 144(g) of the Securities Act of 1933, as amended.

4. General Provisions.

4.1 Termination. This Agreement shall terminate on July 1, 2015 (the "**Termination Date**").

4.2 Amendment. This Agreement shall only be amended by the written agreement of Company and Shareholder.

4.3 Governing Law. The construction, validity and interpretation of this Agreement shall be governed by the internal laws of the State of Colorado without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Colorado.

4.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

4.5 Reorganization. The provisions of this Agreement shall apply to any shares or other securities resulting from any stock split or reverse split, stock dividend, reclassification, subdivision, consolidation or reorganization of any shares or other equity securities of Company and to any shares or other securities of Company or of any successor company which may be received by Shareholder by virtue of his ownership of the Shares or any New Shares.

4.6 Headings. The headings of this Agreement are for convenience only and do not constitute a part of this Agreement.

4.7 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

4.8 Further Assurances. Each of the parties hereto shall execute and deliver all additional documents and instruments and shall do any and all acts and things reasonably requested in connection with the performance of the obligations undertaken in this Agreement and/or otherwise to effectuate in good faith the intent of the parties.

4.9 Binding Effect. The rights and obligations of each party under this Agreement shall be specifically applicable to and enforceable against any transferees of the parties hereto.

4.10 Entire Agreement. This Agreement is intended to be the sole agreement of the parties as it relates to this subject matter and does hereby supersede all other agreements of the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

LIFELINE THERAPEUTICS, INC.

Dated: 4 - 4 - 06

By: /s/ Stephen K. Onody
Name: Stephen K. Onody
Title: CEO

Dated: 4 - 7 - 06

/s/ Bill Driscoll
William Driscoll

Exhibit 10.16

VOTING AGREEMENT
AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT (this "**Agreement**") is entered into as of February 9, 2006, by and among Lifeline Therapeutics, Inc., a Colorado corporation ("**Company**"), Paul Myhill, and Lisa Gail Myhill. Paul Myhill and Lisa Gail Myhill are referred to collectively in this Agreement as the "**Shareholders**".

PRELIMINARY STATEMENTS

WHEREAS, Company and Paul Myhill have entered into an Agreement, dated 9, 2006, by and between Company and Myhill (the "**Consultant Agreement**") whereby Paul Myhill resigned from his position with the Company and will act as a consultant for the Company;

WHEREAS, Lisa Gail Myhill, the wife of Paul Myhill, benefits from the payments received by Paul Myhill under the Consultant Agreement;

WHEREAS, in connection with the Consultant Agreement, Shareholder has agreed to the execution and delivery of this Agreement as part of the consideration for the Shareholders' receiving the benefits from the Consultant Agreement; and

WHEREAS, Company and the Shareholders desire to enter into this Agreement to set forth their current agreements and understandings with respect to how shares of Company's class A common stock held by either or both of the Shareholders (the "**Shares**") will be voted.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Voting Provisions.

1.1 Transfer of Voting Rights. Each of the Shareholders hereby grants to the Chairman of the Board of Directors of Company (the "**Board**") the irrevocable right to vote the Shares and any New Shares (as defined below) at every meeting of the shareholders of Company and at every adjournment thereof, and on every action or approval by written consent of the shareholders of Company.

1.2 Additional Share Purchases. Each of the Shareholders agrees that any shares of capital stock of Company that either or both Shareholders purchases or with respect to which either or both Shareholders otherwise acquires record or beneficial ownership ("**New Shares**") after the execution of this Agreement and prior to the termination of this Agreement (including through the exercise of any stock options, warrants or similar instruments) shall be

subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Irrevocable Proxy. EACH OF THE SHAREHOLDERS HEREBY GRANTS TO AND APPOINTS THE CHAIRMAN OF THE BOARD, AS SUCH SHAREHOLDER'S SOLE AND EXCLUSIVE PROXY AND ATTORNEY-IN-FACT (WITH FULL POWER OF SUBSTITUTION) TO VOTE OR TO ACT BY WRITTEN CONSENT, IN EACH CASE TO THE FULLEST EXTENT PERMITTED BY AND SUBJECT TO APPLICABLE LAW, THE SHARES AND ANY NEW SHARES IN RESPECT OF ANY MATTER. THIS PROXY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE THROUGH THE TERMINATION DATE (AS DEFINED BELOW). EACH OF THE SHAREHOLDERS FURTHER AGREES TO TAKE SUCH OTHER ACTION AND EXECUTE SUCH OTHER INSTRUMENTS, IN EACH CASE AS MAY BE NECESSARY TO EFFECTUATE THE INTENT OF THIS VOTING AGREEMENT AND IRREVOCABLE PROXY, AND HEREBY REVOKES ANY PROXY PREVIOUSLY GRANTED BY THAT SHAREHOLDER WITH RESPECT TO THE SHARES OR ANY NEW SHARES THAT IS INCONSISTENT WITH THE INTENT HEREOF.

3. Successors in Interest. Provisions of this Agreement shall be binding upon the successors in interest to any of the Shares held by each of the Shareholders to whom a transfer of such stock is made; *provided, however,* that this Agreement shall not be binding upon any successor in interest to any of the Shares if such Shares were purchased for full consideration in a "brokers' transaction" as defined in Rule 144(g) of the Securities Act of 1933, as amended, or in a transaction in which a broker-dealer registered with the National Association of Securities Dealers effected the transaction and received compensation for effecting the transaction.

4. General Provisions.

4.1 Termination. This Agreement shall terminate on February 7, 2016 (the "**Termination Date**").

4.2 Amendment. This Agreement shall only be amended by the written agreement of Company and Shareholder.

4.3 Governing Law. The construction, validity and interpretation of this Agreement shall be governed by the internal laws of the State of Colorado without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Colorado.

4.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

4.5 Reorganization. The provisions of this Agreement shall apply to any shares or other securities resulting from any stock split or reverse split, stock dividend, reclassification, subdivision, consolidation or reorganization of any shares or other equity

securities of Company and to any shares or other securities of Company or of any successor company which may be received by Shareholder by virtue of his ownership of the Shares or any New Shares.

4.6 Headings. The headings of this Agreement are for convenience only and do not constitute a part of this Agreement.

4.7 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

4.8 Further Assurances. Each of the parties hereto shall execute and deliver all additional documents and instruments and shall do any and all acts and things reasonably requested in connection with the performance of the obligations undertaken in this Agreement and/or otherwise to effectuate in good faith the intent of the parties.

4.9 Binding Effect. The rights and obligations of each party under this Agreement shall be specifically applicable to and enforceable against any transferees of the parties hereto.

4.10 Entire Agreement. This Agreement is intended to be the sole agreement of the parties as it relates to this subject matter and does hereby supersede all other agreements of the parties relating to the subject matter hereof.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SHAREHOLDERS:

/s/ Paul Myhill
Paul Myhill

/s/ Lisa Gail Myhill
Lisa Gail Myhill

LIFELINE THERAPEUTICS, INC.

By: /s/ Gerald J. Houston
Name: Gerald J. Houston
Title: CFO

Exhibit 10.17

Protandim Exclusive Manufacturing Agreement

This Agreement dated January 28th_2005 between The Chemins Company, Inc., located at 1835 E. Cheyenne Road, Colorado Springs, CO 80906, ("Chemins") and Lifeline Therapeutics, Inc. located at 6400 S. Fiddlers Green Circle, Suite 1750, Englewood, CO 80111 ("Lifeline"), collectively, (the "Parties").

The parties wish to enter into an exclusive manufacturing arrangement for Protandim and agree to the exclusive relationship as follows:

1. The Lifeline agrees to purchase Protandim exclusively from Chemins contingent on Chemins meeting the planned manufacturing volume and other items as listed in the executed Manufacturing Agreement.
2. If Chemins is unable to meet the required volume they will be given a chance to remedy the deficiency before Lifeline utilizes another manufacturer.
3. Chemins agrees to dedicate manufacturing capacity exclusively to Lifeline and to meet scheduled manufacturing demands.
4. Chemins agrees to provide volume pricing and to work cooperatively with Lifeline to meet manufacturing requirements.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

The Chemins Company, Inc.		Lifeline Therapeutics, Inc.	
Signature:	/s/ Amy Dowd Mitchell	Signature:	
By:	Amy Dowd Mitchell	By:	
Title:	V.P. Sales & Marketing	Title:	

MANUFACTURING AGREEMENT

This Agreement, made this 26 day of February 2004 between The Chemins Company, Inc. (“Chemins”), 1835 E. Cheyenne Road, Colorado Springs, Colorado 80906 and LifeLine Nutraceuticals Inc Located at: 6367 S Jamaica CT, Englewood Co 80111 (“Customer”);

WHEREAS, Customer intends to distribute a line of dietary supplement products and wishes to have Chemins manufacture such products; and

WHEREAS, Chemins wishes to manufacture the products for Customer pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, for the consideration expressed in this Agreement, **It Is Hereby Agreed;**

1. PRODUCTS: The products covered by this Agreement are those products as submitted and agreed upon in accordance with a purchase order as stated in paragraph 3.2. If Customer wishes to add other products to its product line during the term of the Agreement those new products shall be covered by this Agreement provided that the parties mutually agree to their pricing structure, specifications, and production schedule.

2. TERM: The term of this Agreement is continuous. It commences on the date of this Agreement as set out above.

3. MANUFACTURING PROVISIONS:

3.1 Chemins agrees to manufacture the products in accordance with the agreed upon formulation and specifications in a workmanlike manner. Additionally, Chemins promises that (A) the ingredients and other items which it supplies for the products will be of such quality that they will pass without objection in the dietary supplement industry; and (B) in the case of finished product, each item (such as a capsule or tablet) will be of superior quality. Manufacturer shall make it best efforts to fill orders in the time frame quoted on the Manufacturing Quotation.

3.2 Purchase orders shall be used whenever possible by a Customer when placing a manufacturing order with Chemins. Each of those orders should, at a minimum, identify the product ordered, the quantity to be manufactured, any special labeling, quality, manufacturing, packaging, delivery requirements and shipping requirements, and should allow a minimum three week lead time or the time quoted on the Manufacturing Quote. Customer agrees that Chemins will not be bound by any preprinted language on purchase orders used by Customer and will only be bound by the

language on those orders which reflects the information called for in this paragraph 3.2. See paragraph 10.5 for rights and obligations upon termination.

3.3 If the Customer wishes to initiate any product changes, whether before or after the manufacturing process has begun for those products, Chemins has the right for a period of ten days after receiving those requested changes to determine whether it can or wishes to manufacture such products. If Chemins is unable to or does not wish to manufacture the products with those changes, it will inform the Customer within the ten day period. If the parties are unable to agree to the terms regarding the product changes, Customer shall have the right to have such products manufactured by someone other than Chemins.

3.4 Chemins is responsible for the maintenance and storage of materials and ingredients for the products and Work in Progress [WIP] inventory. Chemins will keep an accurate record of the receipt, use, and disposition of all property used in the manufacture of the products. That record will include “shop orders”, Certificates of Analysis from its suppliers, and shipment records.

3.5 Manufacturer (Chemins) shall obtain in a reasonable time after the request is made, at its own expense, casualty and theft insurance covering property owned by Customer while in the possession of Chemins as well as product liability insurance.

3.6 At any time during normal business hours, but not more frequently than one time per week, Customer may inspect and copy the books, records and other documents of Chemins relating to the receipt and disposition of all of Customer’s property in the possession of Chemins. Chemins will give Customer access to its premises for such purposes. Customer shall conduct such inspections in a manner that does not interfere with other ongoing operations of Chemins.

3.7 Chemins will adhere to all governmental regulations, certifications, or registration with respect to dietary supplements as they pertain to the manufacturing facility [i.e. physical plant].

3.8 In the case of Customer supplied ingredients, Customer agrees to provide Chemins a Certificate of Analysis with respect to each ingredient, each combination of ingredients and each product furnished in finished form (e.g. tablet or capsule) to Chemins by Customer. Each of those certificates shall be delivered along with the ingredient of product furnished to Chemins. Customer guarantees to Chemins that each representation on that certificate is true. Customer understands that Chemins will be relying on that information when and as it undertakes its manufacturing

obligations pursuant to paragraph 3.1. The certificate shall not contain any language which limits or disclaims Customer's guarantee or liability and, to the extent it does Customer now agrees that any such limitation or disclaimer shall be of no effect.

4. ENFORCEMENT AND PRODUCT ACTIONS: Each party shall notify the other immediately of any enforcement action, including any Warning Letter issued by the FDA to either of them, and of any product liability claim which involves the products. This applies to action or threatened action by local, state, or federal entity or by private party or entity.

5. PRICING: The pricing for the manufacturing provided by Chemins shall be as agreed upon by Customer and Chemins at the time of the submission of a purchase order in accordance with paragraph 3.2. Those prices shall be effective from the date of this Agreement for 12 months; however, if the cost of acquisition to Chemins for the raw ingredients or other material needed to manufacture the products increases during the procurement of material for an in-process purchase order, Chemins is entitled to pass along that increase to Customer. Price change notice will be given once all "in-process" orders are complete and the Customer will be allowed to decide to accept the price change.

6. PAYMENT TERMS: New Customers without approved credit agree to pay 50% of each Purchase Order upon the delivery of that order to Chemins and the other 50% prior to Chemins' shipment of the products. After Customer establishes a credit history satisfactory to Chemins, Chemins will allow Customer to pay, on a "net" basis, within 30 days from the invoice date which will be the date of shipment. However, in any event, if Customer's Account Receivable with Chemins exceeds their established credit limit, or if any invoices become over 30 days old, Chemins reserves the right to charge 18% APR interest on balance due and to discontinue immediately, its performance of any and all obligations under this Agreement until Customer arranges with Chemins, in its sole discretion, suitable payment provisions.

7. EXCLUSIVE OWNERSHIP OF PRODUCTS AND TECHNOLOGY

7.1 Customer has developed and owns the products and formulations for the products and all patents, trademarks, copyrights and related goodwill with respect to the products, formulations and Customer's business.

7.2 Returned Goods: No returned goods will be accepted unless the reason for the return is a quality issue. Any products that are returned to the Chemins Company for any reason shall have pre-authorization prior to return. All return

materials must be in their original containers and must have all original labels intact. Returned goods must also be shipped back in the original shipping container.

7.2 Customer has developed and owns trademarks, copyrights, and any related goodwill.

7.3 Nothing contained in this Section 7 shall be adverse to any Uniform Commercial Code [the "UCC] or other rights Chemins has or may have in inventory, tools, dies, or other property for which amounts remain owing to Chemins by Customer.

8. CONFIDENTIALITY: Other than as may be required by any applicable law, government order or regulation, or by order or decree of any court of competent jurisdiction, neither party shall divulge or announce, or in any manner disclose to any third party, any confidential information or matters revealed to the other party or any of the terms and conditions of this Agreement which are specific to this Agreement. Each party shall do all such things as are reasonably necessary to prevent any such information becoming known to any parry other than the parties involved with the transaction.

