

U.S. RARE EARTHS, INC

FORM 10-K (Annual Report)

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

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2010

Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 000-31199

COLORADO RARE EARTHS, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

87-0638338
(I.R.S. Employer
Identification No.)

12 North Washington Street, Montoursville, Pennsylvania 17754
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(570) 368-7633**

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

Securities registered pursuant to Section 12(g) of the Act: Com mon Stock, \$0.00001 par value

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check of a smaller reporting company)			

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

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2010, the last business day of the registrant's most recently completed second fiscal quarter: \$59,500 based on 119,000 common shares at a price of \$0.50 per share.

Note. —If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practical date.
12,551,250 shares of Common Stock as of April 11, 2011

DOCUMENTS INCORPORATED BY REFERENCE

A description of "Documents Incorporated by Reference" is contained in Part IV, Item 15.

COLORADO RARE EARTHS, INC.

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PART I

Item 1. Business.

Business Development

History

On December 31, 2007, we completed the acquisition of Media Depot, Inc., a Nevada corporation, changed our corporate domicile to the State of Nevada and changed our name to Calypso Media Services Group, Inc. As a result of the acquisition, Media Depot became our wholly-owned subsidiary engaged in offering a full line of advertising services to manufacturers, distributors and dealers across the United States and Canada.

On December 15, 2010 we entered into an agreement to acquire Seaglass Holding Corp., a Nevada corporation (“*Seaglass*”). Seaglass owns certain mining and/or mineral leases and/or claims located in Gunnison County, Colorado, Freemont County, Colorado and Custer County, Colorado. The acquisition was structured as a triangular merger whereby Seaglass merged with Calypso Merger, Inc., our newly formed, wholly-owned subsidiary created solely for the purpose of facilitating the acquisition. As a result of the transaction, Seaglass was the surviving corporate entity as our wholly-owned subsidiary, Calypso Merger, Inc. was dissolved.

Pursuant to the terms of the Seaglass Acquisition, the stockholders of Seaglass exchanged 100% of Seaglass’ outstanding common stock for 5,900,000 shares of our authorized, but previously unissued common stock, on a one share for one share basis. The amount of shares issued was negotiated between the parties and the 5,900,000 shares represent approximately 54% of our total outstanding shares following the transaction. In connection with the acquisition, we changed our corporate name to Colorado Rare Earths, Inc. in February 2011.

Seaglass owns approximately 36 mining and mineral claims located in Gunnison County and Freemont County, Colorado, and 2 leases located in Custer County, Colorado. As a result of the acquisition, we will continue in the media and advertising business, but will diversify our business to include potential opportunities in the mining and mineral industry. We are primarily interested in the possibility of deposits of rare earth elements in the Seaglass claims and leases.

Rare earth elements, specifically thorium, uranium, niobium and tantalum, are essential for a diverse and expanding array of high-technology applications and for many current and emerging alternative energy technologies, such as electric vehicles, energy-efficient lighting, and wind power. Rare earth elements are also critical for a number of key defense systems and other advanced materials. We have also established an advisory board to explore possible alternatives as to how to make the best use of the properties acquired through Seaglass, including the possibility of acquiring additional claims.

Our principal executive offices are located at 12 North Washington Street, Montoursville, Pennsylvania 17754, telephone number (570) 368-7633. We also maintain a satellite office in Lonoke, Arkansas, telephone number, (501) 676-0233. Our website can be accessed at www.ColoradoRareEarths.com.

Current Business Activities

Colorado Rare Earths, Inc. (“Colorado” or “the Company”) has two business segments.

Media

Media Depot is a national agency specializing in co-op advertising offering an array of services ranging from buying and planning media in radio, TV, cable, print or outdoor advertising, to creating print ads and producing electronic commercials. Media Depot was founded in March 2005 by combining its operations with Media Max, Inc., a privately held corporation operating since 1998. In August 2007, Media Depot acquired all of the assets, properties, goods, inventories, contracts and other intangible assets of Media Max, which then became a subsidiary of Media Depot. Both companies offer a full line of advertising services to manufacturers, distributors and dealers. Unless otherwise indicated, references herein to Media Depot will include the operations of Media Max.

Our objective is to offer quality advertising services at a reduced cost to clients. A typical media agency will bill clients for creative expense. However, Media Depot provides these services at no cost, which we consider a primary selling tool when soliciting clients. In seeking prospective clients, we first identify targeted manufacturer clients, establish corporate relationships that lead to distributors/dealers, and then implement ad campaigns for segmented client groups. Our target markets are manufacturers that use a co-op advertising strategy with their distributor/dealer network. Media Depot offers a cohesive ad campaign for the manufacturer as well as advertising buying power for the distributor/dealer that they otherwise would not have. Media Depot aggressively negotiates rates for the benefit of clients resulting in increased exposure for the client’s advertising campaign.

Media Depot also offers, through an arrangement with Rovion, “*InPerson Moving Media*,” a unique way to deliver video characters on a web site with a personalized message to viewers. *InPerson Moving Media* runs video clips of actors, spokespersons or company representatives that draw a visual connection with customers visiting web sites. This allows the client’s web site to get personal by delivering content in a way that truly speaks to their customers.

Media Depot is experienced with many local and regional markets in the United States. Its media buyers have in the aggregate over 30 years of experience in the advertising arena. Media Depot offers an array of services as outlined below:

Media & Marketing

- Media buying & planning
- Radio
- Network TV
- Cable
- Newspaper
- Magazine
- Direct mail
- Outdoor
- Market research
- Co-Op Management

Graphic Design

- Logo design
- Point of purchase
- Display design
- Outdoor advertising
- Printed materials
- Newspaper ads
- Magazine ads
- Business cards
- Door hangers
- Direct mail
- Brochures
- Postcards
- Inserts

Video

- Television scripts
- Television storyboards
- Television production

Radio

- Radio scripts
- Professional voices
- Radio production

Interactive Media

- Web site consulting
- Web site design
- Custom graphics
- Web Hosting

Certain costs are directly attributable to each advertising campaign including creative, planning and verification of ads placed. These costs represent approximately 10% of a campaign's budget. Most agencies bill clients for creative expense, but Media Depot provides creative services at no cost. We believe this an important selling tool when soliciting clients.

Our overall strategy is to first identify targeted manufacturer clients, establish corporate relationships that lead to distributors/dealers, and then implement ad campaigns for segmented client groups that benefit from pricing leverage. Our target markets are manufacturers that utilize a Co-Op advertising strategy with their distributor/dealer network. We offer a cohesive ad campaign for the manufacturer as well as advertising buying power for the distributor/dealer that they otherwise would not have.

A typical advertising agency generates a 15% agency fee and does not generally negotiate rates for the benefit of the client. Media Depot compares rate card costs with the client's past invoices, reviews circulation/subscriber numbers, and then contacts the media offering what our buyers feel is a competitive price for the client's ads. We aggressively negotiate rates for the benefit of the client that equates to increased exposure for the client's advertising campaign. Because we are not necessarily tied to any single media, the media will bid for a customer's advertising budgets.

Services

We are a full-service advertising agency offering media planning and placement for clients throughout the United States and Canada. In addition to traditional media, we offer Search Engine Marketing campaigns that utilize optimized landing pages, trackable phone numbers and automatic email response. We also specialize in Co-Op advertising campaigns for manufacturers and dealers.

We aggressively negotiate media rates that will deliver more ads per dollar spent for the client, which results in what we believe to be a competitive advantage. We also handle all aspects of creating, buying and planning media in radio, TV, cable, print and outdoor advertising.

Through an agreement with Rovion, we offer “*InPerson Moving Media*,” a unique way to deliver video characters on web sites with a personalized message to anyone who visits a website. This product runs video clips of actors, spokespeople or company representatives, that can draw a visual connection with customers visiting web sites. Learning what a company does online is no longer about reading content, but about viewing and listening. Moving Media adds a personal touch to a client's web site by delivering content that truly speaks to their customers.

Trademarks and Copyrights

We do not typically own trademarks or copyrights on properties on which our services and products are based. These rights are owned or controlled by the creator of the property or by the entity which licenses its intellectual property rights, such as a motion picture or television producer.

Markets and Competition

Media Depot operates in a highly competitive marketplace. Principal competitors include Interpublic Group, Catalina Marketing Group, Omnicom Group Inc. and other local and national advertising agencies. We also compete with various local companies in each regional market. We believe the principal competitive factors affecting our business are development of client marketing and promotional strategies, unique consumer insights, creative execution, licenses, selection, price and service quality. We must compete with companies that have far more extensive sales and development staffs and significantly greater financial resources.

Management believes that we are competitive in our offered services and the marketing and promotional strategies we develop. We also use bulk buying of advertising time and space so that we can offer reduced rates to clients. Further, by not charging for creative expenses, clients realize additional savings. We believe that the Moving Media product is unique to the marketplace and gives us an advantage when competing for on-line advertising business.

Creative Expertise

Some Media Depot clients require that we provide certain creative services to produce ads. Media Depot employs experienced graphic design persons to create ads for the required media as a client demands. We also employ creative writing and in-house production personnel as needed.

Government Regulation

Our business may be subject to certain government regulations, such as truth in advertising and legal disclaimers for certain advertisements, in addition to certain consumer advocacy groups.

Minerals

During 2010, management began to explore possible opportunities to diversify our business operations. In particular, we investigated what we perceived to be a new opportunity in the minerals and mining industry, particularly with rare earth elements. Rare earth elements are essential for a diverse and expanding array of high-technology applications and for many current and emerging alternative energy technologies, such as electric vehicles, energy-efficient lighting, and wind power. Rare earth elements are also critical for a number of key defense systems and other advanced materials.

On December 15, 2010 we acquired certain mining and/or mineral leases and/or claims located in Gunnison County, Colorado, Fremont County, Colorado and Custer County, Colorado. The claims are held by our wholly owned subsidiary, Seaglass Holding Corp, that owns approximately 36 mining and mineral claims located in Gunnison County and Fremont County, Colorado, and two leases located in Custer County, Colorado.

As a result of the acquisition, we are diversifying our business to include potential opportunities in the mining and mineral industry. We have established an advisory board to examine and provide advice as to the possibilities available to us to make the best use of the acquired properties, including the possibility of acquiring additional claims. We have also added three new directors to our board of directors, Harvey Kaye, Daniel McGroarty and Kevin Cassidy.

Description of Properties

We initially intend to explore our acquired unpatented mining claims and leases for rare earth deposits in the Wet Mountain and Powderhorn districts of Colorado. The Powderhorn district is located in Gunnison County, Colorado and the central/main alkali-carbonate complex related to mineralization of the district is located about 20 miles south by southwest of Gunnison, Colorado.

The Wet Mountain district is located in Fremont County, Colorado and the central portion of the district containing alkali-carbonate complexes is about 25 miles southwest of Canon City, Colorado. We plan to explore the principal deposits and their immediate surrounding area for additional rare earth mineralization near the north end of the district and about 15 miles west by southwest of Canon City and about 3 miles west of McClure Mountain complex.

We are in the process of developing a comprehensive plan to provide a path of recommended initial exploration and development and associated cost estimates towards the development of the rare earth resources of the deposits in the Powderhorn and Wet Mountain. Because very little exploration and development work has been done to date in these areas, there is limited information available concerning the deposits and whether or not they are economical to produce.

There has been an increase in demand and a decrease in the supply of available rare earths elements in recent years. Because there exists a potential of excluding exported supplies of rare earths elements from China, which is believed to hold about 97% of the world-wide rare earth element reserves, we believe there is a genuine interest in developing domestic supplies of rare earth elements in the United States.

Current Plans

We are currently developing an outline for recommended initial exploration and development activity and associated cost estimates. We intend to include current data analysis, additional research, literary review, additional claim staking, existing data analysis, local geologic field reconnaissance and mapping, surface and/or air geophysical surveying, preliminary target drilling, preliminary mineralogical determinations, and preliminary metallurgical testing. We also intend to include a generic layout and cost estimate of the various phases of work typically followed for mine development. We will need to develop a use of proceeds of monies or capital made available for conducting such exploration and development activities. Presently, we estimate that the initial phase will require approximately \$5,000,000 during 2011.

Suggested exploration and development will include additional geological mapping and evaluation. Surface and air gravimetric and magnetic geophysical surveys are also recommended to assist in delineating mineralized veins and/or zones and evaluating and possibly identifying a potential larger mineralized system buried at depth. Deeper exploration by drilling is will be sought at locations with the greatest potential for mineralization. All of this additional work is considered as part of the exploration and development plan with work expected to begin in the second quarter of 2011.