9. CHEMINS' AND CUSTOMER'S WARRANTIES; DISCLAIMERS:

9.1 Chemins represents that it has self funded product liability coverage, which covers Chemins and its employees against any claims, suits, losses, charges, costs, expenses (including reasonable attorney's fees), judgments, liabilities, and damages arising out of Chemins' manufacture of the products and any actual or alleged defects in the products. This liability coverage contains standard exclusions from coverage. It is strongly recommended that Customer will have in effect throughout the duration of this Agreement, a policy of insurance which provides product liability insurance to Customer in an amount of at least $1,000,000 per occurrence and $2,000,000 in the aggregate per policy year.

9.2 Customer acknowledges that Chemins is disclaiming any legal responsibility for the safety and effectiveness of the products manufactured by it for Customer with respect to each product's labeling and all non-labeling promotional material. Among other things, this means that Customer is solely liable and responsible for complying with all applicable state and federal statutes and regulations such as, but not limited to, the Federal Trade Commission Act of 1994, with respect to a product's labeling and non-labeling promotional material. Chemins agrees that, upon a request by a Customer, it will provide information and suggestions to Customer about the formulation of a product. However, Customer understands and agrees that Customer

waives any right to make or assert any type of claim against Chemins and any of its employees and agents which arises out of or is based upon such information or suggestions.

9.3 UPC Codes: The Chemins Company is not responsible for the accuracy or function of UPC Codes placed on product labels.

9.4 Customer agrees and guarantees to defend, indemnify and hold Chemins and its employees harmless of, from and against any injury, charges, suits, damages, costs, expenses (including reasonable attorney's fees), judgment, penalties, claims, liabilities or losses of any kind or nature whatsoever, which may be demanded of or incurred by Chemins and its employees arising out of Customer's association with the products. Including but not limited to, claims related to (A) the ingredients, if any, supplied by Customer; (B) the labeling of the products and non-labeling promotional material; (C) any trade secret, process, idea, method or device supplied, in any manner by Customer to Chemins; (D) the failure of the products to meet any national, state, or local laws or standards as a result of Customer conduct; or, (E) any other alleged actual or alleged wrongful action of Customer which relates to the products.

9.5 Except for Chemins' express warranties set out in paragraphs 3.1 and 9.1 of this Agreement, Chemins does not make and expressly disclaims and excludes any warranty, whether express or implied, including the implied warranties of merchantability and fitness with respect to the products and any component, including ingredients, of those products.

10. <u>TERMINATION</u>: This Agreement may be terminated by either party upon 90 days written notice to the other. In addition, either party may terminate this Agreement due to a breach by the other:

10.1 If Manufacturer's (Chemins') alleged failure is based upon paragraph 3.1 of this Agreement, Chemins shall have thirty days to cure that breach ("First Cure Period"). If such a breach remains uncured for thirty days, Customer may elect to manufacture the products that are the subject of the particular default at an alternative source; if Customer makes that election, Customer shall gives Chemins written notice of its intention to manufacture at an alternative source within 48 hours of when Customer makes that election. If the problem or issue that caused that breach is not solved or satisfied within an additional ten days ("Final Cure Period"), this Agreement may be terminated at the option of Customer. If a breach occurs due to Customer's failure to pay timely as specified in paragraph 6., Chemins may terminate this Agreement after it has given Customer 10 days written notice and if Customer has not totally satisfied its payment obligation. If a breach by either party is in regard to any other terms of the

Agreement, the breaching party shall have 20 days to cure said breach after receipt of written notification of such failure or omission from the other .

10.2 If Customer believes that Chemins has not shipped product on or by an agreed upon date. Customer shall immediately notify Chemins by telephone, fax, letter or personal delivery of the fact and inform Chemins of an absolute deadline for such shipment. The rights and obligations of such parties at that point shall be governed by Title 4, Article 2 of the Uniform Commercial Code.

10.3 If a breach or anticipated breach by either party of any provision of this Agreement causes or may cause the other to default on a material obligation to a third person or entity, the non-breaching party shall promptly inform the other party of the fact in order to prevent a default on the performance owed to a third party or to minimize damages, if any.

10.4 The termination or expiration of this Agreement shall be without prejudice to any rights or claims that a party has against the other and shall not release any party of any obligation to pay any monies that become due or owing or arose out of any transaction prior to the date of termination or expiration of this Agreement.

10.5 Upon termination or expiration of this Agreement, Chemins shall, within 14 calendar days, provide Customer with a statement showing the quantity and description of the products, inventory, WIP, materials, and other property belonging to Customer covered by this Agreement. Customer shall have the right to take a physical inventory to ascertain or verify such statement during normal business hours. Customer shall have the right to take possession of its property after payment is made for that property. Chemins has the right to be paid within 30 calendar days of such termination's or expiration for all finished product, WIP, labels, other labeling, packaging, and other property directly related to the products. With respect to raw ingredients which Chemins has purchased in order to perform its obligations under this Agreement, Chemins will determine whether or not it can use them for any other Customer's products; if, in Chemins' sole discretion, Chemins cannot do so, Customer shall pay Chemins, within 30 days of Chemins' determination, for those raw ingredients.

11. NO PARTNERSHIP, JOINT VENTURE OR AGENCY: Nothing contained in this Agreement shall be deemed or construed to constitute or create between the parties a partnership, joint venture or agency.

12. FORCE MAJEURE: The parties shall be released from their respective obligations if government regulations not currently existing or other causes arising out of a state of war or other national emergency, or other causes beyond the reasonable

control of the parties such as fire, earthquake, or other casualty or natural cases, renders performance of such obligations reasonably impracticable and if such event continues for a period of 60 days,

13. COMPLETE AGREEMENT; "DAYS": This Agreement contains all of the Agreements and understandings of the parties relating to the subject matter. It merges all prior written or oral communications between the parties. This Agreement may not be modified except by a writing signed by the party to be bound. Each reference to a day in this Agreement means a calendar day, including holidays.

14 GOVERNING LAW AND JURISDICTION: This Agreement shall be interpreted and enforced pursuant to the laws of Colorado only. The parties agree to submit all disputes arising under or pursuant to this Agreement for resolution to the American Arbitration Association only. Any such proceeding shall be handled by the AAA's Denver office and shall proceed pursuant to its Commercial Arbitration Rules according to its expedited rules. If either or both desire injunctive relief, the parties may file such an action in the courts of the Sate of Colorado in the county of El Paso or in the federal court located in Denver, Colorado, should federal jurisdiction exist. All claims for other types of relief, including damages, shall be decided by arbitration only; this applies even if an action for injunctive relief is filed in a court.

THE CHEMINS COMPANY, INC.

Amy Dowd Mitchell

("Chemins")

By: Amy Dowd Mitchell V. P. Sales & Marketing

("Title")

Date Signed: 2/27/04

LIFELINE NUTRACEUTICALS

William Driscoll

("Customer")

By: WILLIAM DRISCOLL
PRESIDENT

("Title")

("Individual Guarantor")

Date Signed: 2-26-04

Exhibit 10.18

LEASE

This Lease ("Lease"), dated as of August___, 2005, is between **PROPERTY COLORADO OBJLW ONE CORPORATION, an Oregon corporation** ("Landlord"), by its agent, Clarion Partners, LLC, and **LIFELINE THERAPEUTICS, INC., a Colorado corporation** ("Tenant"):

WITNESSETH:

Landlord and Tenant hereby agree as follows:

1. DEFINITIONS

A. "Base Operating Costs" shall mean Tenant's Pro Rata Share of Operating Costs during 2005. "Base Real Estate Taxes" shall mean Tenant's Pro Rata Share of Real Estate Taxes assessed for calendar year 2005.

B. "Base Rent" shall mean the following for the periods indicated:

Period in Term	Base Rent
8/8/05 - 11/30/05	$35,688.00 (prepaid)
12/1/05 - - 7/31/06	$9,560.00 per month
8/1/06 - 7/31/07	$9,799.00 per month
8/1/07 - - 7/31/08	$10,038.00 per month

C. "Building" shall mean the building shown on Exhibit "A", containing the Tower and the Retail Area, and within which the Leased Premises are located.

D. "Greenwood Plaza South" shall mean the area developed or to be developed and shown on Exhibit "I".

E. "Improved Area" shall mean the real property located in Arapahoe County, Colorado, described and shown on Exhibit "A", attached hereto, including the Building and any and all other buildings, other than those built for lease, existing or to be constructed thereon, all land thereunder and all appurtenances thereto, such as entries, sidewalks, curb areas, garage complexes, driveways, and landscaped areas.

F. "Lease Commencement Date" shall mean August 8, 2005.

G. “Lease Term” shall mean the period beginning on the Lease Commencement Date and ending on July 31, 2008.

H. “Leased Premises” shall mean the right to use the interior space of the Tower portion of the Building known as Suite 1970 shown on Exhibit “B”, attached hereto, containing approximately 5,736 rentable square feet on the nineteenth floor, plus the appurtenant right to use, in common with others, the entries, sidewalks, curb areas, driveways, garage complexes, and other public portions of the Improved Area.

I. “Permitted Purpose” shall mean use of the Leased Premises for general office purposes and purposes incidental thereto, unless otherwise agreed to in writing by Landlord in its full and sole discretion.

J. “Rent” shall mean Base Rent, Tenant’s Pro Rata Share of Operating Costs in excess of Base Operating Costs, Tenant’s Pro Rata Share of Real Estate Taxes in excess of Base Real Estate Taxes, and any other amounts payable by Tenant to Landlord under this Lease.

K. “Retail Area” shall mean the area of the Building shown on Exhibit “A”.

L. “Tenant’s Broker of Record” shall mean Rare Space, Inc.

M. “Tenant’s Pro Rata Share” shall mean 1.2526 % calculated by dividing Tenant’s Total Square Footage by the Total Square Footage of the Tower.

N. “Tenant’s Total Square Footage” (approximately 5,736 rentable square feet) shall mean the sum of the square footage in the Leased Premises, an allocated portion of common area square footage on Tenant’s floor and an allocated portion of the square footage of the remaining common areas in the Tower. Calculation of such allocated square footage will be done by Landlord on a reasonable basis consistently applied. If such calculation is later discovered to be in conflict with the approximate square footage stated herein above, this lease shall be amended to conform to such calculation.

O. “Total Square Footage of the Tower” shall mean 457,919 rentable square feet; provided, however, if there is a change in the aggregate rentable area of the Tower as the result of an addition to the Tower, partial destruction of the Tower, modification of the Tower design, re-measurement by Landlord, or other cause which results in a reduction or increase in the rentable area of the Tower, Landlord shall make adjustments in the Total Square Footage of the Tower to reflect any such change.

P. “Tower” shall mean the portion of the Building shown on Exhibit “A”.

2. USES

A. Tenant agrees to continuously use and occupy the Leased Premises for the Permitted Purpose only, and for no other purpose whatsoever. Tenant covenants to comply with all applicable statutes, laws, ordinances, regulations and rules and any recorded document affecting the Leased Premises and the Building. Tenant shall not do or permit anything to be done in or about the Leased Premises or the Building which will in any way (i) increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents; (ii) injure the Building; (iii) constitute waste of the Leased Premises or the Building; or (iv) be a nuisance, public or private, or menace to other tenants of the Building, or anyone else.

B. Tenant agrees that it has determined to Tenant's satisfaction that the Leased Premises can be used for the Permitted Purpose. If Landlord determines, in its reasonable opinion, that the Leased Premises cannot be used for the Permitted Purpose at any time during the Lease Term, either Landlord or Tenant shall have the option to terminate this Lease. If Landlord fails to exercise such option, Tenant shall have the right to use the Leased Premises for any other remaining lawful purpose, for so long as the Leased Premises are then capable of accommodating such uses.

3. RENT

A. On the Lease Commencement Date Tenant shall pay to Landlord at the address set forth below the Base Rent due for the period beginning on the Lease Commencement Date through November 30, 2005. Beginning on December 1, 2005, Tenant shall pay to Landlord on the first day of each calendar month during the term of this Lease, at the mailing address as designated from time to time by Landlord and without deduction or setoff (unless authorized by this Lease), the Base Rent, any other charges provided for in this Lease, Tenant's Pro Rata Share of Operating Costs allocated to the Tower and described in paragraph 3B below which exceed the Base Operating Costs, and Tenant's Pro Rata Share of Real Estate Taxes (as described in paragraph 3C below) which exceed Base Real Estate Taxes. Rent for any fractional calendar month shall be that proportion of the Rent which the number of days during such month bears to the total number of days in such month. Rent not paid by the fifth day of the month shall be subject to a late charge of three percent (3%) per month of the amount due. For purposes of this paragraph and until directed to do otherwise, Tenant shall mail all payments required to be paid under this Lease to the following address:

c/o Property Colorado OBJLW One Corporation
P. O. Box 5037, Unit #78
Portland, Oregon 97208

B. Operating Costs shall mean all expenses, costs and disbursements made or required to be made by Landlord because of or in connection with the maintenance, repair (except to the extent Landlord is reimbursed by insurance proceeds), and operation of the

Improved Area, including, but not limited to, use, sales, and any other taxes (except income taxes) based on rents; the cost of all risk property insurance, including earthquake and flood, and general liability insurance, including Landlord's estimated fair market cost, not to exceed ISO (Insurance Services Office) Manual Rates, for any of such risks against which Landlord elects to self insure; costs incurred by Landlord to comply with federal, state or local laws regarding hazardous materials; utilities not separately metered to individual tenants; costs of leasing or amortization of energy reduction devices and systems, except those included in the initial Building specifications; maintenance; repairs; janitorial service, operating supplies, property management; Building services; snow removal; landscaping; rubbish removal; tools and equipment used for the daily operation of the Improved Area; air conditioning, heating and elevator repair and maintenance; maintenance and repair of garage complex; security; property management fees; management and maintenance personnel's wages, payroll taxes, welfare and disability benefits reasonably incurred in the operation of the Improved Area. Operating Costs shall not include monies spent for income tax accounting, expenses resulting from negligence of Landlord; expenses and costs associated with the operation of Landlord's business organization; legal fees; space planning fees; permit, license and inspection costs incurred with respect to installation of tenant or other occupants' improvements; real estate brokerage commissions; decorating fees; advertising costs associated with development and leasing of the Building; bad debt or rent losses of Landlord; fines, penalties, interest or other charges paid by Landlord to any other tenant or third party; overhead and profit increment paid to Landlord or subsidiaries or affiliates of Landlord for goods and services in or to the Building to the extent the same exceed the costs of such goods and services rendered by unaffiliated third parties on a competitive basis; costs arising from latent defects in the base, shell or core of the Building or improvements installed or repaired by Landlord; interest, depreciation or expenditures of a capital nature, except to the extent that such expenditures are made for the purpose of (i) reducing energy costs, maintenance costs or other Operating Costs, (ii) extending the life of or otherwise maintaining or replacing a component of any improvements on the Improved Area, or (iii) complying with any governmental laws, regulations or ordinances which were not required as of the date of this Lease; provided, however, Landlord shall amortize the costs of such equipment, improvements or alterations on a straight line basis over the useful life of the equipment, improvements, or alterations and only that portion amortized during the calendar year in questions shall be included in Operating Costs. Operating Costs shall be reasonably allocated between the Tower and the Retail Area. Also, if Landlord constructs any other buildings for lease within the boundaries of the Improved Area, Operating Costs, exclusive of those incurred directly for the Building hereunder and such other buildings, shall be reasonably allocated between the Building hereunder and such other buildings. The determination of Operating Costs and their allocation shall be in accordance with generally accepted accounting principles applied on a consistent basis. If the Building and other buildings located on the Improved Area are not fully rented during all or a portion of any calendar year, Landlord shall make an appropriate adjustment of the Operating Costs for such year, employing sound accounting and management principles, to determine the amount of Operating Costs that would have been paid or incurred by Landlord had all such buildings been one hundred percent (100%) rented, and the amount so determined shall be deemed to have been the amount of Operating Costs for such year.