We anticipate that phase one will consist of a geologic assessment of the property and orientation survey implemented, for soil and rock geochemistry and geophysics, including Mag/VLF, SP and IP Surveys. To determine viable methodology of operations, geologic mapping, sample geochemistry, and early stage core drilling will be carried out over the entire property. This work will accurately assess the property to determine if further work, expected in phase two, is necessary and determine which techniques of data acquisition are appropriate for the Iron Hill Carbonatite Complex and Wet Mountain REE Properties.

In phase two, as anticipated, the orientation survey will establish baseline information to be used to focus exploration on the techniques and geologic methodologies that identify anomalies and geologic targets. The field survey grid system implemented will allow for accurate data acquisition, as well as provide the initial geochemical and geophysical data to determine the appropriate methodology. A second phase of surface exploration will then be incorporated to better define drill targets and follow up the orientation survey anomalies and targets identified. Phase two will also include geologic mapping, mineralogic and metallurgical study, geochemical sampling and geophysics survey. Additionally, phase two will involve detailed geologic map and data collection of outcrop and vein exposures, surface prospects, trenches and mine activity, as well as characterization of rock units, veins and structure including additional rock geochem and environmental baseline and assessment.

Following completion of phase two, we anticipate that phase three will involve surface exploration drilling in order to define the extent and determine the probability of an ore body extension. Initial exploratory drilling of 10,000 feet will provide the basis for continued drilling and development.

Private Placement

In February 2011, we began a private placement of our securities in an attempt to initially raise up to \$5,000,000 in order to commence exploratory work on our mineral claims and leases. The offering is for a maximum of 100 units, each unit consisting of 17,544 shares of our common stock and 17,544 common stock purchase warrants entitling the holder to purchase additional shares of our common stock. Each unit is being offered at a subscription price of \$50,000 per unit. The warrants are exercisable for a period of five years at \$4.85 per share and can be exercised for cash or through the cashless exercise provisions. The company has the option to call for the redemption of the warrants in the event that our stock price trades at a 50% premium to the warrant exercise price, or when the stock price reaches \$7.25 per share for ten consecutive trading days.

We intend to use the proceeds from the offering to commence our plan for mineral exploration. The extent to which we can develop our plan will be determined by the amount of funds realized from the sale of units. There can be no assurance that we will be able to realize sufficient funds to fulfill our intended goals. The offering is being made to accredited investors only and in reliance upon exemptions to the registration provisions of the Securities Act of 1933 provided by Section 4(2) of the Act and Regulation D, Rule 506 promulgated under the Act.

Employees

Media Depot presently has 14 full time employees, three part-time employees and one consultant. We anticipate that during the next 12 months, we will add approximately 10 employees, including a chief operating officer. Media Depot's employees are not members of any union, nor have they entered into any collective bargaining agreements, nor is it anticipated in the near future. We believe that our relationship with our employees is good.

Facilities

Our principal offices, located at 12 North Washington Street, Montoursville, Pennsylvania, consist of 4,000 sq. ft. of office space. The offices are leased from the Hoff Family Limited Partnership that is controlled by Rose Hoff, the wife of Matthew Hoff, a principal stockholder. Lease payments are \$1,500 per month and renew monthly.

We also maintain a satellite office in Lonoke, Arkansas, which consists of 2,000 sq. ft. of office space. The offices are leased for \$916 per month and renew monthly. The facilities are owned by the J.S. Parnell Trust, of which our C.E.O. Michael D. Parnell is trustee.

Employee Stock Plan

Pursuant to our employee stock plan, eight employees are entitled to receive a total of 134,000 shares of our common stock. An aggregate of 180,000 shares are authorized to be issued under the plan. All issued shares will remain in trust and ownership will not vest with the individual employee until certain employment criteria have been met. Each employee must execute an employment agreement with Media Depot and continuously remain an employee for the time period indicated below.

	Time Period	Percent of Shares
Vested		
	12 months from the date employment agreement is signed	25%
	24 months from the date employment agreement is signed	25%
	36 months from the date employment agreement is signed	25%
	48 months from the date employment agreement is signed	25%

Upon an employee fulfilling each time period of employment, we will deliver to the employee a stock certificate for that number of common shares indicated above. In the event an employee does not enter into an employment agreement or fails to fulfill any of the applicable time periods of employment, those shares of common stock not so earned by and vested with the employee will be delivered to the Company and canceled.

The plan shares are being issued pursuant to an exemption from registration under the Securities Act. We have included an aggregate of 30,000 shares previously issued under the plan in a registration statement that became effective on December 29, 2008. These shares may be sold or transferred by the holders without restriction. The balance of the shares are considered restricted securities and may be sold or transferred only pursuant to a registration statement or an appropriate exemption from registration.

Industry Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company's chief executive officer and chief operating officer have been identified as the chief operating decision makers. The Company's chief operating decision makers direct the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

The Company has three principal operating segments, which are (1) the offering a full line of advertising services to manufacturers, distributors and dealers across the United States and Canada and (2) the acquisition and exploration of mineral properties and (3) the corporate operations overseeing each segment and the financial reporting obligations of the combined entity. These operating segments were determined based on the nature of the products and services offered.

The Company has determined that there are two reportable segments: (1) advertising services and (2) mineral exploration.

The Company evaluates performance based on several factors, of which the primary financial measure is business segment income before taxes. The accounting policies of the business segments are the same as those described in "Note 1: Nature of ZOrganization and Significant Accounting Policies." All significant intercompany transactions and balances have been eliminated. The following tables show the operations of the Company's reportable segments:

	<u>Advertising Services</u>	<u>Mineral Exploration</u>	<u>Consolidated</u>
<u>2010</u>			
Revenues	\$ 3,890,960	\$ -	\$ 3,890,960
Cost of revenues	2,853,677	-	2,853,677
Operating expenses	2,213,656	2,624,000	4,837,656
Other income (expense)	1,022	-	1,022
Net income (loss)	(1,175,351)	(2,624,000)	(3,799,351)
Total assets	873,522	326,000	1,199,522
Total liabilities	\$ 408,099	\$ -	\$ 408,099
<u>2009</u>			
Revenues	\$ 3,105,470	\$ -	\$ 3,105,470
Cost of revenues	2,288,496	-	2,288,496
Operating expenses	840,828	-	840,828
Other income (expense)	2,655	-	2,655
Net income (loss)	(21,199)	-	(21,199)
Total assets	593,053	-	593,053
Total liabilities	\$ 92,279	\$ -	\$ 92,279

Item 1A. Risk Factors.

An investment in our common stock involves significant risks, and should not be made by anyone who cannot afford to lose his or her entire investment. Prospective investors should consider carefully the following risk factors, together with all other information contained in this report, before deciding to invest in our common stock. If any of the following events or risks actually occur, our business, operating results and financial condition would likely suffer materially and you could lose all or part of your investment.

Risks Relating to Our Business

If we fail to develop and maintain an effective system of internal controls, we may not be able to accurately report our financial results and our financial reports may be viewed as unreliable, which could harm our business and the trading price of our common stock.

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We are required to evaluate and report on our internal controls over financial reporting and to strengthen, assess and test our system of internal controls to provide the basis for our reports. The process of strengthening our internal controls and complying with applicable regulations is expensive, time consuming, and requires significant management attention. We presently do not have an audit committee or chief financial officer. We primarily have one individual performing these functions who is responsible for developing internal control procedures and for monitoring and ensuring compliance with those procedures. As a result, our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision. This could also harm our business and have a negative effect on the price of our common stock.

The success of our future advertising service operations depends on our ability to generate revenues from new and existing clients, which may be subject to many factors.

Media Depot, together with its subsidiary Media Max, has operated since 1998. Our ability to generate profits in the future depends on many factors, including the following:

- our ability to maintain Media Depot's current client base and to secure new clients in the future;
- our ability to develop new advertising marketing strategies to offer existing and future clients;

- our ability to compete with existing and new entities that offer the same or similar services and products as Media Depot;
- the costs of maintaining and expanding operations; and
- our ability to attract and retain a qualified work force.

We cannot assure you that we will achieve or maintain any of the foregoing factors or realize profitable operations in future.

Future advertising service operating results are difficult to predict.

We may experience significant quarter-to-quarter fluctuations in revenues and net income (loss). The advertising business tends to include larger promotions in the summer and during the winter holiday season. Advertising budgets for existing and new clients vary year-to-year, influencing their advertising schedules. Thus, we believe that quarter-to-quarter comparisons of historical operating results will not be a good indication of future performance. It is likely that in some future quarter, operating results may fall below the expectations of securities analysts and investors, which could have negative impact on the price of our common stock.

Media Depot relies on the continued development of new and competitive promotional programs and advertising campaigns.

A significant portion of our revenues come from promotional programs and advertising campaigns developed for clients. We must continually develop and market new and competitive promotional programs and advertising campaigns that will be competitive with other companies offering the same or similar services and products. There can be no assurance that Media Depot or our clients will be able to secure necessary licenses for additional entertainment properties on which to base promotional programs or that, if secured, such licenses will result in successful campaigns.

If some clients experience financial distress, their weakened financial position could negatively affect our own financial position and results.

We have a diverse client base and, at any given time, one or more clients may experience financial distress, file for bankruptcy protection or go out of business. If a substantial client experiences financial difficulty, it could delay or jeopardize the collection of accounts receivable, result in significant reductions in services provided by us and may have a material adverse effect on our financial position, results of operations and liquidity.

Media Depot receives approximately 50% of its revenue from its three largest clients and the loss of one or more of these clients could adversely impact results of operations and financial condition.

Our clients generally are able to reduce advertising and marketing spending or cancel projects at any time for any reason. It is possible that clients could reduce spending in comparison with historical patterns, or they could reduce future spending. Media Depot's three largest clients account for approximately 50% of total revenues. A significant reduction in advertising and marketing spending by our largest clients, or the loss of one or more of these clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect revenues. This could have a material adverse effect on our results of operations and financial condition.

Our business may be vulnerable to potential lawsuits regarding ad content or system failure.

Because Media Depot facilitates the placement of advertisements in print and/or on-line publications, potential claims may be asserted for negligence, defamation or personal injury, or for reasons based on other theories, due to the nature of the advertisements' content. Current technology does not contemplate the review of classified ad content processed on websites for libelous or other statements that might give rise to possible liability. This role has been fulfilled historically by each publication and we expect the publications will continue to monitor their ads. Although we anticipate obtaining general and professional liability insurance, such coverage may not cover potential claims or may not be adequate to indemnify us fully. Any imposition of liability or legal defense expenses that are not covered by insurance or that are in excess of our insurance coverage could place a strain on our available cash resources, could seriously jeopardize the success of our business plan and could materially and adversely affect our financial position, results of operations and cash flows.

The advertising industry is highly competitive and if we are unable to compete successfully, our results of operations could be negatively and severely affected.

The advertising and media industry is highly competitive and marked by several competitors of various size and resources. A significant capital base is not necessarily required to enter into the business making it relatively easy for new competitors to enter the market. Our principal competitors and potential competitors include Interpublic Group, Catalina Marketing Group, Omnicom Group Inc. and other local and national advertising agencies. Our services must compete with other agencies and providers of creative or media services in order to maintain existing client relationships and to win new clients. A client's perception of the quality of our creative work, our reputation and the reputations of the agencies with which we work, are important factors in determining our competitive position. An agency's ability to serve clients, particularly large international clients, on a broad geographic basis is also an important competitive consideration. Because an agency's principal asset is its people, freedom of entry into the business is almost unlimited and a small agency is, on occasion, able to take all or some portion of a client's account from a much larger competitor. Many existing and potential competitors have greater financial resources, larger market share, and larger production and creative capability, which may enable them to establish a stronger competitive position than we have. If we fail to address competitive developments quickly and effectively, we will not be able to grow our business or remain a viable entity.

If we fail to keep up with changes affecting marketing trends, technology and the markets that we serve, we will become less competitive, which would adversely affect future financial performance.

In order to remain competitive, we must respond on a timely and cost-efficient basis to changes in advertising and marketing trends, technology, industry standards and procedures and customer preferences. We need to continuously develop new strategies, advertising and marketing campaigns, technologies and services to address new developments in advertising. In some cases these changes may be significant and the cost to comply with these changes substantial. We cannot assure you that we will be able to adapt to any changes in the future or that we will have the financial resources to keep up with changes in the marketplace. Also, the cost of adapting to changes may have a material and adverse effect on our operating results.

Our future success depends on retaining existing key employees and hiring and assimilating new key employees.

In order to achieve success, we must retain Media Depot's key employees, including its executive officers, creative staff and research and media personnel. We must also be able to attract new personnel as needed. Although we currently have employment agreements with our C.E.O. and Business Manager, each individual may be able to terminate his agreement at any time. Presently, no other employment contracts exist. Our ability to attract and retain key personnel is influenced by a variety of factors, including compensation we pay, which could be adversely affected by our financial or market performance. It would be difficult for us to replace any one of these individuals. In addition, as we grow we may need to hire additional key personnel. We may not be able to identify and attract high quality employees or successfully assimilate new employees into our existing management structure.

Government regulations and consumer advocates may limit the scope of the content of our services, which could affect our ability to meet clients' needs.

Government agencies and consumer advocacy groups may, directly or indirectly from time to time, affect or attempt to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, whether through regulations or other governmental actions. There has been an increasing tendency on the part of advertisers and consumer groups to challenge advertising through legislation, regulations, courts or otherwise. These actions may be premised on the grounds that the advertising is false and deceptive or injurious to public welfare. Any such limitations on the scope of the content of services provided could affect our ability to meet clients' needs. In addition, there has been an increasing tendency on the part of businesses to resort to the judicial system to challenge advertising practices. We cannot assure investors in our stock that such claims by businesses or governmental agencies will not have a material adverse effect on our results of operations and financial condition in the future.

Our business could be adversely affected by negative economic developments in the advertising industry and/or the economy in general.

Media Depot depends on the perceived demand for advertising in the business community, which can be adversely affected by declines in the businesses of clients and prospective clients and/or downturns in the general economy. Accordingly, the success of our business is susceptible to downturns in not only the business of our clients, but also in the economy in general. Any significant downturn in the advertising market or in general economic conditions would likely hurt our business and operating results.

We may not be able to manage future growth effectively, which could adversely affect our operations and financial performance.

The ability to manage and operate our business as we execute our development and growth strategy will require effective planning. Significant rapid growth and/or possible future acquisitions could strain management and internal resources that could adversely affect financial performance. We anticipate that future growth or acquisitions could place a significant strain on personnel, management systems, infrastructure and other resources. Our ability to manage future growth effectively will also require attracting, training, motivating, retaining and managing new employees and continuing to update and improve operational, financial and management controls and procedures. If we do not manage growth effectively, our operations could be adversely affected resulting in slower growth and a failure to achieve or sustain profitability.

Risks associated with recent acquisition of mining claims and leases.

The acquisition in December 2010 of our mineral leases and claims represents a diversification from our ongoing media business. Prior to the acquisition, our management did not have experience in the mining industry. We have expanded our board of directors and created an advisory committee to add persons with experience in the mining and mineral business. There can be no assurance that we will have the necessary management expertise and resources to successfully conduct this new business venture. We will face new and unique business challenges risks that are unique to the mining industry and could have difficulty in assimilating this business into current operations. These difficulties could disrupt our ongoing business, distract management and employees and increase expenses.

There can be no assurance that a commercially viable mineral deposit exists on our properties.

Because of the lack of recent exploratory or other activity and other meaningful or recent geologic information concerning the acquired claims and leases, we can make no assurance that a viable mineral deposit of any kind exists on the properties. We anticipate that extensive exploration will be required before we can make a final evaluation as to the economic and legal feasibility of any potential deposits on our properties. In the event we are unable to locate a commercially viable mineral deposit, our business could fail and investors in our shares could lose a portion or all of their investment.

The absence of recent mineral exploration activity on our property means that we have limited knowledge of what exploration occurred in the past and what mineralization may exist.

There have been no significant mineral exploration activities or operations in the area our claims and leases are located, except for limited assessment and exploration work performed. We are not aware of any significant exploration or drilling activities on the properties, nor do we have any proven mineral reserve data related to the property.

We may be subject to environmental laws and regulations particular to our operations with which we are unable to comply.

As we become engaged in mineral exploration, we will be exposed to environmental risks associated with mineral exploration activity. We are currently in the initial exploration stages on our property interests and have not determined whether any significant site reclamation expenses may be encountered. We anticipate that we would record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified. Compliance with environmental regulations will likely be expensive and burdensome. The expenditure of substantial sums on environmental matters will have a materially negative effect on our ability to implement our business plan and grow our business.

We anticipate needing additional financing in order to accomplish our business plan.

In order to proceed with our mineral business, we will most likely need significant additional funds to finance our plans. Management estimates that we will require approximately \$5,000,000 to fully implement our current business plan. We expect to incur numerous expenses in our efforts to explore the acquired property and to commence an exploration and drilling program. Accordingly, we will need additional financing in order to make these option payments and expenditures. There is no assurance that we will be able to secure necessary financing, or that any financing available will be available on terms acceptable to us. At the present time, we do not intend to obtain any debt financing from a lending institution. Any additional offerings of our stock will dilute the holdings of our then-current stockholders. If alternative sources of financing are required, but are insufficient or unavailable, we will be required to modify our growth and operating plans in accordance with the extent of available funding.

In February 2011 we began a private placement of our securities, consisting of shares of common stock and stock purchase warrants, for an aggregate of \$5,000,000. There can be no assurance that this private placement will be successful or that we will be able to realize sufficient funds to proceed with our business plan. Also, the sale of new securities will dilute our current stockholders ownership of our company.

Being a public company involves increased administrative costs, which could result in lower net income and make it more difficult for us to attract and retain key personnel.

As a public company, we incur significant legal, accounting and other expenses that Media Depot did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 as well as new rules subsequently implemented by the SEC, have required changes in corporate governance practices of public companies. We expect that these new rules and regulations will increase our legal and financial compliance costs and make some activities more time consuming. For example, in connection with being a public company, we may have to create new board committees, implement additional internal controls and disclose controls and procedures, retain a financial printer, adopt an insider trading policy and incur costs relating to preparing and distributing periodic public reports. These rules and regulations could also make it more difficult for us to attract and retain qualified executive officers and members of our board of directors, particularly to serve on our audit committee.

Risks Relating to Ownership of Our Common Stock

There is a limited public trading market for our common stock and there is no assurance that a market will be maintained.

There is currently a limited public trading market for our common stock on the OTC Bulletin Board under the ticker symbol "CALY." We cannot give any assurance that an active trading market will develop or be sustained. If an active trading market for our common stock does not develop, it would be difficult, if not impossible, for stockholders to liquidate their shares. Also, the trading price for our shares may be highly volatile and subject to significant fluctuations in response to variations in our quarterly operating results and other factors. These price fluctuations may adversely affect the liquidity of our shares, as well as the price that holders may realize for their shares upon any future sale.

Trading in our shares is subject to price volatility and numerous other factors.

Trading of our shares on the OTC Bulletin Board is likely to be volatile and subject to numerous factors that can affect price, many of which are beyond our control. There can be no assurance that an active trading market will be achieved or maintained. Accordingly, it could be difficult for holders of our common stock to liquidate their shares. Some of the factors that may influence the price of our shares are:

- our failure to achieve and maintain profitability;
- changes in earnings estimates and recommendations by financial analysts;
- actual or anticipated variations in our quarterly and annual results of operations;
- changes in market valuations of similar companies;

- announcements by us or our competitors of significant contracts, new products or services, acquisitions, commercial relationships, joint ventures or capital commitments;
- the loss of significant clients or customers;
- decreases in the market price of rare earth elements;
- the inability to locate economical reserves on our mineral properties;
- the loss of significant partnering relationships; and
- general market, political and economic conditions.

In the past, following periods of extreme volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert our management's time and attention, which would otherwise be used to benefit our business.

Effective voting control of our Company is held by directors and certain principal stockholders.

Approximately 85% of our outstanding shares are held by directors and a small number of principal stockholders. These persons have the ability to exert significant control in matters requiring stockholder vote and may have interests that conflict with other stockholders. As a result, a relatively small number of stockholders acting together, have the ability to control all matters requiring stockholder approval, including the election of directors and approval of acquisitions, mergers and other significant corporate transactions. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company. It could also deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of our company and it may affect the market price of our common stock.

We do not expect to pay dividends in the foreseeable future, which could make our stock less attractive to potential investors.

We anticipate retaining any future earnings and other cash resources for operation and business development and do not intend to declare or pay any cash dividends in the foreseeable future. Any future payment of cash dividends will be at the discretion of our board of directors after taking into account many factors, including operating results, financial condition and capital requirements. Corporations that pay dividends may be viewed as a better investment than corporations that do not.

Trading of our shares may be subject to certain "penny stock" regulations, which could have a negative effect on the price of our shares in the public market.

Public trading of our common stock on the OTC Bulletin Board is likely subject to certain regulations commonly referred to as penny stock rules. A penny stock is generally defined to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. If our stock is deemed to be a penny stock, trading in the shares will be subject to additional sales practice requirements on broker-dealers. These may require a broker-dealer to make a special suitability determination for purchasers of penny stocks and to receive the purchaser's prior written consent to the transaction. A broker-dealer may also be required to deliver to a prospective purchaser of a penny stock, prior to the first transaction, a risk disclosure document relating to the penny stock market.

Consequently, penny stock rules may restrict the ability of broker-dealers to trade and/or maintain a market in our common stock and may affect the ability of stockholders to sell their shares. These requirements may be considered cumbersome by broker-dealers and could impact the willingness of a particular broker-dealer to make a market in our shares, or they could affect the price at which our shares trade. Also, many prospective investors may not want to get involved with the additional administrative requirements, which may have a material adverse effect on the trading of our shares.

Future sales or the potential for sale of a substantial number of shares of our common stock could cause our market value to decline.

Of the 12,551,250 shares of common stock presently outstanding, approximately 11,802,500 shares are considered restricted securities and may be sold only pursuant to a registration statement or the availability of an appropriate exemption from registration. Sales of a substantial number of these restricted shares in the public markets, or the perception that these sales may occur, could cause the market price of our common stock to decline and materially impair our ability to raise capital through the sale of additional equity securities.

Item 1B. Unresolved Staff Comments.

This item is not required for a smaller reporting company.

Item 2. Property.

We own approximately 36 mining and mineral claims located in Gunnison County and Fremont County, Colorado, and 2 leases located in Custer County, Colorado. We are primarily interested in the possibility of deposits of rare earth elements in our claims and leases. In order to proceed with our mineral business, we will most likely need significant additional funds to finance our plans, Management estimates that we will require approximately \$5,000,000 to fully implement our current business plan.

Our principal offices are located in leased facilities located at 12 North Washington Street, Montoursville, Pennsylvania. The facilities consist of 4,000 sq. ft. of office space and are leased from a related party at the rate of \$1,500 per month and renews monthly. We also lease an office in Lonoke, Arkansas, which consists of 2,000 sq. ft. of office space. The offices are leased from a related party at the rate of \$916 per month and renews monthly.

Item 3. Legal Proceedings.

There are no material pending legal proceedings to which the Company or any subsidiary is a party, or to which any property is subject and, to the best of our knowledge, no such action against us is contemplated or threatened.

Item 4. Removed and Reserved.**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock became eligible for trading on the OTC Bulletin Board during the second quarter of 2009. There is currently a limited public trading market for our common stock trading under the OTCBB ticker symbol: "CALY." Prior to the first quarter of 2011, there have only been sporadic trades and, accordingly, no trading history is being presented. The last reported trade was at \$2.90 per share on April 12, 2011. As of the date hereof there are approximately 68 stockholders of record of our common stock, which does not include shares held by brokers or other nominees.

Inclusion on the OTCBB permits price quotations for our shares to be published by that service. Any future secondary trading of our shares may be subject to certain state imposed restrictions. Except for our application to the OTCBB, there are no plans, proposals, arrangements or understandings with any person concerning the development of a trading market in any of our securities. Also, there can be no assurance that an active public trading market in our shares will develop or, that if such a market does develop, that it can be sustained.

The ability of individual stockholders to trade their shares in a particular state may be subject to various rules and regulations of that state. A number of states require that an issuer's securities be registered in their state or appropriately exempted from registration before the securities are permitted to trade in that state. Presently, we have no plans to register our securities in any particular state.

Recent Issuance of Securities

In December 2010, we authorized the issuance of 5,900,000 shares of common stock to six persons pursuant to the acquisition of Seaglass Holding. The shares were consideration for the exchange of the recipient's holdings in Seaglass and valued at \$0.50 per share. During December 2010, we issued 1,400,000 shares, valued at \$1,140,000, to a total of eight persons in exchange for services rendered or to be rendered as a director, employee or consultant to the company. Also during the first quarter we issued 200,000 shares of common stock to directors and officers and 67,250 shares to employees under an existing plan. A total of 16,000 shares were simultaneously cancelled pursuant to the plan. The shares issued for services will be valued based on the market price per share on the dates of issuance. All of the above shares were issued in private transactions to persons affiliated with and/or familiar with our business. In issuing the shares, we relied upon the exemption from registration under the Securities Act of 1933 provided by Section 4(2) of that Act.