Operating Costs allocated to Tenant shall not reflect any type or degree of service or duty performed by or through Landlord for any other tenant which is not required to be performed for Tenant under this Lease which results in a cost in excess of the services or duties required to be provided by Landlord under this Lease.

C. Real Estate Taxes shall include, but not be limited to, all real property taxes and assessments, personal property taxes levied on the Improved Area and equipment, fixtures, and other property of Landlord located therein and used in connection with the operation thereof, and any other taxes imposed by any federal, state, county, municipal, or other governmental entity, whether assessed against Landlord and/or Tenant (except any net income tax or estate, inheritance, or succession tax payable by Landlord), and the cost to Landlord of contesting the amount or validity or applicability of any such taxes. Real Estate Taxes shall be reasonably allocated between the Tower and the Retail Area. Also, if Landlord constructs any other buildings for lease within the boundaries of the Improved Area, Real Estate Taxes shall be reasonably allocated between the Building hereunder and such other buildings. The determination of Real Estate Taxes and their allocation shall be in accordance with generally accepted accounting principles applied on a consistent basis.

D. During December of each calendar year or as soon thereafter as practicable, Landlord shall give Tenant written notice of Landlord's estimate of Tenant's Pro Rata Share of Operating Costs which exceed Base Operating Costs and Landlord's estimate of Tenant's Pro Rata Share of Real Estate Taxes which exceed Base Real Estate Taxes payable hereunder for the ensuing calendar year.

On or before the first day of each month during the ensuing calendar year, Tenant shall pay to Landlord one twelfth (1/12) of such estimated amounts, provided that if such notices are not given in December, Tenant shall continue to pay on the basis of the prior year's estimates until the month after such notices are given. If at any time it appears to Landlord that Tenant's Pro Rata Share of Operating Costs or Tenant's Pro Rata Share of Real Estate Taxes payable hereunder for the current calendar year will vary from its estimate by more than twenty per cent (20%), Landlord may, by written notice to Tenant, revise its estimate for such year, and subsequent payments by Tenant for such year shall be based upon such revised estimate.

E. Within one hundred twenty (120) days after the close of each calendar year, or as soon thereafter as is reasonably practicable, Landlord shall deliver to Tenant a statement of additional Rent for Operating Costs and additional Rent for Real Estate Taxes payable hereunder for such calendar year. If such statement shows an amount owing by Tenant that is less than the estimated payments for such calendar year previously made by Tenant, Landlord shall credit the excess to the next succeeding monthly installment of Rent. If such statement shows an amount owing by Tenant that is more than the estimated payments for such calendar year previously made by Tenant, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such statement. There shall be no reimbursement or allowance to Tenant if Operating Costs or

Real Estate Taxes for any calendar year are less than the amounts designated as Base Operating Costs or Base Real Estate Taxes.

F. If, for any reason other than the default of Tenant, this Lease shall terminate on a day other than the last day of a calendar year, the additional Rent for Operating Costs and/or Real Estate Taxes payable by Tenant applicable to the calendar year in which such termination shall occur shall be prorated on the basis which the number of days from the commencement of such calendar year to and including such date of termination bears to three hundred sixty-five (365).

G. Landlord shall, upon Tenant's written request, deliver to Tenant a written accounting showing how Operating Costs and Real Estate Taxes were calculated for the past year (except Base Operating Costs and Base Real Estate Taxes). Tenant may object to the statement of Operating Costs and Real Estate Taxes for the past year only if Tenant does so in writing to Landlord within ninety (90) days of Tenant's receipt of Landlord's statements of Tenant's Pro Rata Share of Operating Costs and Tenant's Pro Rata Share of Real Estate Taxes. In the event of a timely objection made by Tenant, Tenant and Landlord agree to cooperate in good faith to resolve any such objection. The foregoing notwithstanding, Tenant shall in no way be relieved of its obligation to pay Tenant's Pro Rata Share of Operating Costs or Tenant's Pro Rata Share of Real Estate Taxes as calculated by Landlord during the period in which it is cooperating with Landlord to resolve any objections as provided herein. Notwithstanding anything contained in this Article 3 to the contrary, express or implied, rent payable by Tenant shall in no event be less than the Base Rent specified in Section 1(b), as adjusted from time to time pursuant to this Lease.

H. Tenant or Tenant's representative (who shall be a certified public accountant who is not paid on a commission basis), at Tenant's expense, shall have the right during normal business hours to examine, review and audit Landlord's and its agent's books and records relating to items included in Operating Costs and Real Estate Taxes at Landlord's offices or in such location where such records are maintained by Landlord; provided, however, unless Tenant shall complete said audit within one hundred twenty (120) days from the date of receipt of Landlord's year-end statement (see Section 3.E above), Tenant shall forfeit its right to claim any adjustment to Tenant's pro rata share of Operating Costs or Real Estate Taxes. In the event that Tenant's review demonstrates any inaccuracy in the certification of Operating Costs or Real Estate Taxes, and Landlord concurs therein, any excess or deficiency owing to, or owed by, Tenant shall, as the case may be, be credited against the next installment(s) of Additional Rent due hereunder, or paid by Tenant with the next installment thereof. If there is a discrepancy in favor of Tenant of more than five percent (5%) of Operating Costs, Landlord shall reimburse Tenant for the reasonable cost of such audit. In all other cases, Tenant shall bear all costs incurred with respect to such audit.

4. UTILITIES

Landlord shall provide to the Leased Premises the following utility services: water, sewer, electricity. Utility charges for which separate billings are not available shall be treated as Operating Costs. If heat, light, water or any other utility services are supplied to and metered directly to the Leased Premises, Tenant shall pay the cost thereof, and make any required deposits related thereto. Separate additional charges may be made to Tenant, if Tenant, in Landlord's reasonable judgment, makes excessive utility system demands where such services are not separately metered. Landlord does not warrant that any of the utility services will be free from interruption caused by Unavoidable Delay, as defined in Article 23 below.

Landlord may, in its sole discretion, limit the number of telephone circuits available to Tenant based on a pro rata share calculated by multiplying the total number of circuits available to all tenants in the Building by Tenant's Pro Rata Share. Landlord or its representative will cause the telephone circuits/lines to be connected in and/or to the Leased Premises at Tenant's sole cost and expense.

Upon the expiration or termination of this Lease, Landlord may, in its sole discretion, require Tenant to remove, at Tenant's expense, all telephone, computer, data, or other such wiring associated with the Leased Premises to the point-of-connection, except such wiring which Tenant can demonstrate was not paid for and/or installed by Tenant. The point-of-connection shall be determined by Landlord. Tenant shall repair, or reimburse Landlord for the cost of repairing, any damage resulting from removal of such wiring.

5. SERVICES

Landlord shall maintain all parking and common areas, which maintenance shall include lighting, gardening, cleaning, snow removal, sweeping, painting and window cleaning; and shall provide for the Leased Premises and the Building such other services, including, but not limited to, air-cooling, heating, replacement of building standard lamps as needed and the interior janitorial services listed on Exhibit "D", as are necessary to maintain them in reasonably good order and condition. Landlord shall maintain and repair the exterior of the Building, its structural portions and the roof. The cost of such services shall be considered an Operating Cost. Any services provided to Tenant by Landlord which are not provided to other Tenants in the building shall be provided at Tenant's expense.

The Building HVAC system and lighting to the Leased Premises shall be furnished by Landlord during normal working hours (from 6:00 a.m. to 6:00 p.m. weekdays, and from 7:00 a.m. to 1:00 p.m. on Saturdays, legal holidays excepted), or at such other times as requested by Tenant, in which event Tenant shall pay the additional cost thereof. After hours HVAC is charged at market rate (currently $50.00 per hour) and after hours lighting is charged at market rate (currently $5.00 per hour). Charges are subject to change at Landlord's discretion. The level of other services shall be that customarily provided by landlords of first-class buildings in the

Denver, Colorado area. For purposes of this paragraph, “legal holidays” shall mean New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and such other national holidays as may hereafter be established by the United States government.

Landlord shall not be liable in any event, nor shall Rent be abated, because of interruption of such services. Notwithstanding the foregoing, in the event of an interruption of services or utilities due to causes under Landlord’s reasonable control (i.e. such causes that Landlord could independently correct), and such interruption continues for more than five (5) business days, and provided that each such interruption makes the Leased Premises unsuitable for the operation of Tenant’s business therein, Tenant may equitably abate rent for the time period the Leased Premises are deemed unsuitable. In no event, however, shall Landlord be liable for consequential damages resulting from any interruption of services. In addition, a disruption of utility service caused by the negligence, acts or omissions by Landlord, its agents, contractors, servants, or employees shall not constitute a termination of this Lease, nor shall it constitute a constructive or actual eviction of Tenant.

6. INDEMNIFICATION AND INSURANCE

A. Landlord, its agents, servants, employees, invitees, or contractors (each an “Indemnified Party”) shall not be liable to Tenant and Tenant hereby waives all claims against each Indemnified Party for any injury to or death of any person or damage to or destruction of property in or about the Leased Premises or the Building by or from any cause whatsoever, including without limitation, gas, fire, oil, electricity, or leakage of any character from the roof, walls, basement, or other portion of the Leased Premises or the Building, but excluding, however, the gross negligence or willful misconduct of any Indemnified Party of which gross negligence or willful misconduct Landlord has knowledge and reasonable time to correct. Landlord shall indemnify, defend, and hold harmless Tenant, its agents, servants, employees, invitees, or contractors (“Tenant Indemnified Parties”), from and against any and all expenses, including reasonable attorneys’ fees, imposed on Tenant Indemnified Parties, arising out of any injury or death of any person or damage to or destruction of property occurring in or on the Leased Premises caused by the Landlord’s gross negligence or willful misconduct. Except as to injury to persons or damage to property the principal cause of which is the gross negligence or willful misconduct of an Indemnified Party, Tenant shall indemnify, defend, and hold each Indemnified Party harmless from and against any and all expenses, including reasonable attorneys’ fees, in connection therewith, arising out of any injury to or death of any person or damage to or destruction of property occurring in, on, or about the Leased Premises, or any part thereof, from any cause whatsoever. Landlord agrees to indemnify, defend, and hold each Tenant Indemnified Party harmless from and against any claim, loss, or expense arising out of injury, death or property loss or damage occurring in the common areas of the Building, except where the principal cause of such injury, death, or property loss or damage is the gross negligence or willful misconduct of a Tenant Indemnified Party. Tenant shall indemnify, defend, and hold harmless each Indemnified Party from and against any and all expenses, including reasonable

attorneys' fees, imposed on any Indemnified Party, arising out of any injury or death of any person or damage or destruction of property occurring in or on the common areas of the Building caused by Tenant's gross negligence or willful misconduct.

B. Tenant, at Tenant's expense, agrees to keep in force during the Term of this Lease and any extensions thereof the following insurance policies:

(1) Liability Insurance. Commercial general liability insurance which insures against claims for bodily injury, personal injury, advertising injury, and property damage based upon, involving, or arising out of the use, occupancy, or maintenance of the Leased Premises and the Building. Such insurance shall afford, at a minimum, the following limits:

Each Occurrence	$ 1,000,000
General Aggregate	2,000,000
Products/Completed Operations Aggregate	1,000,000
Personal and Advertising Injury Liability	1,000,000
Fire Damage Legal Liability	50,000
Medical Payments	5,000

Any general aggregate limit shall apply on a per location basis. Tenant's commercial general liability insurance shall name Landlord, its trustees, officers, directors, members, agents, employees, Landlord's representatives, and Landlord's mortgagees as additional insureds. This coverage shall include blanket contractual liability, broad form property damage liability, premises-operations and products-completed operations, and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke, or fumes from a hostile fire. Such insurance shall be written on an occurrence basis and contain a standard separation of insureds provision.

(2) Business Automobile Liability Insurance. Tenant shall carry business automobile liability insurance covering owned, hired, and non-owned vehicles with limits of $1,000,000 combined single limit per occurrence.

(3) Worker's Compensation and Employer's Liability Insurance. Tenant shall carry workers' compensation insurance in accordance with the laws of the state in which the Leased Premises are located and employer's liability insurance in an amount not less than $1,000,000.

(4) Umbrella/Excess Liability Insurance. Tenant shall carry umbrella/excess liability insurance, on an occurrence basis, that applies excess of required commercial general liability, business automobile liability, and employer's liability policies with the following minimum limits:

Each Occurrence	$5,000,000
Annual Aggregate	$5,000,000

These limits shall be in addition to and not including those stated for the underlying commercial general liability, business automobile liability, and employers liability insurance required herein. Such excess liability policies shall name Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives as additional insureds.

(5) Property Insurance. All risk property insurance including theft, sprinkler leakage, and boiler and machinery coverage on all of Tenant's trade fixtures, furniture, inventory, and other personal property in the Leased Premises, and on any alterations, additions, or improvements made by Tenant upon the Leased Premises all for the full replacement cost thereof. Tenant shall use the proceeds from such insurance for the replacement of trade fixtures, furniture, inventory, and other personal property and for the restoration of Tenant's improvements, alterations, and additions to the Leased Premises. Landlord shall be named as loss payee with respect to alterations, additions, or improvements of the Leased Premises.

(6) Business Income Insurance. Tenant shall carry business income and extra expense insurance with limits not less than one hundred percent (100%) of all charges payable by Tenant under this lease for a period of twelve (12) months.

C. All policies required to be carried by Tenant hereunder shall be issued by and binding upon an insurance company licensed to do business in the state in which the Property is located with a rating of at least "A-X" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Landlord. Tenant shall not do or permit anything to be done that would invalidate the insurance policies required herein. Liability insurance maintained by Tenant shall be primary coverage without right of contribution by any similar insurance that may be maintained by Landlord. Certificates of insurance, acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to delivery of possession of the Leased Premises and ten (10) days following each renewal date. Certificates of insurance shall include an endorsement for each policy showing that Landlord, its trustees, officers, directors, agents, and employees, Landlord's mortgagees, and Landlord's representatives are included as additional insureds on liability policies and that Landlord is loss payee for property insurance as stated in Section 6.B.(5) above. Further, the certificates must include an endorsement for each policy whereby the insurer agrees not to cancel, non-renew, or materially alter the policy without at least thirty (30) days' prior written notice to Landlord. In the event that Tenant fails to provide evidence of insurance required to be provided by Tenant in this Lease, prior to the Commencement Date and thereafter during the Term, within ten (10) days following Landlord's request thereof, and thirty (30) days prior to the expiration of any such coverage, Landlord shall be authorized (but not required) to procure such coverage in the amount stated with all costs thereof to be chargeable to Tenant and

payable upon written invoice thereof. The limits of insurance required by this Lease, or as carried by Tenant, shall not limit the liability of Tenant or relieve Tenant of any obligation thereunder, except to the extent provided for under Article 7 (Waiver of Subrogation) below. Any deductibles selected by Tenant shall be the sole responsibility of Tenant. Tenant insurance requirements stipulated in Section 6.B. above are based upon current industry standards. Landlord reserves the right to require additional coverage or to increase limits as industry standards change.