Penny Stock Rule

It is unlikely that our securities will be listed on any national or regional exchange or The Nasdaq Stock Market in the foreseeable future. Therefore our shares most likely will be subject to the provisions of Section 15(g) and Rule 15g-9 of the Exchange Act, commonly referred to as the

"penny stock" rule. Section 15(g) sets forth certain requirements for broker-dealer transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act.

The SEC generally defines a penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is:

- registered and traded on a national securities exchange meeting specified criteria set by the SEC;
- authorized for quotation on The Nasdaq Stock Market;
- issued by a registered investment company;
- excluded from the definition on the basis of price (at least \$5.00 per share) or the issuer's net tangible assets; or
- exempted from the definition by the SEC.

A broker-dealer who sells penny stocks to a person other than an established customer or accredited investor is subject to additional sales practice requirements. An accredited investor is generally defined as a person with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse.

For transactions covered by these rules, a broker-dealer must make a special suitability determination for the purchase of such securities and must receive the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, a monthly statement must be sent to the client disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our common stock and may affect the ability of stockholders to sell their shares.

These requirements may be considered cumbersome by broker-dealers and could impact the willingness of a particular broker-dealer to make a market in our shares, or they could affect the value at which our shares trade. Classification of the shares as penny stocks increases the risk of an investment in our shares.

Rule 144

We have registered a total of 748,750 shares of our outstanding common stock for resale under the registration statement declared effective December 29, 2008. The balance of 11,802,500 shares are deemed to be "restricted securities" as defined by Rule 144 under the Securities Act. Rule 144 is the common means for a stockholder to resell restricted securities and for affiliates to sell their securities, either restricted or non restricted (control) shares. Rule 144 was amended by the SEC, effective February 15, 2008.

Under the amended Rule 144, an affiliate of a company filing reports under the Exchange Act who has held their shares for more than six months, may sell in any three-month period an amount of shares that does not exceed the greater of:

- the average weekly trading volume in the common stock, as reported through the automated quotation system of a registered securities association, during the four calendar weeks preceding such sale, or
- 1% of the shares then outstanding.

Sales by affiliates under Rule 144 are also subject to certain requirements as to the manner of sale, filing appropriate notice and the availability of current public information about the issuer.

A non-affiliate stockholder of a reporting company who has held their shares for more than six months, may make unlimited resales under Rule 144, *provided* only that the issuer has available current public information about itself. After a one-year holding period, a non-affiliate may make unlimited sales with no other requirements or limitations.

Holders of restricted shares of our common stock are eligible to avail themselves to sell their shares under the provisions of Rule 144, provided they comply with the selling and volume limitations of that Rule. We cannot predict the effect any future sales under Rule 144 may have on the market price of our common stock, if a market for our shares develops, but such sales may have a substantial depressing effect on such market price.

Dividends Policy

We have never declared cash dividends on our common stock, nor do we anticipate paying any dividends on our common stock in the foreseeable future.

Item 6. Selected Financial Data.

This item is not required for a smaller reporting company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10-K.

Forward Looking and Cautionary Statements

This report contains forward-looking statements relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or similar terms, variations of such terms or the negative of such terms. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including those risks discussed elsewhere in this report. Although forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment, actual results could differ materially from those anticipated in such statements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Minerals

During 2010, management began to explore possible opportunities to diversify our business operations. In particular, we investigated what we perceived to be a new opportunity in the minerals and mining industry, particularly with rare earth elements. Rare earth elements are essential for a diverse and expanding array of high-technology applications and for many current and emerging alternative energy technologies, such as electric vehicles, energy-efficient lighting, and wind power. Rare earth elements are also critical for a number of key defense systems and other advanced materials.

On December 15, 2010 we acquired certain mining and/or mineral leases and/or claims located in Gunnison County, Colorado, Freemont County, Colorado and Custer County, Colorado. The claims are held by our wholly owned subsidiary, Seaglass Holding Corp, that owns approximately 36 mining and mineral claims located in Gunnison County and Freemont County, Colorado, and two leases located in Custer County, Colorado.

As a result of the acquisition, we are diversifying our business to include potential opportunities in the mining and mineral industry. We have established an advisory board to examine and provide advice as to the possibilities available to us to make the best use of the acquired properties, including the possibility of acquiring additional claims. We have also added three new directors to our board of directors, Harvey Kaye, Daniel McGroarty and Kevin Cassidy.

Description of Properties

We initially intend to explore our acquired unpatented mining claims and leases for rare earth deposits in the Wet Mountain and Powderhorn districts of Colorado. The Powderhorn district is located in Gunnison County, Colorado and the central/main alkali-carbonate complex related to mineralization of the district is located about 20 miles south by southwest of Gunnison, Colorado.

The Wet Mountain district is located in Freemont County, Colorado and the central portion of the district containing alkali-carbonate complexes is about 25 miles southwest of Canon City, Colorado. We plan to explore the principal deposits and their immediate surrounding area for additional rare earth mineralization near the north end of the district and about 15 miles west by southwest of Canon City and about 3 miles west of McClure Mountain complex.

We are in the process of developing a comprehensive plan to provide a path of recommended initial exploration and development and associated cost estimates towards the development of the rare earth resources of the deposits in the Powderhorn and Wet Mountain. Because very little exploration and development work has been done to date in these areas, there is limited information available concerning the deposits and whether or not they are economical to produce.

There has been an increase in demand and a decrease in the supply of available rare earths elements in recent years. Because there exists a potential of excluding exported supplies of rare earths elements from China, which is believed to hold about 97% of the world-wide rare earth element reserves, we believe there is a genuine interest in developing domestic supplies of rare earth elements in the United States.

Current Plans

We are currently developing an outline for recommended initial exploration and development activity and associated cost estimates. We intend to include current data analysis, additional research, literary review, additional claim staking, existing data analysis, local geologic field reconnaissance and mapping, surface and/or air geophysical surveying, preliminary target drilling, preliminary mineralogical determinations, and preliminary metallurgical testing. We also intend to include a generic layout and cost estimate of the various phases of work typically followed for mine development. We will need to develop a use of proceeds of monies or capital made available for conducting such exploration and development activities. Presently, we estimate that the initial phase will require approximately \$5,000,000 during 2011.

Suggested exploration and development will include additional geological mapping and evaluation. Surface and air gravimetric and magnetic geophysical surveys are also recommended to assist in delineating mineralized veins and/or zones and evaluating and possibly identifying a potential larger mineralized system buried at depth. Deeper exploration by drilling is will be sought at locations with the greatest potential for mineralization. All of this additional work is considered as part of the exploration and development plan with work expected to begin in the second quarter of 2011.

We anticipate that phase one will consist of a geologic assessment of the property and orientation survey implemented, for soil and rock geochemistry and geophysics, including Mag/VLF, SP and IP Surveys. To determine viable methodology of operations, geologic mapping, sample geochemistry, and early stage core drilling will be carried out over the entire property. This work will accurately assess the property to determine if further work, expected in phase two, is necessary and determine which techniques of data acquisition are appropriate for the Iron Hill Carbonatite Complex and Wet Mountain REE Properties.

In phase two, as anticipated, the orientation survey will establish baseline information to be used to focus exploration on the techniques and geologic methodologies that identify anomalies and geologic targets. The field survey grid system implemented will allow for accurate data acquisition, as well as provide the initial geochemical and geophysical data to determine the appropriate methodology. A second phase of surface exploration will then be incorporated to better define drill targets and follow up the orientation survey anomalies and targets identified. Phase two will also include geologic mapping, mineralogic and metallurgical study, geochemical sampling and geophysics survey. Additionally, phase two will involve detailed geologic map and data collection of outcrop and vein exposures, surface prospects, trenches and mine activity, as well as characterization of rock units, veins and structure including additional rock geochem and environmental baseline and assessment.

Following completion of phase two, we anticipate that phase three will involve surface exploration drilling in order to define the extent and determine the probability of an ore body extension. Initial exploratory drilling of 10,000 feet will provide the basis for continued drilling and development.

Results of Operations

The following table sets forth the percentage relationship to total revenues of principal items contained in our consolidated statements of operations for the two most recent fiscal years ended December 31, 2010 and 2009. It should be noted that percentages discussed throughout this analysis are stated on an approximate basis.

	Fiscal Years Ended December 31,	
	2010	2009
Total revenues	100%	100%
Cost of goods sold	73%	74%
Gross margin	27%	26%
Total operating expenses	124%	27%
Loss from operations	(98%)	(1%)
Other income (expenses)	(0%)	0%
Loss before income taxes	(98%)	(1%)
Income tax expense (benefit)	(0%)	(0%)
Net loss	(98%)	(1%)

For the years ended December 31, 2010 and 2009.

Total revenues for the year ended December 31, 2010 were \$3,890,960 compared to \$3,105,470 for 2009. This 25% increase is attributed to organic growth within our Company along with existing customers who have increased advertising due to an improving economy after delaying campaigns in 2009. Cost of goods sold increased 25% from \$2,288,496 in 2009 to \$2,853,677 in 2010, primarily attributed to our increase in sales. As a percentage of revenues, cost of goods sold decreased from 74% in 2009 to 73% in 2010, which reflects expected fluctuations in gross margins. General and administrative expenses increased 168% to \$2,191,194 in 2010 from \$817,737 in 2009, primarily attributed to issuance of stock for services of \$1,140,000. We also incurred increased legal and accounting services related to the acquisition of Seaglass and recorded an impairment expense of \$2,624,000 related to the write-down of the goodwill recorded in the acquisition of Seaglass. The resulting net loss for 2010 was \$3,799,315 (\$0.73 per share) compared to \$21,199 (\$0.00 per share) in 2009, which is generally attributed to the increases in operating expenses and the impairment of goodwill mentioned above.

The Company's operations do not reflect any activity related to its newly acquired mineral business segment, apart from the impairment of goodwill (See Note 2), as the acquisition of Seaglass did not occur until December 15, 2010 and there was no operating activity within Seaglass from the time of acquisition through December 31, 2010. During fiscal year 2011, the Company plans to have significant activity related to its mineral business segment as it begins to implement its new business plan.

Liquidity and Capital Resources

At December 31, 2010, we had total current assets of \$823,715, compared to \$526,897 at December 31, 2009. This increase is primarily attributed to the 102% increase in accounts receivable from \$351,327 at December 31, 2009 to \$710,411, due to a number of sales made during December 2010 that were not collected until January and February 2011. The increase in current assets was partially offset by the decrease in cash from \$175,570 at December 31, 2009 to \$61,574 at December 31, 2010, due to the slow collections of accounts receivable. Accounts payable and accrued expenses at December 31, 2010 were \$408,099, a 342% increase from \$92,279 at December 31, 2009. This increase is attributed to our attempt to conserve cash until collection could be made on the large accounts receivable balance.

Working capital at December 31, 2010 was \$415,616 compared to \$434,618 at December 31, 2009. The decrease in working capital was primarily attributed to the decreases in cash and increase in accounts payable and accrued expenses partially offset by the increase in accounts receivable and other receivables. At December 31, 2010 we had total assets of \$1,199,522 and stockholders' equity of \$791,423, compared to total assets of \$593,053 and stockholders' equity of \$500,774 at December 31, 2009.

Net cash used by operating activities for the year ended December 31, 2010 was \$107,882, which reflects our net loss of \$3,799,351 in 2010 and the increase in accounts receivable of \$359,084 offset mainly by stock issued for services of \$1,140,000, the impairment expense of \$2,624,000 and the \$315,820 increase in accounts payable. For the year ended December 31, 2009, net cash used by operating activities was \$37,407, attributed primarily to the net loss recognized in 2009 and the decrease in accounts payable of \$104,473 for the year.

Private Placement

In February 2011, we began a private placement of our securities in an attempt to initially raise up to \$5,000,000 in order to commence exploratory work on our mineral claims and leases. The offering is for a maximum of 100 units, each unit consisting of 17,544 shares of our common stock and 17,544 common stock purchase warrants entitling the holder to purchase additional shares of our common stock. Each unit is being offered at a subscription price of \$50,000 per unit. The warrants are exercisable for a period of five years at \$4.85 per share and can be exercised for cash or through the cashless exercise provisions. The company has the option to call for the redemption of the warrants in the event that our stock price trades at a 50% premium to the warrant exercise price, or when the stock price reaches \$7.25 per share for ten consecutive trading days.

We intend to use the proceeds from the offering to commence our plan for mineral exploration. The extent to which we can develop our plan will be determined by the amount of funds realized from the sale of units. There can be no assurance that we will be able to realize sufficient funds to fulfill our intended goals. The offering is being made to accredited investors only and in reliance upon exemptions to the registration provisions of the Securities Act of 1933 provided by Section 4(2) of the Act and Regulation D, Rule 506 promulgated under the Act.