D. Should Tenant engage the services of any contractor to perform work in the Leased Premises, Tenant shall ensure that such contractor carries commercial general liability (including completed operations coverage for a period of three (3) years following completion of the work), business automobile liability, umbrella/excess liability, worker's compensation and employers liability coverages in substantially the same amounts as are required of Tenant under this Lease. Contractor shall name Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives as additional insureds on the liability policies required hereunder. All policies required to be carried by any contractor shall be issued by and binding upon an insurance company licensed to do business in the state in which the Property is located with a rating of at least "A-X" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Landlord. Certificates of insurance, acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to the commencement of any work in the Leased Premises. Further, the certificates must include an endorsement for each policy whereby the insurer agrees not to cancel, non-renew, or materially alter the policy without at least thirty (30) days' prior written notice to Landlord. The foregoing requirements shall apply equally to any subcontractor engaged by contractor.

E. Landlord shall procure and maintain the following:

(1) Property Insurance. All risk property insurance on the Property. Landlord shall not be obligated to insure any furniture, equipment, trade fixtures, machinery, goods, or supplies which Tenant may keep or maintain in the Leased Premises or any alteration, addition, or improvement which Tenant may make upon the Leased Premises. In addition, Landlord may elect to secure and maintain rental income insurance. If the annual cost to Landlord for such property or rental income insurance exceeds the standard rates because of the nature of Tenant's operations, Tenant shall, upon receipt of appropriate invoices, reimburse Landlord for such increased cost.

(2) Liability Insurance. Commercial general liability insurance, which shall be in addition to, and not in lieu of, insurance required to be maintained by Tenant. Tenant shall not be named as an additional insured on any policy of liability insurance maintained by Landlord.

(3) Other Insurance. In addition, Landlord may elect to secure any other policies that Landlord deems necessary. Landlord may elect to self-insure for the coverage required under this section.

(4) Cost of Landlord's Insurance. Insurance premiums paid hereunder shall be a portion of the Operating Costs described in Section 3.B. hereof.

7. WAIVER OF SUBROGATION

Landlord waives any and all rights of recovery against Tenant for or arising out of damage to, or destruction of the Leased Premises to the extent that Landlord's property insurance policies then in force insure against such damage or destruction and permit such waiver and only to the extent of insurance proceeds actually received by Landlord for such damage or destruction. Tenant waives any and all rights of recovery against Landlord for or arising out of damage to, or destruction of any property of Tenant to the extent that Tenant's property insurance policies then in force or the policies required by this Lease, whichever is broader, insure against such damage or destruction.

8. REPAIRS

Except for services provided by Landlord, Tenant agrees to maintain in a clean, orderly and sanitary condition and keep in good repair, the interior of the Leased Premises, ordinary wear and tear excepted. Such maintenance and repair shall be at the sole cost of Tenant and shall include but not be limited to the maintenance and repair of floor covering, ceilings and walls, front and rear doors, and all interior glass on the Leased Premises. If Tenant fails to maintain or keep the Leased Premises in good repair and such failure continues for fifteen (15) days after written notice from Landlord, Landlord may perform any such required maintenance and repairs and the reasonable cost thereof shall be additional Rent payable by Tenant within ten (10) days of receipt of any invoice therefor from Landlord.

9. TENANT'S PROPERTY

Furnishings, trade fixtures, computer and telephone wiring, and moveable equipment, if any, paid for and installed by Tenant, shall be the property of Tenant. On expiration of this Lease, if there is then no Event of Default, Tenant may remove any such property and shall remove any such property if directed by Landlord. Tenant shall repair, or reimburse Landlord for the reasonable cost of repairing, any damage resulting from removal of Tenant's property. If Tenant fails to remove such property as required under this Lease, or in the event Tenant abandons (as defined in Article 21 of this Lease) the Leased Premises, Tenant shall be deemed to have abandoned all interest in any such property remaining or then in or upon the Leased Premises and Landlord may remove the same as its own property and dispose of such property as it desires without liability to Tenant.

10. IMPROVEMENTS AND ALTERATIONS BY TENANT

Tenant may make such additional improvements or alterations to the Leased Premises as it deems necessary or desirable, but only with Landlord's prior written approval (which approval shall not be unreasonably withheld). Any such improvements or alterations by Tenant shall be at Tenant's expense and shall be done by a licensed contractor approved by Landlord in conformity with plans and specifications approved by Landlord. If requested by Landlord, Tenant will post a bond or other security reasonably satisfactory to Landlord to protect Landlord against liens arising from work performed for Tenant. All work performed shall be done in a good and workmanlike manner, in accordance with applicable law and with materials (where not specifically described in the specifications) of the quality and appearance comparable to those in the Building. Prior to the commencement of any work or delivery of any materials to the Leased Premises, Tenant shall furnish Landlord, for its approval, copies of the following:

(a) plans and specifications;

(b) names and addresses of contractors;

(c) copies of contracts;

(d) necessary permits; and

(e) such other items as may be reasonably requested by Landlord to protect itself in connection with the work.

Notwithstanding the foregoing, Landlord's consent shall not be required for any alteration that satisfies all of the following criteria (a "Minor Alteration"); (a) is of a cosmetic nature such as painting, wallpapering, hanging pictures, and installing carpeting; (b) is not visible from outside the Leased Premises or Building; (c) will not affect the systems or structure of the Building; (d) does not require work to be performed inside the walls or above the ceiling of the Leased Premises; and (e) the total cost of such alteration is less than $15,000. Although Landlord's consent shall not be required for Minor Alterations, Tenant shall provide Landlord three (3) business days' prior written notice of its intent to undertake such Minor Alteration, specifying therein the scope of such Minor Alteration.

Except as provided in Article 9 above, all alterations, fixtures (except unattached, removable trade fixtures) and improvements, including those made or installed in or upon the Leased Premises by or for Tenant, shall immediately become Landlord's property and, at the end of the Lease Term, shall remain on the Leased Premises without compensation to Tenant.

11. CASUALTY

If the Leased Premises or the Building are destroyed or damaged by fire, earthquake or other casualty to the extent that the Leased Premises are untenantable in whole or in part, then Landlord shall, except as provided below, proceed with reasonable diligence to rebuild and restore the Leased Premises or such part thereof as may be destroyed or damaged, and during the period of such rebuilding and restoration, this Lease shall remain in full force and effect, and Rent shall be abated in the same ratio as the square footage in the portion of the Leased Premises rendered untenantable, if any, shall bear to the total square footage in the Leased Premises. If Landlord shall reasonably determine that such destruction or damage cannot be rebuilt and restored within one hundred eighty (180) days of the occurrence, it shall so notify Tenant within sixty (60) days after the occurrence of such damage or destruction. In such event, either Landlord or Tenant may, within twenty (20) days after such notice, terminate this Lease. If neither party terminates this Lease during such twenty (20)-day period, this Lease shall remain in effect and Landlord shall diligently proceed to rebuild and restore the Leased Premises, and Rent shall abate as set forth above. Anything in this Lease to the contrary notwithstanding, in the event the Leased Premises are rendered untenantable due to the fault or neglect of Tenant, its agents, employees, invitees, or licensees, there shall be no abatement of Rent.

12. ASSIGNMENT, LETTING AND SUBLETTING

A. Tenant, its legal representatives and successors in interest, shall have no right to assign, let or sublet or permit assigning, letting or subletting of this Lease, the Leased Premises or any part thereof, respectively, without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, and any attempt to do so shall be null and void. Any consent of Landlord, unless specifically stated therein, shall not relieve Tenant from its obligations under this Lease, and a consent by Landlord to any one assignment or subletting shall not constitute a consent to any other or subsequent assignment or subletting. Notwithstanding the foregoing, so long as it is not in default at the time such assignment or subletting is made, Tenant may assign its interest in this Lease or sublet any portion of the Leased Premises without Landlord's consent to any of the following: (i) any corporation which controls, is controlled by, or under control with Tenant, provided that the net worth of such corporation at the time of the proposed sublease or assignment is equal to or greater than Tenant's net worth as of the date of this Lease; (ii) any corporation resulting from the merger or consolidation of Tenant, provided that the resulting corporation has a net worth equal to or greater than Tenant's net worth as of the date of this Lease; or (iii) any person or entity which acquires all the assets of Tenant as a going concern of the business that is being conducted on the Leased Premises, provided that such person or entity has a net worth equal to or greater than Tenant's net worth as of the date of this Lease. Although Landlord's prior consent is not required for Tenant to assign or sublease the Lease to the foregoing persons or entities, (a) Tenant shall give Landlord at least ten (10) business days' prior written notice of the pending transfer and evidence of the transferee's net worth such that Landlord can confirm the net worth requirements set forth above, (b) the permitted assignees or subtenants must expressly agree in writing to

assume all of Tenant's obligations under this Lease and, (c) unless otherwise agreed to by Landlord in writing, Tenant shall not be released from any obligations under this Lease despite any such sublease or assignment.

B. In addition to any other reasonable basis, Landlord shall be deemed to be reasonably withholding its consent to any assignment, letting or subletting requiring its consent, if Tenant is in default under any of the terms of this Lease at the time Tenant requests Landlord's consent to a proposed assignment or subletting, or if such assignment, letting or subletting would result in the assignment, leasing or subleasing of the Leased Premises to any party, business or lessee:

(1) who proposes to conduct a business therein which is not in conformance with the provisions of Article 2 hereof; or

(2) who is then a lessee, sublessee or otherwise an occupant of the Building if the Landlord has, or will have during the ensuing six (6) months, suitable space for rent in the Building; or

(3) whose business is of a character which is not, in Landlord's opinion, consistent with the character of the Building.

C. In the event that Tenant proposes any assignment of this Lease or sublease of the Leased Premises requiring landlord's consent, Tenant shall notify Landlord in writing at least thirty (30) days before the date on which such assignment or sublease is to be effective and, as included in such notice, furnish Landlord with (a) the name of the proposed assignee or sublessee (the "Transferee"), (b) a detailed description of the business of the Transferee, (c) financial statements of the Transferee (audited if available), (d) all written agreements governing the sublease, and (e) any other information reasonably requested by Landlord with respect to the assignment, sublease or the Transferee. Landlord shall respond to Tenant's request for approval or disapproval of the proposed assignment or sublease within fourteen (14) days after Landlord receives Tenant's request and all documents and information required in the preceding sentence. If Landlord consents to a proposed assignment or sublease of this Lease, the appropriate parties shall enter into an assignment or consent to sublease agreement drafted by Landlord. Consent by Landlord to any assignment or subletting shall not include consent to the assignment or transferring of any lease renewal options, option rights to additional space or the Leased Premises, special privileges or extra services granted to Tenant under this Lease, unless otherwise agreed to by Landlord in writing. In the event of an assignment or sublease, any such options or privileges granted to Tenant shall be void and of no effect.

D. In the event Tenant makes a request for Landlord's consent in accordance with subparagraph (C) above, Landlord shall have the right, to be exercised by giving written notice to Tenant within fourteen (14) days after receipt of Tenant's request to recapture the space described in Tenant's request, and such recapture notice shall, if given, cancel and terminate this Lease with

respect to the space therein described as of the date stated in Tenant's notice. If Tenant's request shall cover all of the Leased Premises, and Landlord shall have exercised its foregoing recapture right, the term of this Lease shall expire and end on the date stated in Tenant's request as fully and completely as if that date had been herein definitely fixed for the expiration of the term. If, however, this Lease be canceled with respect to less than the entire Leased Premises, the Rent shall be adjusted by Landlord based upon the number of rentable square feet within the Leased Premises so remaining after the "recapture" and such rent shall be reduced accordingly from and after the termination date for said portion, and this Lease as so amended shall continue thereafter in full force and effect. The rent adjustments provided for herein shall be evidenced by an amendment to Lease executed by Landlord and Tenant. *If* this Lease shall be terminated in the manner aforesaid, either as to the entire Leased Premises or only a portion thereof, to such extent the term of this Lease shall end upon the appropriate effective date of the proposed sublease or assignment as if that date had been originally fixed in this Lease for such expiration, and in the event of a termination affecting less than the entire Leased Premises, Tenant shall surrender such portion of the Leased Premises affected thereby and leave the same in good order and condition. In the event of any termination pursuant to this paragraph, Tenant shall, at its sole cost and expense, discharge in full any outstanding commission obligation on the part of Landlord with respect to that part of this Lease so terminated, and any commission which may be due and owing as a result of any proposed assignment or subletting, whether or not the subject portion of the Leased Premises is "recaptured" pursuant thereto and rented by Landlord to the proposed tenant or any other tenant. If Landlord exercises its recapture right under this paragraph, Landlord shall have the right to enter into a direct lease arrangement with Tenant's proposed assignee or subtenant upon terms and conditions acceptable to Landlord, which may include those terms negotiated between Tenant and the proposed assignee or subtenant. Notwithstanding anything to the contrary in the foregoing, if Landlord recaptures the Leased Premises or a portion thereof and enters into a direct lease with the proposed assignee or subtenant on the same terms and conditions offered by Tenant to the proposed assignee or subtenant, then Landlord shall be responsible for the payment of any commissions owing as a result of the assignment or subletting.

E. Tenant shall pay to Landlord fifty percent (50%) of all net profit derived by Tenant from any assignment or subletting. For purposes of the foregoing, "net profit" shall be deemed to be the amount of all rent payable by such assignee or sublessee in any given year of the Lease Term in excess of the Rent payable by Tenant under this Lease during such year less the following verifiable costs and expenses: (i) any improvement allowance or other economic concession paid by Tenant to the assignee/subtenant; (ii) broker's commissions paid by Tenant with regard to the subletting; (iii) attorneys' fees incurred by Tenant in connection with the assignment or sublease; (iv) lease takeover payments; (v) costs of advertising the Leased Premises for sublease, and (vi) reasonable costs incurred by Tenant to make improvements to the Leased Premises for the assignee/subtenant to occupy the Leased Premises. If a part of the consideration for such assignment or subletting shall be payable other than in cash, the payment to Landlord shall be in cash for its share of any non-cash consideration based upon the fair market value thereof. Tenant shall and hereby agrees that it will furnish to Landlord upon

request from Landlord a complete statement, certified by an officer or representative of Tenant with authority to do so, setting forth in detail the computation of all net profit derived and to be derived from such assignment or subletting, such computation to be made in accordance with generally accepted accounting principles. Tenant agrees that Landlord or its authorized representatives shall be given access at all reasonable times to the books, records and papers of Tenant relating to any such assignment or subletting, and Landlord shall have the right to make copies thereof. The percentage of Tenant's profit due Landlord hereunder shall be paid to Landlord within five (5) business days of receipt by Tenant of all payments made from time to time by such assignee or sublessee to Tenant.

F. Tenant shall reimburse Landlord upon demand for all costs incurred by Landlord, including reasonable attorney's fees and costs, to prepare and negotiate all documents in connection with any requested sublease or assignment, which fee and costs shall not exceed $1000.00 for any proposed assignment or subletting.

13. LIENS AND INSOLVENCY

Tenant shall keep the Leased Premises, the Building and the Improved Area free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. If Tenant becomes insolvent or voluntarily or involuntarily bankrupt, or if a receiver, trustee or other liquidating officer is appointed for the business or property of Tenant, Landlord shall have the right and option at any time thereafter to terminate this Lease by notice to Tenant.

14. CONDEMNATION

If all or any part of the Leased Premises are taken under power of eminent domain or like power, or sold under imminent threat thereof to any public authority or private entity having such power, this Lease shall terminate as to the part of the Leased Premises so taken or sold, effective as of the date possession is required to be delivered to such authority or entity. Rent for the remaining Lease Term shall be reduced in the proportion that the Tenant's Total Square Footage is reduced by the taking. If a partial taking or sale of the Building or the Leased Premises (i) substantially reduces the area of the Leased Premises resulting in a substantial inability of Tenant to use the Leased Premises for Tenant's business purposes as determined by Tenant in its reasonable business judgment exercised in good faith, or (ii) renders the Building unviable to Landlord, Tenant, in the case of clause (i), or Landlord, in the case of clause (ii) may terminate this Lease by notice to the other party within thirty (30) days after the terminating party receives a written notice of the portion to be taken or sold, such termination to be effective one-hundred- eighty (180) days thereafter, or when the portion is taken or sold, whichever is sooner. All condemnation awards and similar payments shall be paid and belong to Landlord, except any amounts awarded or paid specifically for Tenant's trade fixtures and relocation costs, provided such awards do not reduce Landlord's award. Nothing contained herein shall diminish Tenant's right to deal on its own behalf with the condemning authority.

15. CONSTRUCTION CONDITIONS [Intentionally omitted]

16. OCCUPANCY

Tenant acknowledges that the Leased Premises is being leased to Tenant in its "as-is" condition and Tenant agrees that neither Landlord nor any representative of Landlord has made any representation or warranty with respect to the condition of the Leased Premises. Notwithstanding the foregoing, Landlord represents that it has not received any written notice from any federal, state, municipal or other governmental agency of any material claim related to the Building or the Building's material noncompliance with the Americans with Disabilities Act. Landlord further agrees that, prior to the Lease Commencement Date, Landlord shall undertake those repairs to the Leased Premises set forth in Exhibit "C attached hereto. Tenant may use and occupy the Leased Premises beginning fifteen (15) days prior to the Lease Commencement Date for the purpose of completing alterations and installing furniture or equipment in the Leased Premises. During such period, Tenant agrees to observe and perform all the provisions of this Lease except those which require the payment of Rent; provided, however, if Tenant commences business in any part of the Leased Premises prior to commencement of the Lease Term, Tenant shall pay to Landlord rent ("Occupancy Rent") for each day prior to the Lease Commencement Date, calculated on the basis of the per diem Rent and all other sums which would be due to Landlord from Tenant if the Lease Term had commenced.

17. RULES AND REGULATIONS

Tenant covenants that Tenant and its agents, employees, invitees, or those claiming under Tenant, will at all times observe, perform and abide by all reasonable rules and regulations promulgated by Landlord, from time to time, as long as such rules and regulations do not conflict with, or unreasonably modify, any provision of this Lease. Landlord's rules and regulations in effect on the date hereof are attached hereto as Exhibit "F".

18. PARKING

Landlord shall provide parking within a seven level structure (1-6 covered) contiguous to the Building. Within said structure, Tenant may lease from Landlord seventeen (17) unreserved and two (2) reserved parking spaces for use by the Tenant at the then-current monthly market rate, to be determined by Landlord in its sole discretion based on the parking charges assessed by other Class A buildings with structured parking in the Denver Tech Center/Greenwood Plaza area. The current monthly market rate for unreserved parking spaces is Fifty-five and no/100 Dollars ($55,00) per space per month. The current monthly market rate for reserved parking spaces is Seventy-five and no/100 Dollars ($75.00) per space per month. Tenant shall pay the foregoing parking charges to Landlord or its designee on the first day of each month of the Lease Term. All present and future parking shall be within such parking areas and not within the street right-of-way. There shall be no on-street parking. Tenant may not lease parking spaces within said structure from anyone other than Landlord. Tenant may not sublease parking spaces within

said structure to anyone other than a subtenant to whom an assignment, letting, or subletting was made pursuant to Article 12 hereof. The number of parking spaces allotted to Tenant under this paragraph has been calculated based on a ratio of 3 parking spaces per 1,000 rentable square feet of the Leased Premises. Therefore, if during the original or renewal term of this Lease the square footage of the Leased Premises should change, the number of parking spaces granted to Tenant shall be modified accordingly.

19. ACCESS

Landlord or Landlord's employees, agents or contractors may enter the Leased Premises at reasonable times (and, during normal business hours, upon such advance notice as may be practicable under the circumstances) for the purpose of inspecting, altering or repairing the Leased Premises or other portions of the building and for the purpose of ascertaining compliance by Tenant with the provisions of this Lease. Landlord may also show the Leased Premises to prospective purchasers, renters (only during the last nine (9) months of the Lease Term) or lenders during regular business hours and upon reasonable notice, provided that Landlord shall not unreasonably interfere with Tenant's business operations or with Tenant's use and occupancy of the Leased Premises. Landlord shall repair, at Landlord's expense, any damage to the Leased Premises resulting from the exercise of the foregoing rights by Landlord or Landlord's employees, agents or contractors.

20. SIGNS

All signs and symbols placed on the doors or windows or elsewhere about the Leased Premises, or upon any other part of the Building, including building directories, shall be subject to the approval of Landlord. Tenant shall have no right to place signs outside the Building and within the Improved Area. As soon as reasonably possible after the Lease Commencement Date, Landlord shall place Tenant's name on the main building lobby directory, provide building standard signage in the elevator lobby of the floor on which the Leased Premises are located, and building standard suite signage on or about the entry door to the Leased Premises (the "Initial Signage"). The cost to complete the Initial Signage shall be borne by Landlord. Tenant shall be entitled to place signs within the interior of the Leased Premises without having first obtained Landlord's approval, provided that such signage is not visible from common areas of the Building, including, but not limited to, elevators and common area corridors. Upon expiration of this Lease, all signs installed by Tenant shall be removed and any damage resulting therefrom shall be promptly repaired, or such removal and repair may be done by Landlord and the cost thereof charged to Tenant as additional Rent hereunder.

21. TENANT'S DEFAULT

It shall be an "Event of Default" if (i) Tenant fails to pay Rent or any other charge or payment required of Tenant hereunder when due and such failure continues for ten (10) days after written notice thereof to Tenant by Landlord; (ii) Tenant violates or fails to perform any of

the other conditions, covenants or agreements herein made by Tenant, and such violation or failure continues for fifteen (15) days after written notice thereof to Tenant by Landlord or if such default cannot be cured within fifteen (15) days if Tenant commences to cure the default within the fifteen (15)-day period, but fails to proceed diligently and fully cure the default within thirty (30) days; (iii) Tenant makes a general assignment for the benefit of its creditors or files a petition for bankruptcy or other reorganization, liquidation, dissolution or similar relief; (iv) a proceeding is filed against Tenant seeking any relief mentioned in (iii) above which is not dismissed within thirty (30) days after filing; (v) a trustee, receiver or liquidator is appointed for Tenant or a substantial part of its property; (vi) Tenant's interest under this Lease is taken upon execution or by other process of law directed against Tenant or shall be subject to any attachment by or on behalf of any creditor of Tenant; (vii) Tenant mortgages, assigns (except as expressly permitted in this Lease) or otherwise encumbers Tenant's interest under this Lease; or (viii) Tenant abandons the Leased Premises (which shall be defined as failure to occupy the Leased Premises for a period of 30 consecutive days).

If an Event of Default occurs, Landlord may: (i) without obligation to do so and without releasing Tenant from any obligation under this Lease, make any payment or take any action Landlord may deem necessary or desirable to cure such Event of Default, and the cost thereof shall be reimbursed by Tenant to Landlord within ten (10) days after demand; (ii) terminate this Lease by written notice to Tenant as of the date such notice is given or as of any other date specified in such notice; (iii) with or without terminating this Lease, reenter and take possession of the Leased Premises by legal proceedings; (iv) with or without terminating this Lease, if Tenant has vacated or abandoned the Leased Premises, reenter and take possession of the Leased Premises, or any part thereof, and remove the effects therein without liability for any damages thereto and without being deemed guilty of any manner of trespass and without prejudice to any other remedies of Landlord hereunder; and (v) exercise any other legal remedy, including, without limitation, equitable remedies, on account of such Event of Default. All remedies of Landlord under this Lease shall be cumulative, and the exercise of any of such remedies shall not prevent the concurrent or subsequent exercise of any other remedy.

Should Landlord elect to reenter or take possession of the Leased Premises pursuant to legal proceedings or otherwise, Landlord may, from time to time, without any obligation to do so and without terminating this Lease, relet the Leased Premises or any part thereof on behalf of Tenant for such term or terms and at such rent or rents, and upon such other terms and conditions, as Landlord may deem advisable in its sole discretion (including, without limitation, giving concessions, free rent, and payment of concessions, but subject to Landlord's duty to mitigate its damages), with the right to make alterations and repairs to the Leased Premises. No such reentry or taking of possession of the Leased Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease, unless a written notice of termination is given to Tenant by Landlord, nor shall it preclude Landlord from terminating this Lease at a later time by giving written notice to Tenant.

If Landlord elects to take possession without terminating this Lease, then such repossession shall not relieve Tenant of its obligations and liabilities under this Lease, all of which shall survive such repossession. In the event of such repossession, Tenant shall pay to Landlord, as Rent, all Rent which would be payable hereunder if such repossession had not occurred, less the net proceeds, if any, of any reletting of the Leased Premises, after deducting all of Landlord's expenses in connection with such reletting, and rental concessions. Tenant shall pay such Rent to Landlord on the days on which such Rent would have been payable hereunder if possession had not been retaken.

If, however, this Lease is terminated by Landlord, Landlord shall be entitled to recover as damages from Tenant, in addition to all other damage suffered by Landlord on account of any Event of Default, the present value of all of the Rent which would have been due for the remainder of the Lease Term had this Lease not been terminated (less the present value of any amounts Tenant proves Landlord has received or will receive from the reletting of the Leased Premises for the remainder of the Term), plus all of Landlord's costs of reletting the Leased Premises, including repair, alteration, and preparation of the Leased Premises for reletting, brokerage commissions, attorneys' fees, and rental concessions. Said amount shall be immediately due and payable by Tenant to Landlord. Any amount due to Landlord hereunder may be collected after termination.

22. PERSONAL PROPERTY LIEN [Intentionally omitted]

23. QUIET ENJOYMENT, INABILITY TO PERFORM

A. If, and so long as, Tenant pays Rent and keeps and performs each and every term, covenant and condition herein contained on the part and on behalf of Tenant to be kept and performed, Tenant shall quietly enjoy the Leased Premises without hindrance or molestation by Landlord, subject to the terms, covenants and conditions of this Lease and the Superior Instruments, as defined and provided in Article 35 below.

B. Landlord shall pay all taxes and assessments so as not to jeopardize Tenant's use of the Leased Premises. The foregoing notwithstanding, Landlord shall be entitled to contest any tax or assessment which it deems to be improperly levied against the Improved Area or any part thereof, so long as Tenant's use of the Leased Premises is not interfered with.

C. Except as provided in this Lease, this Lease and the obligations of Tenant to pay Rent and perform all of the terms, covenants and conditions on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord, due to Unavoidable Delay (as defined below), is (a) unable to fulfill any of its obligations under this Lease, or (b) unable to supply or is delayed in supplying any service expressly or impliedly to be supplied, or (c) unable to make or delayed in making any repairs, replacements, additions, alterations or decorations, or (d) unable to supply or is delayed in supplying any equipment or

fixtures. Landlord shall in each instance exercise reasonable diligence to effect performance when and as soon as possible.

"Unavoidable Delay" shall mean any and all delays beyond Landlord's reasonable control, including without limitation, delay caused by Tenant, governmental restrictions, governmental regulations or controls, undue delays by governmental authorities, order of civil, military, or naval authority, governmental preemption, strikes, labor disputes, lockouts, shortage of labor or materials, inability to obtain materials or reasonable substitutes therefor, default of any contractor or subcontractor, acts of God, fire, earthquake, floods, explosions, actions of the elements, extreme weather conditions, enemy action, civil commotion, riot or insurrection, delays in obtaining governmental permits or approvals and any other cause beyond Landlord's reasonable control.

24. HOLD OVER TENANCY

If (without execution of a new lease or written extension) Tenant shall hold over after the expiration of the Lease Term, Tenant may, at Landlord's election, be deemed to be occupying the Leased Premises as a tenant from month to month, which tenancy may be terminated as provided by law. During such tenancy, Tenant agrees to pay to Landlord one hundred fifty percent (150%) of (i) Tenant's Pro Rata Share of Operating Costs and (ii) the then current Base Rent, as set forth herein, unless a different rate is agreed upon in writing, and to be bound by all of the terms, covenants and conditions as herein specified, so far as applicable.

25. ATTORNEYS' FEES

In the event either party requires the services of any attorney in connection with enforcing the terms of this Lease, or in the event suit is brought for the recovery of any Rent due under this Lease, or for the breach of any covenant or condition of this Lease, or for the restitution of the Leased Premises to Landlord and/or eviction of Tenant during the Lease Term, or after the expiration thereof, the party prevailing in any such legal action shall be awarded all legal costs and expenses, including, but not limited to, a reasonable sum for attorneys' fees, whether incurred at trial, on appeal or otherwise.

26. AMENDMENT, WAIVER

This Lease constitutes the entire agreement between the parties and supersedes all prior agreements or understandings between the parties with respect to the subject matter hereof. No prior agreement or understanding shall be effective. This Lease shall not be amended or modified except in writing by both parties. No covenant or term of this Lease shall be waived except with the express written consent of the waiving party whose forbearance or indulgence in any regard shall not constitute a waiver of such covenant or term. Failure to exercise any right in one or more instances shall not be construed as a waiver of the right to strict performance or as an amendment to this Lease.

27. NOTICES

All notices required by this Lease shall be in writing, sealed in an envelope and delivered in person, or mailed by U.S. Registered or Certified Mail, return receipt requested, postage prepaid to the address specified below:

If intended for Landlord:	Property Colorado OBJLW One Corporation c/o ING Clarion Partners 230 Park Avenue — 12th Floor New York, New York 10169 Attn: Account Manager
with a copy to:	Property Colorado OBJLW One Corporation c/o ING Clarion Realty Services, LLC 6400 S. Fiddler's Green Circle, Suite 690 Englewood, Colorado 80111 Attn: General Manager
If intended for Tenant:	LifeLine Therapeutics, Inc. 6400 S. Fiddler's Green Circle, Suite 1970 Englewood, Colorado 80111 Attn: [*tenant to provide*]

or to such other address(es) as either party designates by notice, as provided in this paragraph, to the other party, from time to time. Notice shall be effective as of the date delivered in person or the date postmarked, whichever is sooner.