Inflation

In the opinion of management, inflation has not and will not have a material effect on our operations in the immediate future. Management will continue to monitor inflation and evaluate the possible future effects of inflation on our business and operations.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements.

Recent Accounting Pronouncements

No recent accounting standards or interpretations issued or recently adopted are expected to have a material impact on the Company's financial position, operations or cash flows.

In February 2011, the Company began a private placement of our securities, consisting of shares of common stock and stock purchase warrants, for an aggregate of up to \$5,000,000. Management believes that if the capital raising is successful, it will be able to cover all costs

related to the implementation of its mineral business segment's business plan through December 31, 2011.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

This item is not required for a smaller reporting company.

Item 8. Financial Statements and Supplementary Data.

Consolidated financial statements for the fiscal years ended December 31, 2010 and 2009 have been examined to the extent indicated in the report by GBH CPAs, PC, independent registered public accounting firm and have been prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to regulations promulgated by the SEC. The aforementioned financial statements are included herein under Item 15.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On August 7, 2009, we dismissed Moore & Associates Chartered as our independent registered public accounting firm. None of the reports of Moore & Associates on our financial statements for either of the past two years contained an adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope or accounting principles. During the two most recent fiscal years, there were no disagreements with Moore and Associates, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Moore and Associates, Chartered's satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with its report on the registrant's financial statements.

On August 27, 2009, the PCAOB issued PCAOB Release No. 105-2009-006 revoking the registration of Moore & Associates, Chartered and barring Michael J. Moore, CPA, from being an associated person of a registered public accounting firm. The PCAOB imposed these sanctions on the basis of its findings concerning the alleged violations of Moore & Associates and Michael J. Moore of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, PCAOB rules and auditing standards in auditing the financial statements of three issuer clients from 2006 to 2008, PCAOB rules and quality controls standards, and noncooperation with a Board investigation. A copy of the PCAOB Release can be accessed at the PCAOB website at <http://www.pcaobus.org>.

On August 7, 2009, we engaged the accounting firm of Seale and Beers, CPAs as our new independent registered public accounting firm. Our board of directors approved the dismissal of Moore & Associates Chartered and the engagement of Seale and Beers, CPAs. During the two most recent fiscal years and the interim periods preceding the engagement, we did not consult Seale and Beers regarding any of the matters set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K

On September 22, 2009, we dismissed Seale and Beers, CPAs as our independent registered public accounting firm pursuant to the unanimous consent of our board of directors. We initially retained Seale and Beers on August 7, 2009, but the firm did not performed any auditing or accounting services nor has it issued any audit or other reports on our financial statements. Accordingly, since we retained Seale and Beers, we had no disagreements with the firm, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Seale and Beers' satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with its report on our financial statements.

On September 22, 2009, we engaged GBH CPAs, PC, as our new independent registered public accounting firm. Our board of directors unanimously approved the engagement of GBH CPAs, PC. During the two most recent fiscal years and the interim periods preceding the engagement, we did not consulted GBH CPAs, PC regarding any of the matters set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K

Item 9A(T). Controls and Procedures.

Evaluation of Disclosures and Procedures

As of the end of the period covered by this annual report, our chief executive officer, also acting as principal financial officer, carried out an evaluation of the effectiveness of "disclosure controls and procedures," as defined in the Securities Exchange Act of 1934, Rules 13a-15(e) and 15-d-15(e). Based upon that evaluation, it was concluded that as of December 31, 2010, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is:

- (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms; and
- (ii) accumulated and communicated to management, including our chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for our company. Our control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principals. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of our assets;
- provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are being made only with proper authorizations of management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of company assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including our chief executive officer, also acting as chief financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Over Financial Reporting – Guidance for Smaller Public Companies*.

As of December 31, 2010, our principal officers identified material weaknesses in our internal control over financial reporting. A material weakness is a significant deficiency (within the meaning of Public Company Accounting Oversight Board Auditing Standard No. 5), or combination of significant deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by employees in the normal course of their assigned functions. Each material weakness is discussed below.

1. Inadequate and ineffective controls over the corporate financial statement close process

As a result of ineffective procedures and controls, our December 31, 2008 year-end financial statements were issued with a material misstatement which resulted in a material restatement that was reflected in our restated consolidated financial statements for the year ended December 31, 2009. The ineffective procedures and controls occurred within our accounting process and involved account reconciliations, period cut-off procedures and manual journal entries that were not properly prepared and/or reviewed and approved. The Company intends to continue to rely on consulting professionals as needed until a permanent accounting and finance team is appointed. These weaknesses resulted in the material restatement identified by our accounting staff and/or our independent registered public accounting firm.

2. Inadequate and ineffective controls over the recognition of cost of revenue

We did not have adequate controls to ensure that cost of revenue was recorded in accordance with generally accepted accounting principles. Specifically, we noted the following with respect to our accounting for cost of revenue transactions:

- our sales and operations teams did not communicate to our accounting staff all of the information necessary to record accurately our cost of revenue;
- we did not have adequate procedures in place to validate the completeness and accuracy of the information that was provided to our accounting team by our sales and operations teams;
- we did not make a complete assessment of our cost of revenue transactions, and did not utilize documentation necessary to support the Company's accounting conclusions.

These material weaknesses led to the restatement of our consolidated financial results for previously issued 2008 consolidated financial statements. As a result of the material weaknesses described above, our management has determined that, as of December 31, 2010, we did not maintain effective internal control over financial reporting based on the COSO criteria.

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

Changes in Internal Control over Financial Reporting

During the period covered by this report, there was no significant change in our internal controls over financial reporting or in other factors that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Remediation plans

Management plans to put in place the following measures to strengthen internal controls over financial reporting and address the material weaknesses described above. Our remediation efforts involve numerous business and accounting process improvements. The improvements are generally designed to: enhance the number of persons within the corporate accounting group with the technical experience to properly evaluate and account for accounting transactions, as well as to provide appropriate managerial oversight to our accounting staff, improve the timeliness and access to information that is required by the accounting team in order to make appropriate assessments of transactions in accordance with generally accepted accounting principles.

The remediation plans that we plan to undertake, include the following measures:

Plans with respect to accounting personnel

- Appoint a permanent Chief Financial Officer and enhance the number and quality of the composition of our corporate finance team. This will include the Company conducting an assessment of the current skill set to support the staffing of a finance group with the requisite expertise. We will review the composition of our team of salaried accounting professionals, in terms of skills, technical expertise and overall experience level.
- Until such time as the review and hiring of salaried accounting professionals is finalized, we have engaged outside professionals to assist us in finalizing our accounting and related SEC reporting for the periods included in this Annual Report on Form 10-K. The Company plans to continue to rely on outside professionals as needed until a permanent staff is deployed.

Plans with respect to organization-wide personnel

- Provide training to our sales, operations and accounting teams with respect to certain corporate governance and public company matters. The training will include guidelines and procedures to ensure that relevant information is promptly and completely communicated to the accounting team, or other senior management representatives, as appropriate. The training will also educate our sales, operations and accounting teams with respect to revenue recognition implications of certain activities, including discussions or other communications between our personnel and customers.
- Develop procedures whereby the consistent application of our policies for cost of revenue recognition are understood and are able to be applied.
- Develop enhanced procedures with respect to the review of facts, assumptions and other related information that has been reviewed or considered when reaching accounting conclusions. These procedures will be further enhanced by improved documentation, review and approvals of material facts and assumptions by management within the accounting function, and outside of the accounting function when deemed appropriate or necessary.

Plans with respect to organization-wide processes and information systems

- Review our information systems to assess which processes can be further automated including, as appropriate, the configuration of our information systems to allow for tracking of certain information that is not routinely captured currently. The accounting processes will be reviewed, and expanded as deemed necessary, to review and assess non-accounting information that is captured in our enterprise wide information systems, as certain of this information can assist the evaluation and documentation of accounting

conclusions.

- Redesign our key accounting processes with respect to our accounting team management's oversight and review of accounting records, source documentation and related assumptions that form the basis for conclusions.

If the remedial measures described above are insufficient to address any of the identified material weaknesses or are not implemented effectively, or additional deficiencies arise in the future, material misstatements in our interim or annual financial statements may occur in the future and we may continue to be delinquent in our filings. We are currently working to improve our internal processes and implement enhanced controls, as discussed above, to address the material weaknesses in our internal control over financial reporting and to remedy the ineffectiveness of our disclosure controls and procedures. While this implementation phase is underway, we are relying on extensive manual procedures including the use of qualified external consultants and incremental management oversight and reviews, to assist us with meeting the objectives otherwise fulfilled by an effective internal control. Despite our efforts to continually improve our control procedures and environment, we cannot provide assurance that our remediation measures will be completed or become effective by any given date after 2010. Among other things, any unremediated material weaknesses could result in material post-closing adjustments in future financial statements and in the Company's inability to file future financial statements with the SEC in a timely manner.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Our executive officers and directors are as follows:

<u>Name</u>		<u>Age</u>	<u>Position</u>
Michael D. Parnell		52	Chief Executive Officer and Director
Greg Schifrin	52	President	
Harvey Kaye		70	Director
Daniel McGroarty		53	Director
Kevin Cassidy	54	Director	
Phyllis Park	52	Secretary	

All directors serve for one-year terms until their successors are elected or they are re-elected at the annual stockholders' meeting. Officers hold their positions at the pleasure of the board of directors, absent any employment agreement, of which none currently exists or is contemplated.

There is no arrangement, agreement or understanding between any of the directors or officers and any other person pursuant to which any director or officer was or is to be selected as a director or officer. Also, there is no arrangement, agreement or understanding between management and non-management stockholders under which non-management stockholders may directly or indirectly participate in or influence the management of our affairs.

The business experience of each of the persons listed above during the past five years is as follows:

Michael D. Parnell was appointed as a directors and Chief Executive Officer on December 31, 2007 following the acquisition of Media Depot. Mr. Parnell is a graduate of the University of Arkansas with a degree in Agricultural Economics. In 2002, Mr. Parnell joined J.I.T. Distribution as President and was responsible for marketing, licensing and branding a variety of odor control products through retail distribution chains. In 2004, Mr. Parnell joined GWA, a national advertising agency as a National Account Director, directing Co-Op advertising for 23 markets across the United States. In 2005, Mr. Parnell joined Media Depot as National Account Director and was responsible for securing new clients and maintaining existing client relationships.

On January 21, 2000, Mr. Parnell entered into a judgment with the SEC against Mr. Parnell and Ammonia Hold, Inc., of which he was a major stockholder and one-time President. Without admitting or denying the SEC's allegations, Mr. Parnell and Ammonia Hold consented to the entry of a judgment permanently enjoining them from violation Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Mr. Parnell also agreed to pay a \$25,000 civil penalty.

This action arose from the SEC's allegation that Ammonia Hold and Mr. Parnell violated the registration requirements of the Securities Act in the issuance and sale of stock to a public relations firm. The SEC further alleged that Ammonia Hold and Mr. Parnell improperly reported the proceeds from the sale of stock as licensing revenues instead as an infusion of capital.

Greg Schifrin was appointed President on February 4, 2011 and has over 28 years experience in the mining and mineral exploration industry, where he has been involved in precious, base metals, rare earth and uranium exploration and development. In 1985, Mr. Schifrin co-founded and became the President of Minex Exploration, a mining exploration, consulting and service company, which operates throughout North America for major and junior mining company clients. During his tenure, Mr. Schifrin managed exploration projects from drilling to development phase, legal and regulatory requirements, geologic evaluation, project generation, land acquisition and risk analysis. Mr. Schifrin is also a co-founder of Selkirk Environmental, an environmental consulting and service company, where he has managed environmental regulatory compliance, risk analysis, pollution cleanup and environmental assessment since 1991. In August of 1983, Mr. Schifrin received a Bachelor of Science degree in Geology from the University of Idaho, Moscow, Idaho. He is a registered professional geologist in the State of Washington.

Harvey Kaye was appointed as a director in December 2010. Mr. Kaye is presently and has been since March 2009, President, CEO and Chairman of Latitude Solutions, Inc., a public company that provides products, processes and solutions for contaminated water applications and also wireless telemetry/live video streaming security products. Mr. Kaye formerly served as Chairman and CEO of Gulfstream Capital Group, Inc., a merchant banking, consulting and financial advisory organization. Currently, Mr. Kaye is on the Board for Angstrom Technologies, a security company engaged in manufacturing UV chemicals and scanners and other products for the security industry. Mr. Kaye has a BS in business from Temple University.