28. BINDING EFFECT, SUCCESSORS AND ASSIGNS, GENDER

The submission of this document for examination does not constitute an offer to lease, or a reservation of, or option for, the Premises. This document becomes effective and binding only upon the execution and delivery hereof by the proper officers of Landlord and by Tenant. Subject to the provisions in Article 12, this Lease shall be binding upon and inure to the benefit of the parties and their successors and assigns. It is understood and agreed that the terms "Landlord" and "Tenant" and verbs and pronouns in the singular number are uniformly used throughout this Lease regardless of gender, number or fact of incorporation of the parties hereto.

29. ADDENDA AND ATTACHMENTS

The typewritten addenda, exhibits or supplemental provisions, if any, attached or added hereto, are made a part of this Lease by reference and the terms thereof shall control over any inconsistent provisions in the paragraphs of this Lease.

30. LIMITATION OF LANDLORD'S LIABILITY

The obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, directors, officers, or shareholders of Landlord, and Tenant shall look solely to the real estate that is the subject of this Lease and to no other assets of the Landlord for satisfaction of any liability in respect of this Lease and will not seek recourse against the individual partners, directors, officers or shareholders of Landlord or any of their personal assets for such satisfaction or for any deficiency judgment should Tenant be unable to satisfy any liability owed to it.

31. LANDLORD'S RESERVED RIGHTS

Without notice and without liability to Tenant, Landlord shall have the right to:

(1) Change (i) the name of the Building, and (ii) the street address of the Building if required to do so by an appropriate authority;

(2) Install and maintain reasonable signs on the exterior of the Building;

(3) Make reasonable rules and regulations as, in the judgment of Landlord, may from time to time be needed for the safety of the tenants, and the care and cleanliness of the Building and the preservation of good order therein. Tenant shall be notified in writing when each such rule and regulation is promulgated;

(4) Grant utility easements or other easements to such parties, or replat, subdivide or make such other changes in the legal status of the land underlying the Improved Area, as Landlord deems necessary, provided such grant or changes do not substantially or materially interfere with Tenant's use of the Leased Premises as intended under this Lease; and

(5) Sell the Building and assign this Lease to the purchaser (and upon such assignment be released from all of its obligations under this Lease which accrue after such assignment). Tenant agrees to attorn to such purchaser, or any other successor or assign of Landlord through foreclosure or deed in lieu of foreclosure or otherwise and to recognize such person as Landlord under this Lease, as provided more fully in Article 35 below.

32. OFFSET STATEMENT

Within ten (10) days after request therefor by Landlord, its agents, successors or assigns, Tenant shall deliver, in recordable form, a certificate to any proposed mortgagee or purchaser, or to Landlord, together with a true and correct copy of this Lease, certifying, if applicable (i) this Lease is in full force and effect, without modification, (ii) the amount, if any, of prepaid Rent and security deposit paid by Tenant to Landlord, (iii) that Landlord, as of the date of the certificate, has performed all of its obligations due to be performed under this Lease and that there are no defenses, counterclaims, deductions or offsets outstanding, or other excuses for Tenant's performance under this Lease, or stating those claimed by Tenant, and (iv) any other fact reasonably requested by Landlord or such proposed mortgagee or purchaser, which does not modify or conflict with Tenant's rights under this Lease. Tenant's failure to deliver said statement in time shall be conclusive upon Tenant: (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are no uncured defaults in Landlord's performance and Tenant has no right of offset, counterclaim defenses or deduction against Rent or Landlord hereunder; and (c) that no more than one month's Rent has been paid in advance. The foregoing certifications by Tenant shall be set forth on an estoppel certificate in substantially the same form as the one attached hereto as Exhibit "H."

33. ACCORD AND SATISFACTION

No receipt and retention by Landlord of any payment tendered by Tenant in connection with this Lease will give rise to, or support, or constitute an accord and satisfaction, notwithstanding any accompanying statement, instruction or other assertion to the contrary (whether by notation on a check or in a transmittal letter or otherwise), unless Landlord expressly agrees to an accord and satisfaction in a separate writing duly executed by the appropriate persons. Landlord may receive and retain, absolutely and for itself, any and all payments so tendered, notwithstanding any accompanying instructions by Tenant to the contrary. Landlord will be entitled to treat any such payments as being received on account of any item or items or Rent, interest, expenses or damage due in connection herewith in such amounts and in such order as Landlord may determine at its sole option.

34. SEVERABILITY

The parties intend this Lease to be legally valid and enforceable in accordance with all of its terms to the fullest extent permitted by law. If any term hereof shall be finally held to be invalid or unenforceable, the parties agree that such term shall be stricken from this Lease, the same as if it never had been contained herein. Such invalidity or unenforceability shall not extend to or otherwise affect any other term of this Lease, and the unaffected terms hereof shall remain in full force and effect to the fullest extent permitted by law, the same as if such stricken term never had been contained herein.

35. SUBORDINATION

The rights of Tenant hereunder are, and shall be, at the election of any mortgagee, subject and subordinate to the lien of any deeds of trust, mortgages, the encumbrance of any leasehold financing, or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the Improved Area or the Building, and to all advances made, or hereafter to be made upon the security thereof (herein referred to as the "Superior Instruments"). The foregoing notwithstanding, for any liens or Superior Instruments filed of record after the execution of this Lease, the rights of Tenant under this Lease shall not be subject or subordinated to such liens or Superior Instruments unless the holders thereof execute an agreement in form and substance similar to the Attornment and Nondisturbance Agreement attached hereto as Exhibit "G". If requested, Tenant agrees to execute whatever reasonable documentation may be required to further effectuate the provisions of this paragraph.

Tenant agrees to attorn to any purchaser of the Building, or any other successor or assign of Landlord through foreclosure or deed in lieu of foreclosure, in return for and upon delivery to Tenant by such purchaser or mortgagee, as the case may be, of an agreement substantially in the form of the Attornment and Nondisturbance Agreement.

36. TIME

Time is of the essence hereof.

37. APPLICABLE LAW

This Lease shall be construed according to the local laws of the State of Colorado, without regard to the principles of conflicts of law, and venue shall be in Arapahoe County, Colorado.

38. BROKER'S INDEMNIFICATION

As part of the consideration for the granting of this Lease, Tenant represents and warrants to Landlord that no broker or agent negotiated or was instrumental in the negotiation or consummation of this Lease. Tenant agrees to indemnify Landlord against any loss, expense, cost or liability incurred by Landlord as a result of any claims by any broker claiming to have represented Tenant in this transaction.

39. SECURITY DEPOSIT

The Tenant shall deposit with the Landlord, upon the Lease Commencement Date, the sum of Thirty Thousand One Hundred Forty-four and no/100 Dollars ($30,144.00) as security for the Rent payable hereunder, for the return of the Leased Premises in good order and condition, and for the performance of each and every one of the terms, covenants and conditions herein

stipulated. Said sum shall not be applicable by the Tenant to the payment of Rent or any other charges for which it may become liable under this Lease and such deposit shall in no way relieve Tenant from the faithful and punctual performance of all covenants and conditions hereby imposed upon it. If Tenant defaults with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rentals or the condition of the Premises at Lease Expiration, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rental or any other sum in default, or for the payment of any amount that Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit lawful money or a cashiers check with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. Landlord is not a trustee of the Security Deposit and may use it in ordinary business, transfer it, or assign it, or use it in any combination of such ways. Landlord agrees that at the termination of this Lease, or at the termination of any extension hereof, and provided that the Tenant has complied in all respects with the terms, covenants and conditions herein, that portion of the deposit still held by Landlord shall be returned to Tenant thirty (30) days after the Leased Premises have been vacated in good order and condition. In the event of a sale or leasing of the Building, Landlord shall have the right to transfer the security deposit to its vendee and Landlord shall thereupon be released by Tenant from all liability for the return of the security deposit. In such event, Tenant agrees to look solely to the new landlord for the return of said deposit. The provisions hereof shall apply to every transfer or assignment made of the security deposit to a new landlord. Within thirty (30) days after the beginning of the thirteenth month of the Lease Term, if Tenant has not been in breach of the Lease at any time during the Lease Term, Landlord shall return to Tenant Ten Thousand Thirty-eight and no/100 Dollars ($10,038.00) of the Security Deposit. Within thirty (30) days after the beginning of the twenty-fifth month of the Lease term, if Tenant has not been in breach of the Lease at any time during the Lease Term, Landlord shall return to Tenant an additional Ten Thousand Thirty-eight and no/100 Dollars ($10,038.00) of the Security Deposit.

40. CONFLICTS OF INTEREST

Conflicts of interest relating to this Lease are strictly prohibited. Except as otherwise expressly provided herein, neither Tenant nor any director, employee or agent of Tenant, shall give to or receive from any director, employee or agent of Landlord any gift, entertainment or other favor of significant value, or any commission, fee or rebate. Likewise, neither Tenant nor any director, employee or agent of Tenant shall enter into any business relationship with any director, employee or agent of Landlord or of any affiliate of Landlord), unless such person is acting for and on behalf of Landlord, without prior written notification thereof to Landlord. Any representative(s) authorized by Landlord may audit any and all records of Tenant for the sole purpose of determining whether there has been compliance with this paragraph.

41. TENANT REPRESENTATIONS

If Tenant is a legal entity, Tenant hereby represents and warrants to Landlord that (i) such entity is duly organized and validly existing under the laws of the State of its formation and is qualified to do business in, and is in good standing under, the laws of the State of Colorado; and (ii) this Lease and all documents executed or to be executed by Tenant in connection herewith and which are to be delivered to Landlord will be duly authorized, executed, and delivered and will be legal, valid, and binding obligations of Tenant, and do not violate any provisions of any agreement or currently existing judicial order to which Tenant is a party or to which it is subject. Further, if requested by Landlord, either prior to or after Landlord's execution of this Lease, Tenant shall provide Landlord with certified evidence of the foregoing.

42. ENVIRONMENTAL COVENANTS

A. General Prohibition; Indemnity. Tenant shall not cause or permit any explosives, flammable substances, radioactive materials, asbestos in any form, paint containing lead, materials containing urea formaldehyde, polychlorinated biphenyls, or any other hazardous, toxic, or dangerous substances, wastes, or materials, whether having such characteristics in fact or defined as such under federal, state, or local laws or regulations and any amendments thereto (all such materials and substances being hereinafter referred to as "Hazardous Materials"), to be produced, brought upon, used, stored, treated, released, or disposed of on, in, or about the Leased Premises, provided that Tenant may store and use toner, cleaning fluids, and similar office materials if such storage and usage is (i) permitted by applicable law and (ii) accomplished in strict compliance with such law. Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all actions, costs, claims, damages (including without limitation, attorneys', consultants', and experts' fees, court costs, and amount paid in settlement of any claims or actions), fines, forfeitures, or other civil, administrative, or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables, or natural resources), liabilities, or losses arising from a breach of this prohibition by Tenant, its affiliates, agents, employees, contractors, subtenants, assignees, or invitees.

B. Notice. Tenant immediately shall notify Landlord in writing of: (i) any spill, release, discharge, or disposal of any Hazardous Materials upon, in, or about the Leased Premises; (ii) any enforcement, cleanup, removal, or other governmental or regulatory action instituted, contemplated, or threatened (if Tenant has notice thereof) pursuant to any laws respecting Hazardous Materials; (iii) any claim made or threatened by any person against Tenant or the Leased Premises relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or claimed to result from any Hazardous Materials; and (iv) any reports made to any governmental agency or entity arising out of or in connection with any Hazardous Materials upon, in, or about or removed from the Leased Premises. Tenant also shall supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first

receives or sends the same, copies of all claims, reports, complaints, notices, warnings, or asserted violations relating in any way to the Leased Premises, or Tenant's use or occupancy thereof.

C. Action by Tenant. In the event that Hazardous Materials are discovered upon, in, or about the Leased Premises which have been brought upon the Leased Premises by Tenant, its agents, employees, contractors or other representatives, and any governmental agency or entity having jurisdiction over the Property requires the removal of such Hazardous Materials, Tenant shall be responsible for removing such Hazardous Materials. Notwithstanding the foregoing, Tenant shall not take any remedial action upon, in, or about the Leased Premises without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to protect Landlord's interest with respect thereto.

D. Survival. The respective rights and obligations of Landlord and Tenant under this Section shall survive the expiration or earlier termination of this Lease.

E. Record Keeping. Throughout the term of this Lease, Tenant shall maintain complete and accurate records of all information revealed to Tenant concerning the presence, location, and quantity of any material containing more than one percent (1%) asbestos ("ACM") or any presumed asbestos containing material ("PACM") (as hereinafter defined) in the Premises, including but not limited to (i) notices provided by Landlord to Tenant of the presence and/or location of ACM and/or PACM, (ii) notices provided by Tenant to its employees who perform housekeeping activities in areas that may contain ACM and/or PACM, concerning the presence and location of ACM and PACM in the Premises: and (iii) any other notices or information Tenant obtains from any source concerning the presence or location of ACM and/or PACM. The term "PACM" shall mean, as provided in the Occupational Safety and Health Administration regulations at 29 CFR Section 1910.1001 *et seq.* ("OSHA Regulations"), thermal system insulation, sprayed on or troweled on surfacing material, debris in work areas where such material is present, and asphalt and vinyl flooring material installed no later than 1980. Upon the expiration of the lease term, Tenant shall transfer to Landlord any and all records in its possession that it has kept pursuant to this paragraph. Tenant shall notify its employees who will perform housekeeping activities in areas which contain ACM and/or PACM of the presence and location of ACM and PACM in such areas. Tenant shall post warning signs at each area known to have airborne concentrations of asbestos which exceed, or there is a reasonable possibility that they may exceed, the permissible exposure limits set forth in the OSHA Regulations. Tenant shall affix warning labels to all raw materials, mixtures, scrap, waste, debris, and other products containing asbestos fibers, or to the containers of those materials.

F. Landlord Representation. Landlord represents to Tenant that it has not received any written notice from any federal, state, municipal, or other governmental agency of any material environmental claim related to the Building or the Building's material noncompliance with any environmental laws.

43. RELOCATION DURING TERM

Landlord shall have the right at any time, upon at least thirty (30) days prior written notice to Tenant (the "Relocation Notice"), to relocate Tenant to different premises in the Building (the "Substitute Premises"), provided that the Substitute Premises are similarly located, of approximately the same size and finish as the Leased Premises and provided further that Landlord reimburses Tenant for all reasonable out-of-pocket expenses incurred by Tenant as a result of the relocation. Tenant shall relocate to the Substitute Premises within the time set out in the Relocation Notice. Upon the date Tenant takes possession of the Substitute Premises, the definition of the "Leased Premises" set forth in this Lease shall be deemed to be amended to refer to the Substitute Premises and all other terms and conditions of the Lease shall remain in full force and effect; provided, however, all rental figures and other provisions of the Lease that are calculated or based on a per square foot basis (i.e. Base Rent, Tenant's Pro Rata Share, etc.) shall be recalculated at the same per square foot rates, as applicable, but based on the actual square footage contained in the Substitute Premises. Tenant agrees to execute any document reasonably required by Landlord to reflect Tenant's relocation to the Substitute Premises.