Daniel McGroarty was appointed as a director in December 2010. He is a principal of Carmot Strategic Group, an issues management firm in Washington, D.C. Mr. McGroarty has served in senior positions in the U.S. Government, as a special assistant at the White House and with the Department of Defense. He is experienced in advising corporations on issues of management, public policy and communications. Mr. McGroarty also serves as Adjunct Professor in the Graduate School of Political Management at George Washington University.

Kevin Cassidy was appointed as a director in January 2011. Mr. Cassidy currently serves in New York as the Managing Member and Founder of Logic International Consulting Group. Mr. Cassidy also served as the Chief Operating Officer for Bank Julius Baer (BJB), based in Zurich. He was a member of the BJB Trading Management Committee and responsible for organizing and directing the re-branding of the BJB global trading platform, including both new product and business development.

In addition, Mr. Cassidy developed the global FX Option Trading Business and Operating Support Paradigm for the Bank.

Prior to BJB, Mr. Cassidy was Managing Director of UBS, where he was the Global Head of Fixed Income Derivatives Support. Kevin also served as the Global Head of the Bank's Derivatives Infrastructure, including operations, finance, systems IT and Legal, etc. While at UBS, Mr. Cassidy was also President of UBS Securities Swaps, Inc., the bank's US based derivatives platform and business center, responsible for the North Americas Fixed Income Derivatives Business. Further, he was responsible for the Global infrastructure and business platform, including Systems, IT, Finance & Accounting, including operations and legal support. Earlier in his career, Mr. Cassidy was Managing Director of Bear Sterns, where he was credited with the development of multiple new products, including, Currency Exchange Warrants (CEW's) and Remarketed Preferred, and was also responsible for the new product planning and development group.

Phyllis Park was appointed as our corporate Secretary on January 8, 2008. Prior to joining the Company, Ms. Park handled all the accounting functions for Media Depot since its inception in 2004 including payroll, receivables and payables, costing spreadsheets and maintaining all financials records. Prior to 2004, she work in a similar position with a private company, J.I.T. Packaging, LLC, which she joined in 2001, where she was responsible for all clerical and accounting duties for the Company.

On April 28, 2010, Timothy Young resigned as a director of our company. Mr. Young had served as a director since December 2007. His resignation was for personal reasons and was not due to any disagreement with the company. The remaining director, Michael D. Parnell, has not appointed a successor to Mr. Young but will be considering possible candidates in the near future.

Key Personnel

Our future success depends in large part on the continued services of senior management and key personnel. In particular, we are highly dependent on the services of Matthew J. Hoff and Michael D. Parnell. Mr. Hoff is the founder of both Media Max and Media Depot and currently serves as Business Manager. Mr. Parnell currently serves as President and Chief Executive Officer. Both Mr. Hoff and Mr. Parnell will be instrumental in the growth of the Company through acquisitions and strategic partnerships.

Advisory Board

In connection with our acquisition of mining claims and leases, in December 2010 we created an Advisory Board to explore possible alternatives as to how to make the best use of the properties acquired through Seaglass, including the possibility of acquiring additional claims. James Hedrick was appointed to be the Chairman of the Advisory Board. Scott J. McFarland has also been named as a member of the Advisory Board.

Except as set otherwise set forth herein, during the past five years, none of our officers, directors, promoters or control persons has had any of the following events occur:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time;
- any conviction in a criminal proceeding or being subject to a pending criminal proceeding, excluding traffic violations and other minor offenses;
- being subject to any order, judgment or decree, not substantially reversed, suspended or vacated, of any court of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking business; and
- being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Committees of the Board of Directors

None of our directors are deemed to be independent directors. Currently we do not have any standing committees of the board of directors. Until formal committees are established, our board of directors will perform some of the functions associated with a nominating committee and a compensation committee, including reviewing all forms of compensation provided to our executive officers, directors, consultants and employees, including stock compensation. The board will also perform the functions of an audit committee until we establish a formal committee.

Compliance With Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. We believe that no reports were filed during the fiscal year 2010.

Code of Ethics

We have adopted a Code of Ethics and Business Conduct that applies to our directors and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. In addition, we intend to promptly disclose (i) the nature of any amendment to the policy that applies to these persons, and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals, the name of such person who is granted the waiver and the date of the waiver on our website in the future.

A written copy of the Code will be provided upon request at no charge by writing to our Principal Financial Officer, c/o Colorado Rare Earths, Inc., 12 North Washington Street, Montoursville, Pennsylvania 17754.

Item 11. Executive Compensation.

During 2010 and 2009, we did not have a bonus, profit sharing, or deferred compensation plan for the benefit of employees, officers or directors.

In 2010, we paid compensation of \$93,500 to Matthew J. Hoff, Business Manager. In 2009, Mr. Hoff earned \$78,000. In 2010, we paid compensation of \$95,000 to Michael D. Parnell, President and CEO. In 2009, Mr. Parnell earned \$78,000

Following the Media Depot acquisition, we assumed the employment agreements of Messrs. Hoff and Parnell. Each agreement is for a term of three years commencing January 1, 2007 and were renewed for an additional three years on January 1, 2010

Pursuant to the renewed agreements, Mr. Hoff is employed as the company's business manager and Mr. Parnell as the Chief Executive Officer. Each employee will receive an annual salary of \$96,000, in 2010, \$110,000 in 2011 and \$125,000 in 2012. Each employee is entitled to six weeks annual vacation and benefits generally extended to executive employees including health and hospitalization insurance for the employee and his family. Also, we may pay each employee an annual incentive bonus, the terms of which will be determined and approved by the board of directors.

Name and Principal Position	Year	Salary	Other Compensation	Total Compensation
Michael D. Parnell (C.E.O.)	2010	\$ 95,000	\$ -	\$ 95,000
	2009	\$ 78,000	\$ -	\$ 78,000
	2008	\$ 67,166	\$ -	\$ 67,166
Matthew J. Hoff (Business Manager)	2010	\$ 93,000	\$ -	\$ 93,000
	2009	\$ 78,000	\$ -	\$ 78,000
	2008	\$ 70,800	\$ -	\$ 70,800

On February 4, 2011, we entered into an employment agreement with Greg Schifrin whereby he will be employed as our President for an initial term of three years. Mr. Schifrin will receive an annual salary of \$60,000 and also received 10,000 shares of our common stock upon execution of the agreement. As an incentive, Mr. Schifrin will receive an additional 240,000 shares of common stock at the beginning of the second year of his tenure and an additional 250,000 shares at the beginning of the third year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information as of April 8, 2010 with respect to the beneficial ownership of our common stock:

- each stockholder believed to be the beneficial owner of more than 5% of our common stock;
- by each of our directors and executive officers; and
- all of our directors and executive officers as a group.

For purposes of the following table, a person is deemed to be the beneficial owner of any shares of common stock (i) over which the person has or shares, directly or indirectly, voting or investment power, or (ii) of which the person has a right to acquire beneficial ownership at any time within 60 days after the date of this report. "Voting power" is the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares. The address of each person listed below, unless otherwise indicated, is c/o Calypso Media Services Group, Inc., 12 North Washington Street, Montoursville, Pennsylvania 17754. The number of shares outstanding is 5.0 million shares.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
<i>5% Beneficial Owners:</i>		
Matthew J. Hoff	1,335,000 ⁽³⁾	10.6%
Greg Welteroth 356 Laurens Road Montoursville, PA 17754	1,000,000	8%
Edward F. Cowle 70 Garth Road, Apt. 4A Scarsdale, NY 10583	3,305,500 ⁽⁵⁾	26.3%
H. Deworth Williams 2681 East Parleys Way, Suite 204 Salt Lake City, Utah 84109	3,301,000 ⁽⁵⁾	26.3%
<i>Directors and Executive Officers:</i>		
Michael D. Parnell	1,335,000 ⁽⁴⁾	10.6%
Gregory Schifrin	10,000	0.1%
Harvey Kaye	250,000	2.0%
Daniel McGroarty	150,000	1.2%
Kevin Cassidy	150,000	1.2%
All directors and executive officers as a group (6 person)	1,895,000 ⁽⁴⁾	15.1%

(1) Unless otherwise indicated, the named person will be the record and beneficially owner of the shares indicated.

(2) Percentage ownership is based on 12,551,250 shares of common stock outstanding as of April 11, 2010.

(3) Includes 1,050,000 shares in the name of the Hoff Family Trust of which Rose Hoff is the trustee.

(4) Includes 1,335,000 shares in the name of the Michael D. Parnell Living Trust, of which Mr. Parnell is the trustee.

- (5) Includes 500,000 shares owned by Blue Cap Development Corp., of which Mr. Cowle is a principle.
- (6) Includes 500,000 shares owned by Blue Cap Development Corp., of which Mr. Williams is a principle.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In December 2010, we acquired certain mining claims and leases owned by Seaglass Holding Corp. Two principals of Seaglass, Edward F. Cowle and H. Deworth Williams, are also principal stockholders of our Company's common stock, each owning approximately 12% of our outstanding shares prior to the acquisition. Mr. Williams' son, Geoff Williams, was also a stockholder of Seaglass. In consideration for the claims and leases, we issued to Seaglass 5,900,000 share of our authorized, but previously unissued common stock valued at \$2,950,000. Because of the related nature of the parties to the transaction, we endeavored to conduct an independent investigation of Seaglass and its properties and research the merits and value of acquiring Seaglass.

Our President, Michael D. Parnell, oversaw the investigation and consulted with two of our other principal stockholders not related to Seaglass. These two principal stockholders together with Mr. Parnell owned in the aggregate greater than 61% of our issued and outstanding shares of common stock prior to the acquisition. The Company researched information and documents related to the Seaglass properties and consulted with other persons familiar with those properties and the industry. Following the review of all available information, it was determined that the acquisition presented a unique opportunity for the Company, that it could be accomplished for a fair, negotiated consideration and the acquisition would be in the best interest of the stockholders.

Media Depot has entered into an acquisition agreement with two of its principals, Matthew J. Hoff and Michael D. Parnell, as an incentive to locate and acquire new businesses associated with the advertising industry. This would include, but not be limited to businesses such as advertising agencies, printing and public relations firms. The agreement provides that if Media Depot makes an acquisition through the efforts of Messrs. Hoff and Parnell, they will be entitled to a fee of 10% of the value of the acquisition. Payment of the fee may be in cash or in shares of our common stock. We have assumed the agreement following the acquisition of Media Depot. No prospective acquisitions have been identified as of the date hereof and there can be no assurance that any acquisition will be made in the future.

Media Depot's principal offices in Montoursville, Pennsylvania are leased from the Hoff Family Limited Partnership that is controlled by Matthew Hoff, a founder of Media Depot and a principal stockholder of Calypso. This agreement was entered into before we acquired Media Depot and has been continued following the acquisition. Lease payments are \$1,500 per month and renew monthly.

Our Lonoke, Arkansas offices are leased from the J.S. Parnell Trust, of which our C.E.O. Michael D. Parnell is trustee. This agreement was entered into before we acquired Media Depot and has been continued following the acquisition. Lease payments are \$916 per month and renew monthly.

Except as set forth above, we have not entered into any other material transactions with any officer, director, nominee for election as director, or any stockholder owning greater than five percent (5%) of our outstanding shares, nor any member of the above referenced individuals' immediate family.

None of our directors are deemed to be independent directors. We do not have a compensation, audit or nominating committee, rather these functions are carried out by the board as a whole.

Item 14. Principal Accounting Fees and Services.

We do not have an audit committee and therefore our entire board of directors performs the duties of an audit committee. Our board of directors will approve in advance the scope and cost of the engagement of an auditor before the auditor renders audit and non-audit services. As a result, we do not rely on pre-approval policies and procedures.

Audit Fees

The aggregate fees billed by our former independent auditors, Moore & Associates, Chartered, for professional services rendered for the audit of our annual financial statements included in our annual report for the year ended December 31, 2009 and for the review of quarterly financial statements included in our quarterly reports during 2008, were \$13,300. Moore & Associates also billed \$2,500 for the review of our quarterly financial statements include in our quarterly reports during 2009. Our other former independent auditors Seal and Beers, CPAs did not bill us for services in 2009.

GBH CPAs, PC, our auditors as of September 2009, billed us \$28,000 for the audits of our annual financial statements included in our annual report for the year ended December 31, 2009 and for the review of quarterly financial statements included in our quarterly report for September 30, 2009. GBH CPAs, PC also billed us \$47,000 for the audit of our financial statements included in this annual report for the year ended December 31, 2010 and for the review of quarterly financial statements included in our quarterly reports filed during 2010.

Audit Related Fees

For the year ended December 31, 2010 and 2009, there were no fees billed for assurance and related services by our former auditors, Moore & Associates and Seale and Beers, or our current auditors GBH CPAs, PC relating to the performance of the audit of our financial statements which are not reported under the caption "Audit Fees" above.

Tax Fees

For the years ended December 31, 2010 and 2009, no fees were billed by our former auditors, Moore & Associates and Seale and Beers, or our current auditors GBH CPAs, PC, for tax compliance, tax advice and tax planning.

We do not use GBH CPAs, PC for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally or by other service providers. We do not engage GBH CPAs, PC to provide compliance outsourcing services.

The board of directors has considered the nature and amount of fees billed by GBH CPAs, PC and believes that the provision of services for activities unrelated to the audit is compatible with maintaining GBH CPAs, PC's independence.

PART 1V

Item 15. Exhibits, Financial Statement Schedules

(a) Exhibits

<u>Exhibit No.</u>	<u>Exhibit Name</u>
2.1*	Agreement and Plan of Merger with Media Depot, Inc. and Calypso Acquisitions, Inc. [Included as Appendix C to 14C Information Statement filed with SEC on December 10, 2007]
2.2*	Merger Agreement (Change of Domicile) [Included as Appendix B to 14C Information Statement filed with SEC on December 10, 2007]
3.1*	Articles of Incorporation (Nevada – change of domicile) [Included as Appendix A to 14C Information Statement filed with SEC on December 10, 2007]
3.2*	By-Laws [Filed as Exhibit to the Form 10-SB registration statement filed with SEC on July 28, 2000]
4.1*	Instrument defining security holder rights [Filed as Exhibit to Form SB-2 Registration Statement filed with SEC on November 17, 1999]
10.1*	Employment Contract of Matthew J. Hoff [Filed as Exhibit to Form 8-K Current Notice filed with SEC on January 4, 2008]
10.2*	Employment Contract of Michael D. Parnell [Filed as Exhibit to Form 8-K Current Notice filed with SEC on January 4, 2008]
10.3*	Incentive Acquisition Agreement [Filed as Exhibit to Form 8-K Current Notice filed with SEC on January 4, 2008]
10.4*	Employment Contract of Matthew J. Hoff as of January 1, 2010 [Filed as Exhibit to Form 10-K filed with SEC on April 15, 2010]
10.5*	Employment Contract of Michael D. Parnell as of January 1, 2010 [Filed as Exhibit to Form 10-K filed with SEC on April 15, 2010]
10.5*	Agreement and Plan of Merger, dated December 15, 2010, by and among Calypso Media Services Group, Inc., Calypso Merger, Inc. and Seaglass Holding Corp. [Filed as Exhibit to Form 8-K filed with SEC on December 16, 2010]
10.6	Employment Agreement of Greg Schiffrin dated February 4, 2011
21.1	Subsidiaries
31.1	Certification of C.E.O. and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of C.E.O. and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Form of lock-up / leak-out agreement (included in initial Form S-1 registration statement filed with SEC on September 3, 2008)

* Previously filed as indicated.

COLORADO RARE EARTHS, INC.

**FORMALLY KNOWN AS CALYPSO
MEDIA SERVICES GROUP, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 and 2009

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Colorado Rare Earths, Inc. (f.k.a Calypso Media Services Group, Inc.)
Montoursville, Pennsylvania

We have audited the accompanying consolidated balance sheets of Colorado Rare Earths, Inc. (f.k.a Calypso Media Services Group, Inc.) (the "Company") and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the 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 consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, audits 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 on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 consolidated financial position of Colorado Rare Earths, Inc. (f.k.a Calypso Media Services Group, Inc.) as of December 31, 2010 and 2009 and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ GBH CPAs, PC

GBH CPAs, PC
www.gbhcpas.com
Houston, Texas
April 15, 2011

COLORADO RARE EARTHS, INC.
(F/K/A CALYPSO MEDIA SERVICES GROUP, INC.)
Consolidated Balance Sheets

ASSETS

	December 31, 2010	December 31, 2009
CURRENT ASSETS		
Cash	\$ 61,574	\$ 175,570
Accounts receivable, less allowance for doubtful accounts of \$64,734 and \$74,565, respectively	710,411	351,327
Other current receivables	<u>51,730</u>	<u>-</u>
Total Current Assets	<u>823,715</u>	<u>526,897</u>
PROPERTY AND EQUIPMENT		
Property and equipment, net	49,807	66,156
Mineral properties	<u>326,000</u>	<u>-</u>
Total Property and Equipment	<u>375,807</u>	<u>66,156</u>
TOTAL ASSETS	<u><u>\$ 1,199,522</u></u>	<u><u>\$ 593,053</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Trade accounts payable	<u>\$ 408,099</u>	<u>\$ 92,279</u>
Total Current Liabilities	<u>408,099</u>	<u>92,279</u>
STOCKHOLDERS' EQUITY		
Preferred stock; 10,000,000 shares authorized, at \$0.001 par value, no shares issued and outstanding, respectively	-	-
Common stock; 20,000,000 shares authorized, at \$0.00001 par value, 12,300,000 and 5,000,000 shares issued and outstanding, respectively	123	50
Additional paid-in capital	4,109,847	19,920
Retained earnings (accumulated deficit)	<u>(3,318,547)</u>	<u>480,804</u>
Total Stockholders' Equity	<u>791,423</u>	<u>500,774</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u><u>\$ 1,199,522</u></u>	<u><u>\$ 593,053</u></u>

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

COLORADO RARE EARTHS, INC.
(F/K/A CALYPSO MEDIA SERVICES GROUP, INC.)
Consolidated Statements of Operations

	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>
REVENUES		
Advertising revenue	\$ 3,890,960	\$ 3,105,470
Total Revenue	3,890,960	3,105,470
Cost of revenues	<u>2,853,677</u>	<u>2,288,496</u>
Gross Margin	<u>1,037,283</u>	<u>816,974</u>
OPERATING EXPENSES		
General and administrative	2,191,194	817,737
Depreciation and amortization	22,462	23,091
Impairment expense	<u>2,624,000</u>	<u>-</u>
Total Operating Expenses	<u>4,837,656</u>	<u>840,828</u>
Loss from Operations	<u>(3,800,373)</u>	<u>(23,854)</u>
OTHER INCOME (EXPENSE)		
Interest income	1,022	2,655
Total Other Income	<u>(1,022)</u>	<u>2,655</u>
LOSS BEFORE INCOME TAXES	(3,799,351)	(21,199)
INCOME TAX EXPENSE (BENEFIT)	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (3,799,351)</u>	<u>\$ (21,199)</u>
PER SHARE DATA:		
BASIC AND DILUTED LOSS		
PER SHARE	<u>\$ (0.71)</u>	<u>\$ (0.00)</u>
WEIGHTED AVERAGE NUMBER		
OF SHARES OUTSTANDING	<u>5,344,384</u>	<u>5,000,000</u>

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

COLORADO RARE EARTHS, INC.
(F/K/A CALYPSO MEDIA SERVICES GROUP, INC.)
Consolidated Statements of Stockholders' Equity

	<u>Common Stock Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
Balance, December 31, 2008	5,000,000	\$ 50	\$ 19,920	\$ 502,003	\$ 521,973
Net loss for the year ended December 31, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,199)</u>	<u>(21,199)</u>
Balance, December 31, 2009	5,000,000	50	19,920	480,804	500,774
Common stock issued in acquisition of subsidiary	5,900,000	59	2,949,941	-	2,950,000
Common stock issued for services	1,400,000	14	1,139,986	-	1,140,000
Net loss for the year ended December 31, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,799,351)</u>	<u>(3,799,351)</u>
Balance, December 31, 2010	<u>12,300,000</u>	<u>\$ 123</u>	<u>\$ 4,109,847</u>	<u>\$ (3,318,547)</u>	<u>\$ 791,423</u>

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

COLORADO RARE EARTHS, INC.
(F/K/A CALYPSO MEDIA SERVICES GROUP, INC.)
Consolidated Statements of Cash Flows

	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>
OPERATING ACTIVITIES		
Net loss	\$ (3,799,351)	\$ (21,199)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
Depreciation and amortization	22,462	23,091
Common stock and warrants issued for services	1,140,000	-
Impairment expense	2,624,000	-
Changes in Operating Assets and Liabilities:		
Accounts receivable	(359,084)	65,174
Other current receivables	(51,730)	-
Trade accounts payable	<u>315,821</u>	<u>(104,473)</u>
 Net Cash Used by Operating Activities	 <u>(107,882)</u>	 <u>(37,407)</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(6,114)</u>	<u>(26,166)</u>
 Net Cash Used By Investing Activities	 <u>(6,114)</u>	 <u>(26,166)</u>
FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
DECREASE IN CASH	(113,996)	(63,573)
CASH AT BEGINNING OF YEAR	<u>175,570</u>	<u>239,143</u>
 CASH AT END OF YEAR	 <u><u>\$ 61,574</u></u>	 <u><u>\$ 175,570</u></u>
 Supplemental Cash Flow Disclosures:		
Cash paid for:		
Interest expense	\$ -	\$ -
Income taxes	\$ -	\$ -
 Non Cash Investing and Financing Activities:		
Common stock issued for mineral properties	\$ 2,950,000	\$ -

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

COLORADO RARE EARTHS, INC.
(F/K/A Calypso Media Services Group, Inc.)
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Activities

The Company Colorado Rare Earths, Inc., formerly known as Calypso Media Services Group, Inc., was incorporated under the laws of the State of Delaware on July 27, 1999. Upon the acquisition of Media Depot, Inc. the Company's principal business objective became that of offering a full line of advertising services to manufacturers, distributors and dealers across the United States and Canada. The Company specializes in co-op advertising and offers services ranging from buying and planning media in radio, TV, cable, print or outdoor advertising, to creating print ads and producing electronic commercials.

On December 15, 2010, the Company entered into an agreement to acquire Seaglass Holding Corp., a Nevada corporation ("Seaglass"). Seaglass owns certain mining and/or mineral leases and/or claims located in Gunnison County, Colorado, Fremont County, Colorado and Custer County, Colorado. The acquisition was structured as a triangular merger whereby Seaglass merged with Calypso Merger, Inc., a newly formed, wholly-owned subsidiary of Calypso Media Services Group, Inc. created solely for the purpose of facilitating the acquisition. Seaglass became the surviving corporate entity as a wholly-owned subsidiary of the Company and Calypso Merger, Inc. was dissolved.

Pursuant to the terms of the agreement, the stockholders of Seaglass exchanged 100% of the outstanding common stock of Seaglass for 5,900,000 unregistered shares of the Company's authorized, but previously unissued common stock, on a one share for one share basis. The Company has evaluated the substance of the merger in accordance with ASC 805 and has determined that because the Company is the combining entity whose relative size is significantly larger than Seaglass and the Company paid a premium over the pre-combination fair value of the equity interests of Seaglass, Seaglass is the acquiree and the Company is the acquirer.

On December 15, 2010, three stockholders who beneficially owned in the aggregate 2,670,000 shares, or approximately 53.4% of the Company's issued and outstanding common stock, consented in writing to amend its articles of incorporation changing the corporate name to Colorado Rare Earths, Inc.

Accounting Basis

The basis is accounting principles generally accepted in the United States of America. The Company has adopted a December 31 fiscal year end. The consolidated financial statements present the consolidated operations of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of the Company's mineral properties.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Risk

The Company's bank accounts are held by insured institutions. The funds are insured up to \$250,000. At December 31, 2010, the Company's bank deposits did not exceed the insured amounts.

The Company's three largest clients account for approximately 50% of total revenues for the years ended December 31, 2010 and 2009, respectively. A significant reduction in advertising and marketing spending by its largest clients, or the loss of one or more of these clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect revenues. This could have a material adverse effect on our results of operations and financial condition.

COLORADO RARE EARTHS, INC.
(F/K/A Calypso Media Services Group, Inc.)
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

NOTE 1 -NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Company's accounts receivable are net of the allowance for estimated doubtful accounts. The allowance for doubtful accounts reflects managements' best estimate of probable losses inherent in the accounts receivable balance. Management determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. The allowance totaled \$64,734 and \$74,565 as of December 31, 2010 and 2009, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed principally on the straight-line method over the estimated useful lives of the assets. The useful lives of the Company's property and equipment ranges from 5 to 7 years.

Mining Properties

Upon determination of the existence of a commercially minable deposit, the Company will capitalize pre-operating and mine development costs including acquisition costs relating to the deposits. The Company periodically reviews its mining property for impairment in accordance with ASC Topic No. 410, "Property Plant, and Equipment.

Impairment of Long-Lived Assets

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Revenue Recognition

The Company recognizes revenue when products are fully delivered or services have been provided and collection is reasonably assured.

Stock-based Compensation

The Company follows the provisions of ASC 718 which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The Company uses the Black-Scholes pricing model for determining the fair value of stock-based compensation.