44. RELOCATION FROM TEMPORARY SPACE

Tenant currently occupies space on the seventeenth floor of the Building pursuant to a month-to-month lease. Landlord agrees to reimburse Tenant for its reasonable out-of pocket costs incurred in relocating Tenant's operations from the seventeenth floor of the Building to the Leased Premises. Landlord shall reimburse such reasonable out-of-pocket costs to Tenant within thirty (30) days after receipt of invoices from Tenant reflecting such costs. All invoices tendered to Landlord for reimbursement shall be submitted by Tenant within thirty (30) days after the Lease Commencement date.

[Signatures on following page.]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first hereinabove written.

WITNESSES:

_____

_____

LANDLORD:

PROPERTY COLORADO OBJLW ONE CORPORATION, an Oregon corporation

By: ING Clarion Partners, LLC,
a New York limited liability company

By: /s/ Michael J. Duffy
Michael J. Duffy
Its Authorized Signatory

WITNESSES:

_____

_____

TENANT:

LIFELINE THERAPEUTICS, INC.,
a Colorado corporation

By: /s/ BRENDA MARCH
Name: BRENDA MARCH
Title: INTERIM CEO

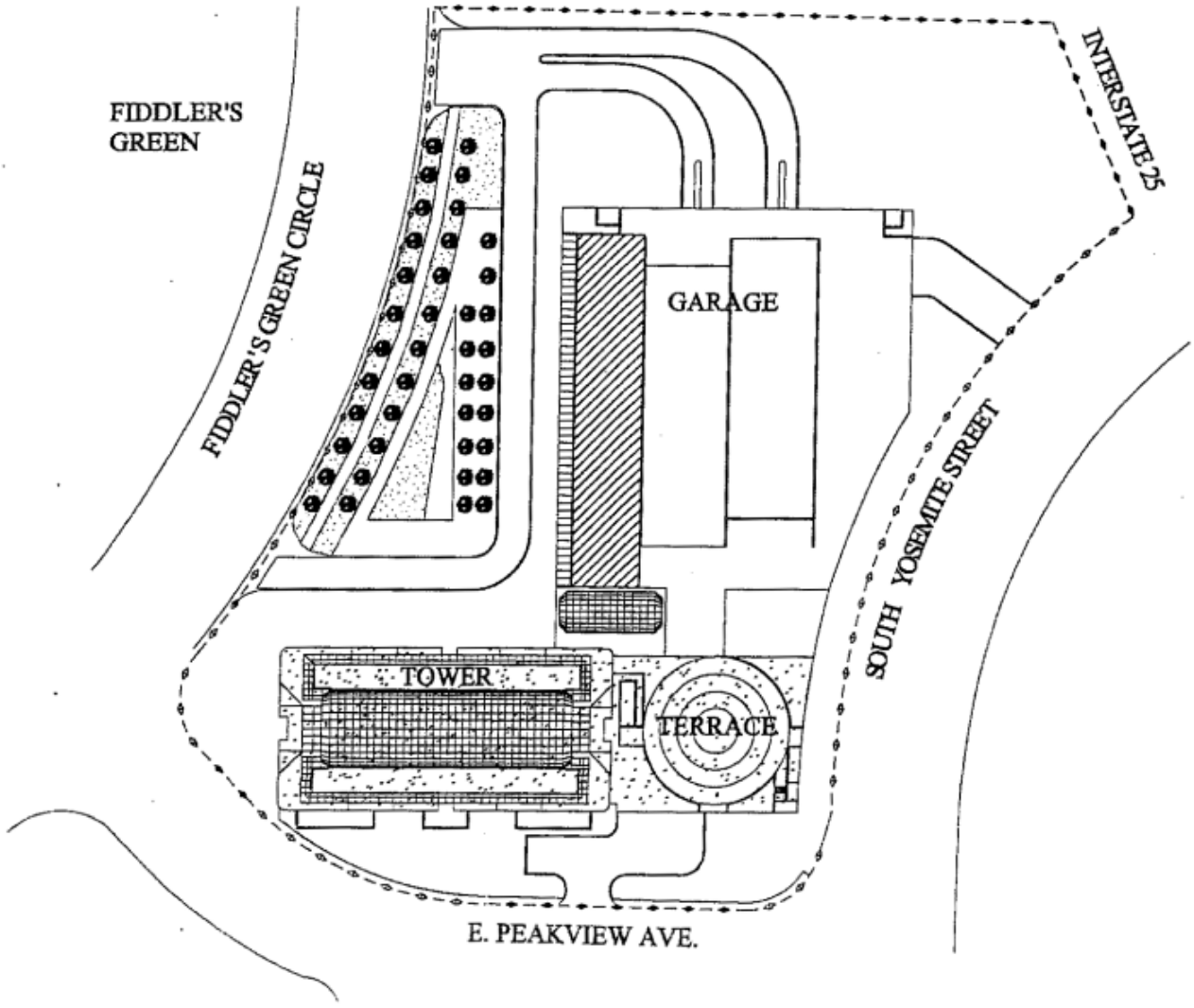
EXHIBIT A

Improved Area

Building

Retail Area

Tower



PLAZA TOWER ONE
SITE PLAN

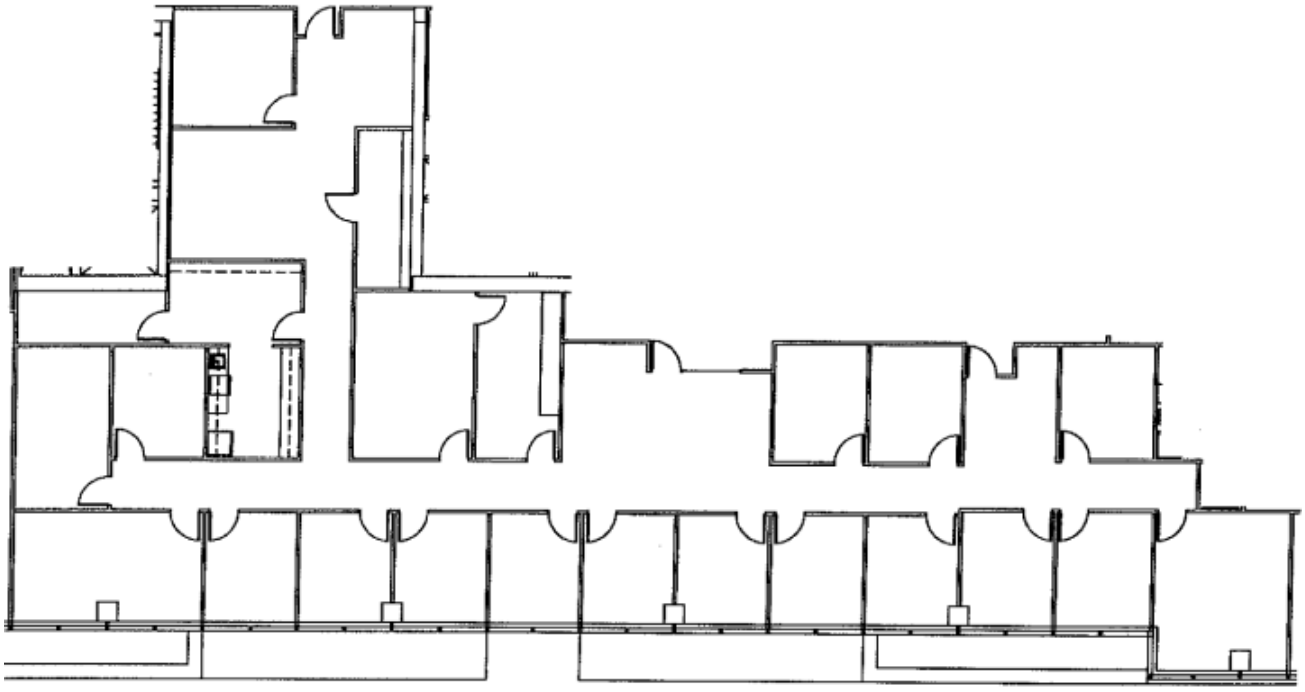
EXHIBIT “B”

LEASED PREMISES

(See plan attached hereto or incorporated herein by reference)

1- EXHIBIT “B”

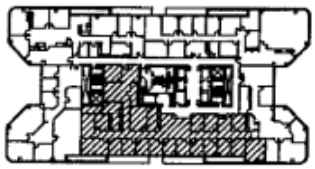
PLAZA TOWER ONE



NORTH

19th FLOOR — 5,736 SF

N.T.S. — 8/12/04



KEY PLAN

CLARION

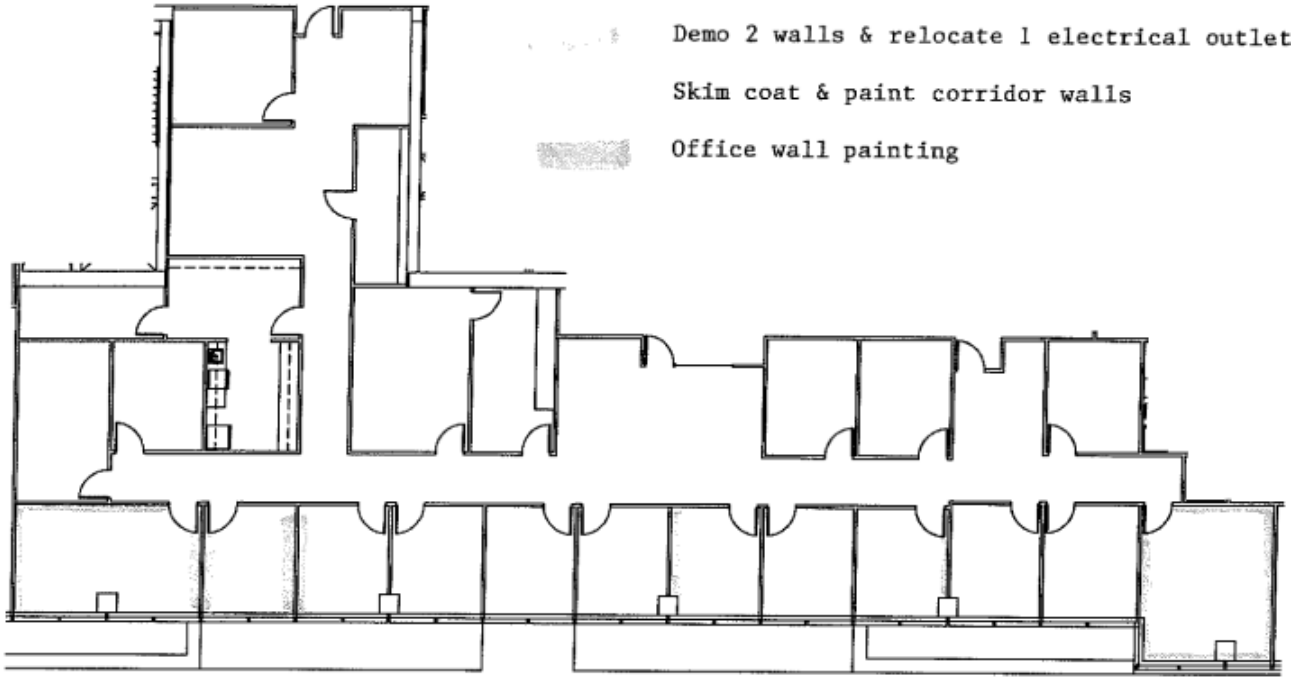
ING CLARION

EXHIBIT “C”

LANDLORD’S REPAIRS

1- EXHIBIT “C”

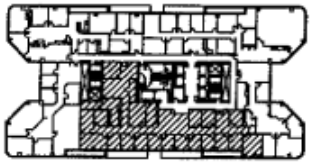
PLAZA TOWER ONE



NORTH

19th FLOOR — 5,736 SF

N.T.S. — 8/12/04



KEY PLAN

CLARION

ING CLARION

LIFELINE THERAPEUTICS
IMPROVEMENTS

1. Skim coat and paint the main corridor within its suite, per the attached plan.
2. Skim coat and paint selected office walls per the attached plan.
3. Demo two walls and relocate one electrical outlet per the attached plan.

EXHIBIT “F”

RULES AND REGULATIONS

1. The sidewalks, entrances, halls, corridors, elevators and stairways of the Building shall not be obstructed or used as a waiting or lounging place by Tenant, or its agents, servants, employees, invitees, licensees, and visitors.

2. Landlord reserves the right to refuse admittance to the Building at any time other than between the hours of 6:00 a.m. and 6:00 p.m. weekdays, or 7:00 a.m. to 1:00 p.m. on Saturdays, to any person not producing either a key to the Leased Premises or a pass issued by Landlord. In case of invasion, riot, public excitement or other commotion, Landlord also reserves the right to prevent access to the Building during the continuance of same. Landlord shall in no case be liable for damages for the admission or exclusion of any person to or from the Building.

3. Landlord will furnish each Tenant with two keys to each door lock in the Leased Premises, and Landlord may make a reasonable charge for any additional keys requested by Tenant. No Tenant shall have any keys made for the Leased Premises; nor shall any Tenant alter any lock, or install new or additional locks or bolts, on any door without the prior written approval of Landlord. If a lock alteration or installation is made, the new lock must accept the master key for the Building. Each Tenant, upon the expiration or termination of its tenancy, shall deliver to Landlord all keys in such Tenant’s possession for all locks and bolts in the Building.

4. In order that the Building may be kept in a state of cleanliness, each Tenant shall, during the term of its Lease, permit Landlord’s employees (or Landlord’s agent’s employees) to take care of and clean the Leased Premises, and Tenant shall not employ any person(s) other than Landlord’s employees (or Landlord’s agent’s employees) for such purpose. No tenant shall cause any unnecessary labor by reason of such Tenant’s carelessness or indifference in the preservation of good order and cleanliness of the Leased Premises. Tenant will ensure that before leaving the Leased Premises each day:

(a) the doors are securely locked; and

(b) all water faucets and other utilities are shut off (so as to prevent waste or damage).

If Tenant must dispose of crates, boxes, etc., which will not fit into office waste paper baskets, it will be the responsibility of Tenant to dispose of same by removing them from the building or by placing them in designated waste collection receptacles at the delivery dock. In no event shall Tenant place such items for disposal in the public hallways or other common areas of the Building or Improved Area.

5. Landlord reserves the right to prescribe the date, time, method and conditions that any personal property, equipment, trade fixtures, merchandise and other similar items shall be delivered to or removed from the Building. No steel safe or other heavy or bulky object shall be delivered to or removed from the Building except by experienced safe men, movers, or riggers approved in writing by Landlord. All damage done to the Building by the delivery or removal of such items, or by reason of their presence in the Building, shall be paid by Tenant to Landlord, immediately upon demand therefor. For the delivery or receipt of merchandise, only hand-trucks equipped with rubber tires shall be used by Tenant, jobbers or others.

6. The walls, partitions, skylights, windows, doors, and transoms that reflect or admit light into passageways or into any other part of the Building shall not be covered or obstructed nor have signs or advertisements posted on them by any Tenant.

7. The toilet rooms, toilets, urinals, wash bowls and water apparatus shall not be used for any purpose other than for those for which they were constructed or installed, and no sweepings, rubbish, chemicals, or other unsuitable substances shall be thrown or placed therein. The expense of any breakage, stoppage or damage resulting from violations of this rule by Tenant or by Tenant's agents, servants, employees, invitees, licensees, or visitors, shall be borne by Tenant.

8. No sign, name, placard, advertisement, or notice visible from the exterior of any Leased Premises shall be inscribed, painted or affixed by any Tenant on any window or other part of the Building or Improved Area without the prior written approval of Landlord. A directory containing the names of all tenants of the Building shall be provided by landlord at an appropriate place on the first floor of the Building.

9. No electronic signaling, telegraphic, or telephonic instruments or devices, or other wires, instruments or devices, shall be installed in connection with any Leased Premises without the prior written approval of Landlord, which approval shall not be unreasonably withheld. Such installations, and the boring or cutting of wires, shall be made at the sole cost and expense of Tenant and under the control and direction of Landlord. Landlord retains, in all cases, the right to require:

(a) the installation and use of such electrical protecting devices that prevent the transmission of excessive currents of electricity into or through the Building;

(b) the changing of wires and of their installation and arrangement underground or otherwise as Landlord may direct; and

(c) compliance on the part of all using or seeking access to such wires with such rules as Landlord may establish relating thereto. All such wires used by Tenant must be clearly tagged at the distribution boards and junction

boxes and elsewhere in the Building, with (x) the number of the Leased Premises to which said wires lead, (y) the purpose for which said wires are used, and (z) the name of the company operating same.

10. Tenant, its agents, servants, and employees shall not:

(a) go upon the roof of the Building;

(b) use any additional method not approved in writing by the Landlord of heating or air conditioning the Leased Premises;

(c) sweep or throw any dirt or other substance from the Leased Premises into any of the halls, corridors, elevators, or stairways of the Building, or onto any part of the Improved Area;

(d) bring in or keep in or about the Leased Premises any vehicles or animals of any kind;

(e) install any radio or television antenna or any other device or item on the roof, exterior walls, windows, or window sills of the Building or anywhere in the Improved Area;

(f) place objects against glass partitions, doors, or windows which would be unsightly from the interior or exterior of the Building;

(g) place pictures, plants, or any other items on window sills which would interfere with closing of window blinds by the janitors at night;

(h) use any portion of the Leased Premises: (i) for lodging or sleeping, (ii) for cooking (except that the use by any Tenant of Underwriter's Laboratory-approved equipment for brewing coffee, tea and similar beverages or the use by Tenant of a similarly-approved microwave oven shall be permitted, provided that such use is in compliance with law), or (iii) for any purpose other than the Permitted Purpose provided for in the Lease; or

(i) permit the operation of any musical or other sound-producing instruments or devices which may be heard outside the Tenant's Leased Premises, or which may emit signals which will impair radio or television broadcast or reception from or into the Building.

11. Tenant shall not store, carry into, or use within Plaza Tower One or in any Leased Premises or permit others to do so:

(a) any ether, naphtha, phosphorous, benzol, gasoline, benzine, petroleum, crude or refined earth or coal oils, kerosene or camphene;

(b) any other flammable, combustible, explosive or illuminating fluid, gas or material of any kind; or

(c) any other fluid, gas or material of any kind having an offensive odor; or

(d) any firearm (loaded or unloaded) or any other weapon or ammunition for a weapon.

12. No canvassing, soliciting, distribution of handbills or other written material, or peddling shall be permitted in the Building or the Improved Area, and Tenant shall cooperate with Landlord in prevention and elimination of same.

13. Tenant shall give Landlord prompt notice of all accidents to, or defects in, air conditioning equipment, plumbing, electrical facilities, or any part or appurtenances of the Leased Premises.

14. The Improved Area outside the Building may be used for the enjoyment of Tenant, its agents, servants, and employees without restriction so long as such parties conduct themselves in a manner so as not to disturb others or disturb, destroy, or litter the Improved Area. All parties using the Improved Area shall comply with all applicable governmental laws, ordinances, rules and regulations and all rules and regulations of Arapahoe County.

15. Tenant personnel and their guests shall observe ‘No Smoking’ signs where posted in Plaza Tower One and refrain from smoking in the Leased Premises, elevator lobbies, elevators, public corridors, building stairwells and restrooms. Smoking is permitted only on the terrace area outside the east end of Level Two.

4- EXHIBIT “F”

EXHIBIT "G"

ATTORNMENT AND NONDISTURBANCE AGREEMENT

THIS AGREEMENT, made as of _____ between _____ hereinafter referred to as "Interest Holder" and _____, hereinafter referred to as "Tenant".

WITNESSETH:

THAT, WHEREAS, PROPERTY COLORADO OBJLW ONE CORPORATION, an Oregon corporation, hereinafter referred to as "Landlord", has by Lease executed on _____ leased to Tenant for a term of years, commencing on _____, and ending on _____, or upon such postponed date as shall be designated by written endorsement to the Lease, certain portions of the building located in the County of Arapahoe, State of Colorado, such portions being hereinafter called the "Leased Premises", and the building more particularly described as follows:

WHEREAS, Interest Holder is the holder of a lien or other interest in the form of a _____ and recorded at _____ and any amendments, supplements or extensions thereto, hereinafter referred to as the "Encumbrance"; and

WHEREAS, the encumbered premises under the foregoing Encumbrance are the same premises as, or include the Leased Premises set forth in, the legal description above;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. Tenant agrees that in the event of any foreclosure or the exercising of any other rights under the Encumbrance, whereby Interest Holder shall cause Landlord to be ousted from possession or assert any right of ownership inconsistent with Tenant's right under the Lease, at any time and from time to time after commencement of the term of the Lease and prior to the expiration, cancellation or other termination thereof, for any reason, Tenant shall be bound to Interest Holder, the purchaser at a foreclosure sale, any receiver appointed under the Encumbrance, assignment of rents, or court order, or any assignee or successor in interest (all of which are hereinafter referred to as "Transferee") under all of the terms, covenants, and conditions of the Lease during the remaining term thereof, including any extensions or renewals which may be effected in accordance with any option in the Lease, with the same force and effect as if Transferee were Landlord under the Lease, and Tenant does hereby attorn to Transferee as its Landlord.

2. The parties hereto do hereby covenant and agree that the Lease and any modifications and amendments thereto subsequently approved by Interest Holder, and all rights, options, liens or other charges created thereby, are, and shall continue to be, subject and subordinate in all respects to the Encumbrance and the lien created thereby, to any advance made thereunder, to any consolidations, extensions, modifications, or renewals thereof, and to any other mortgage on the Leased Premises held by Interest Holder.

3. So long as no default exists and no event has occurred which would entitle Landlord to terminate the Lease, Interest Holder agrees that in the event of any foreclosure or the exercising of any other rights under said Encumbrance whereby any such Transferee shall oust Landlord of possession or assert any right of ownership which would, in the absence of this Agreement, be inconsistent with Tenant's rights under the Lease and prior to the expiration or termination thereof, the Lease shall, in accordance with its terms, remain in full force and effect as a direct Lease between Transferee and Tenant and the possession of Tenant under the Lease shall not be disturbed by any such event. The Transferee shall be entitled to all of the rights and benefits and subject to all of the obligations of the immediately prior landlord under the Lease. If successive rights should be asserted by any or several Transferees separately or in any combination, Tenant shall have the same rights to continue the Lease in effect in each such instance.

4. In order to effect the provisions of the preceding paragraphs, Interest Holder does hereby grant and demise to Tenant the Leased Premises for a term of years to commence upon the exercise of any right described in the preceding paragraphs.

Such term of years shall be upon the terms and conditions of the Lease as though the Lease were between Transferee and Tenant.

5. The provisions of the preceding paragraphs are to be effective and self operating without the execution of any further instruments upon Transferee's succeeding to the interest of Landlord under the Lease.

6. This Agreement shall inure to the benefit of and be binding upon Tenant, Interest Holder, Transferee, their successors and assigns.

7. The effective date of this Agreement is _____, 20___, and the covenants and conditions hereof shall apply from and after said date.

8. This Agreement shall remain in full force and effect and shall pertain to said Lease now or as hereafter amended or extended.

9. Neither Interest Holder nor Transferee shall in any way or to any extent (i) be obligated or liable to Tenant for any prior act, omission or default on the part of Landlord under the Lease, or (ii) be obligated or liable to Tenant for any security deposit or other sums deposited

with Landlord not physically delivered to Interest Holder or Transferee, or (iii) be bound by any previous prepayment of rent for a period greater than one month, unless such modification, amendment or prepayment shall have been expressly authorized in writing by Interest Holder, and Tenant shall have no right to set off assets or counterclaim against Interest Holder or the Transferee for any of the acts or omissions of Landlord referred to in (i), (ii), or (iii) above.

10. In the event of any act or omission by Landlord under the Lease which would give Tenant the right to terminate the Lease or claim a partial or total eviction, Tenant shall not exercise any such right until (i) it has given notice thereof to Interest Holder, and (ii) Interest Holder, following the giving of such notice, shall have failed to commence or pursue action to remedy such act or omission in the manner set forth in the Lease.

11. All notices hereunder shall be given in the manner prescribed in the Lease.

TENANT: _____

By: _____
Name: _____
Its: _____

INTEREST HOLDER: _____

By: _____
Name: _____
Its: _____

3- EXHIBIT “G”

GREENWOOD PLAZA SOUTH FILING NO. 1

A RESUBDIVISION OF A PORTION OF
"A SUBDIVISION OF SECTION 21, T-5-5, R-67-W
ARAPAHOE COUNTY, COLORADO
Sheet 2 of 2

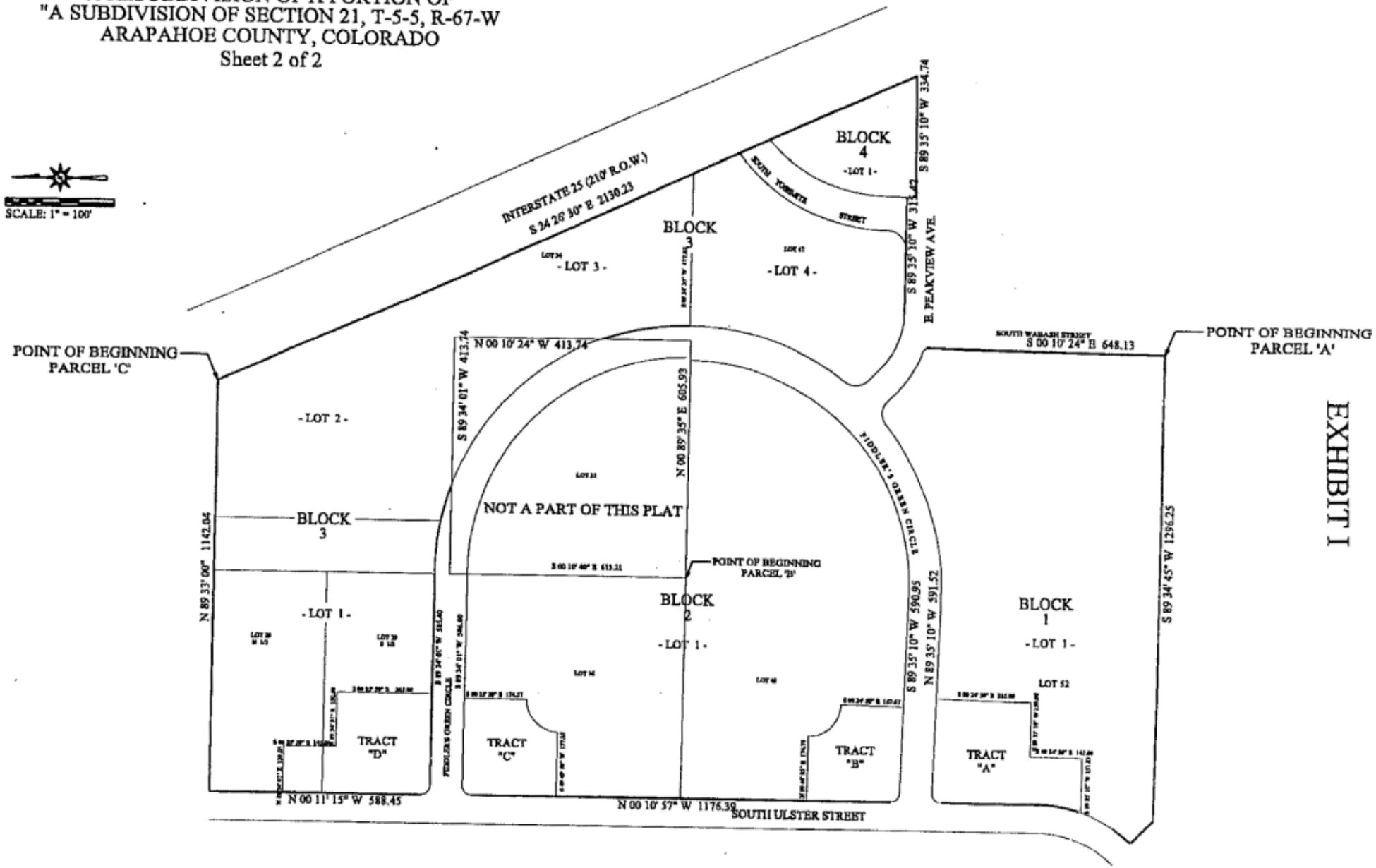


EXHIBIT I

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Stephen K. Onody, certify that:

1. I have reviewed this annual report on Form 10-KSB (this "Report") of Lifeline Therapeutics, Inc. (the "Registrant");

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 periods presented in this Report;

4. The Registrant's other certifying officer and I are 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 our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us 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 our 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;

5. The Registrant's other certifying officer and 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 control 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 control over financial reporting.

Date: September 26, 2006

/s/ Stephen K. Onody
Stephen K. Onody
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Gerald J. Houston, certify that:

1. I have reviewed this annual report on Form 10-KSB (this "Report") of Lifeline Therapeutics, Inc. (the "Registrant");

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 periods presented in this Report;

4. The Registrant's other certifying officer and I are 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 our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us 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 our 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;

5. The Registrant's other certifying officer and 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 control 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 control over financial reporting.

Date: September 26, 2006

/s/ Gerald J. Houston
Gerald J. Houston
Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION 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 filing of this annual report on Form 10-KSB of Lifeline Therapeutics, Inc. (the "Company") for the period ended June 30, 2006, with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen K. Onody, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 26, 2006

/s/ Stephen K. Onody
Stephen K. Onody
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION 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 filing of this annual report on Form 10-KSB of Lifeline Therapeutics, Inc. (the "Company") for the period ended June 30, 2006, with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald J. Houston, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 26, 2006

/s/ Gerald J. Houston
Gerald J. Houston

Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)