Equity instruments issued to non-employees for goods or services are accounted for at fair value when service is complete or a performance commitment date is reached, whichever is earlier.

Pursuant to our employee stock plan, eight employees are entitled to receive a total of 134,000 shares of our common stock. An aggregate of 180,000 shares are authorized to be issued under the plan. All issued shares will remain in trust and ownership will not vest with the individual employee until certain employment criteria have been met. Each employee must execute an employment agreement with the Company and continuously remain an employee for the time period indicated below.

<u>Time Period</u>	<u>Percent of Shares Vested</u>
12 months from the date employment agreement is signed	25%
24 months from the date employment agreement is signed	25%
36 months from the date employment agreement is signed	25%
48 months from the date employment agreement is signed	25%

Upon an employee fulfilling each time period of employment, we will deliver to the employee a stock certificate for that percentage of common shares indicated above. In the event an employee does not enter into an employment agreement or fails to fulfill any of the applicable time periods of employment, those shares of common stock not so earned by and vested with the employee will be delivered to the company and canceled.

COLORADO RARE EARTHS, INC.
(F/K/A Calypso Media Services Group, Inc.)
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

NOTE 1 -NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock-based Compensation

As of December 31, 2010 no shares have been granted under this plan and accordingly, no compensation expense has been recorded.

Income Taxes

The Company provides for income taxes under ASC 740, Accounting for Income Taxes. ASC 740 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse.

ASC 740 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The income tax provision differs from the amount of income tax benefit determined by applying the U.S. federal and state income tax rates to pretax income (loss) from continuing operations for the years ended December 31, 2010 and 2009. The components of income tax expense (benefit) are as follows:

	2010	2009
Income tax benefit at U. S. federal statutory rates:	\$ (1,291,779)	\$ (7,208)
Stock based comp	387,600	-
Impairment expense	892,160	-
Change in valuation allowance	12,019	7,208
	<u>\$ -</u>	<u>\$ -</u>

Deferred tax assets and the valuation account are as follows:

	2010	2009
Deferred Tax assets:		
Net operating loss carry forwards	1,312,861	21,082
Stock-based compensation	(387,600)	-
Impairment expense	(892,160)	-
Valuation allowance	(33,101)	(21,082)
	<u>\$ -</u>	<u>\$ -</u>

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

Income (Loss) per Share

The computation of basic net income (loss) per share of common stock is based on the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted average number of shares adjusted for any potentially dilutive debt or equity securities.

Recent Accounting Pronouncements

No recent accounting standards or interpretations issued or recently adopted are expected to have a material impact on the Company's financial position, operations or cash flows.

COLORADO RARE EARTHS, INC.
(F/K/A Calypso Media Services Group, Inc.)
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT EVENTS

On December 15, 2010, the Company entered into an agreement to acquire Seaglass Holding Corp., a Nevada corporation (“*Seaglass*”). Seaglass owns certain mining and/or mineral leases and/or claims located in Gunnison County, Colorado, Fremont County, Colorado and Custer County, Colorado. The acquisition was structured as a triangular merger whereby Seaglass merged with Calypso Merger, Inc., a newly formed, wholly-owned subsidiary of the Company created solely for the purpose of facilitating the acquisition. Seaglass became the surviving corporate entity as a wholly-owned subsidiary of the Company and Calypso Merger, Inc. was dissolved.

Pursuant to the terms of the agreement, the stockholders of Seaglass exchanged 100% of the outstanding common stock of Seaglass for 5,900,000 unregistered shares of the Company’s authorized, but previously unissued common stock, on a one share for one share basis. The amount of shares issued was negotiated between the parties and the 5,900,000 shares represent approximately 54% of the total outstanding the Company shares following the transaction. In connection with the acquisition, the Company changed its corporate name to Colorado Rare Earths, Inc. Also, two new directors were named to the Company’s Board of Directors effective at the closing of the acquisition.

The Company recorded goodwill from the purchase of Seaglass due to the fact that the purchase price was in excess of the fair value of assets acquired and liabilities assumed. The table below details the calculation of goodwill. On December 31, 2010 the Company evaluated the carrying value of the goodwill held on its books for the acquisition of Seaglass and determined, due to a lack of operating history for Seaglass and the uncertainty of the future cash flow to be received from its operations, to impair the value of the goodwill to \$0. This resulted in an impairment expense of \$2,624,000 for the year ended December 31, 2010.

	Shares	Price	Total
Purchase Price	5,900,000	\$ 0.50	\$ 2,950,000
Tangible assets acquired			-
Fair value of mineral claims acquired			326,000
Total liabilities assumed			-
Goodwill			\$ 2,624,000

NOTE 3 – MINERAL PROPERTIES

As part of the acquisition of Seaglass (see Note 2) the Company acquired rights to mineral claims on approximately 704 acres on, near, or adjacent to anomalous values of Rare Earth metals, including thorium, uranium, niobium and tantalum. The Company had an independent evaluation performed by a licensed processing engineer to estimate the fair market value of the claims on the date of acquisition. Based on this report, the Company assigned a fair value to the claims of \$326,000.

NOTE 4 – COMMON STOCK

On December 10, 2010, the Company issued 600,000 shares to two executives as part of new employment agreements. The stock was valued at \$0.50 based on the quoted market price of the stock on the grant date. The Company recorded a corresponding expense of \$300,000 as general and administrative expense.

On December 15, 2010, the Company issued 100,000 shares to consultants for services. The stock was valued at \$0.50 per share based on the quoted market price of the stock on the grant date. The Company recorded a corresponding expense of \$50,000 as general and administrative expense.

From December 15, 2010, through December 17, 2010 the Company issued 700,000 shares to five individuals for joining the Company as board of directors or as members of the advisory board. The shares were valued at \$0.50 and \$1.30 per share based on the quoted market price of the stock on the grant date. The Company recorded a corresponding expense of \$790,000 as general and administrative expense.

COLORADO RARE EARTHS, INC.
(F/K/A Calypso Media Services Group, Inc.)
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

NOTE 4 – COMMON STOCK (CONTINUED)

On December 15, 2010, the Company issued 5,900,000 shares to acquire Seaglass Holding Corp. (see Note 2). The shares were valued at \$2,950,000 or \$0.50 per share based on the quoted market price of the stock on the acquisition date.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company has entered into an acquisition agreement with two of its principals as an incentive to locate and acquire new businesses associated with the advertising industry. This would include, but not be limited to businesses such as advertising agencies, printing and public relations firms. The agreement provides that if the Company makes an acquisition through the principles, they will be entitled to a fee of 10% of the value of the acquisition. Payment of the fee may be in cash or in shares of our common stock. We have assumed the agreement following the acquisition of Media Depot. No prospective acquisitions have been identified as of the date hereof and there can be no assurance that any acquisition will be made in the future.

The Company's principal offices in Montoursville, Pennsylvania are leased from the Hoff Family Limited Partnership that is controlled by a founder of Media Depot and a principal stockholder of Calypso. This agreement was entered into before the Company acquired Media Depot and has been continued following the acquisition. Lease payments are \$1,500 per month and renew monthly.

The Company's offices located in Lonoke, Arkansas are leased from the J.S. Parnell Trust, of which our C.E.O. Michael D. Parnell is trustee. This agreement was entered into before the Company acquired Media Depot and has been continued following the acquisition. Lease payments are \$916 per month and renew monthly.

Litigation

The Company may be party to various legal actions arising in the ordinary course of business. Matters that are probable of unfavorable outcomes to the Company and which can be reasonably estimated are accrued. Such accruals are based on the Company's estimates of the outcomes of such matters and its experience in contesting, litigating and settling similar matters. There is no litigation or contingencies that require accrual or disclosure as of December 31, 2010.

NOTE 6 – SEGMENT DISCLOSURES

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company's chief executive officer and chief operating officer have been identified as the chief operating decision makers. The Company's chief operating decision makers direct the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

The Company has three principal operating segments, which are (1) the offering a full line of advertising services to manufacturers, distributors and dealers across the United States and Canada, (2) the acquisition and exploration of mineral properties and (3) the corporate operations overseeing each segment and the financial reporting obligations of the combined entity. These operating segments were determined based on the nature of the products and services offered.

The Company has determined that there are two reportable segments: (1) advertising services and (2) mineral exploration.

The Company evaluates performance based on several factors, of which the primary financial measure is business segment income before taxes. The accounting policies of the business segments are the same as those described in "Note 1: Nature of Organization and Significant Accounting Policies." All significant intercompany transactions and balances have been eliminated. The following tables show the operations of the Company's reportable segments:

COLORADO RARE EARTHS, INC.
(F/K/A Calypso Media Services Group, Inc.)
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

NOTE 6 – SEGMENT DISCLOSURES (CONTINUED)

	<u>Advertising Services</u>	<u>Mineral Exploration</u>	<u>Consolidated</u>
<u>2010</u>			
Revenues	\$ 3,890,960	\$ -	\$ 3,890,960
Cost of revenues	2,853,677	-	2,853,677
Operating expenses	2,213,656	2,624,000	4,837,656
Other income (expense)	1,022	-	1,022
Net income (loss)	(1,175,351)	(2,624,000)	(3,799,351)
Total assets	873,522	326,000	1,199,522
Total liabilities	\$ 408,099	\$ -	\$ 408,099
<u>2009</u>			
Revenues	\$ 3,105,470	\$ -	\$ 3,105,470
Cost of revenues	2,288,496	-	2,288,496
Operating expenses	840,828	-	840,828
Other income (expense)	2,655	-	2,655
Net income (loss)	(21,199)	-	(21,199)
Total assets	593,053	-	593,053
Total liabilities	\$ 92,279	\$ -	\$ 92,279

NOTE 7 - SUBSEQUENT EVENTS

Subsequent to December 31, 2010, the Company issued 267,250 shares of common stock to employees and directors for services. In conjunction with these issuances, the Company also cancelled 16,000 shares previously issued to employees. The new shares issued will be valued in accordance with ASC 718.

On March 10, 2011, the Company issued 1,300,000 warrants to purchase 1,300,000 shares of common stock at an exercise price of \$0.50 per share, subject to certain price reset features, to consultants for services. The price reset features allow the strike price to adjust lower if the Company were to issue new securities at a price per share less than the exercise price of \$0.50. The Company is in the process of valuing the warrants based on the applicable accounting standards.

In accordance with ASC 855-10, the Company's management reviewed all material events through the date these consolidated financial statements were issued and there are no additional material subsequent events to report other than those reported.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Colorado Rare Earths, Inc.

By: /s/ MICHAEL D. PARNELL
Michael D. Parnell

Chief Executive Officer
Principal Financial Officer
Principal Accounting Officer

Dated: April 14, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MICHAEL D. PARNELL</u> Michael D. Parnell	Chief Executive Officer and Director (Principal Accounting Officer) (Principal Financial Officer)	April 14, 2011
<u>/s/ HARVEY KAYE</u> Harvey Kaye	Director	April 14, 2011
<u>/s/ DANIEL McGROARTY</u> Daniel McGroarty	Director	April 14, 2011
<u>/s/ KEVIN CASSIDY</u> Kevin Cassidy	Director	April 14, 2011

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”) made this **4th day of February, 2011** by and between Colorado Rare Earths, Inc., a Nevada corporation with offices at 12 North Washington Street, Montoursville, PA 17754 (the “**Company**” or “**Party**”) and Greg Schifrin of Sandpoint, ID (“**Employee**” or “**Party**”). **Company** and **Employee** collectively referred to herein as Parties.

WHEREAS , **Employee** and **Company** desire to memorialize their understandings with respect to the employment of **Employee** .

NOW THEREFORE, IN VIEW OF THE FOREGOING; AND IN FURTHER CONSIDERATION OF THE MUTUAL PROMISES HEREINAFTER SET FORTH, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Article 1. EMPLOYMENT.

Company agrees to employ **Employee** and **Employee** agrees to serve **Company** , during the term of employment described in Article 2 which may be extended pursuant to the terms described therein.

Article 2. TERM.

This Agreement shall continue for a period of three (3) years (“Term”) from the date of this Agreement and shall be automatically renewed and extended, unless on or before 90 days prior to the conclusion of the Term or any extended term, **Company** or **Employee** gives written notice to the other of intention not to extend the Term, which will otherwise be automatically extended for further periods of one (1) year each.

Company shall endeavor to provide notification to **Employee** that the Term has been so extended, but the failure to provide such notice shall not limit the rights of the parties under this section.

Article 3. DUTIES, POSITION AND DEFINITIONS.

TIME. **Employee** shall devote enough time and best efforts to the business and affairs of **Company** except that **Employee** may have other business investments and participate in other business ventures which, from time to time, require portions of **Employee** ’s time, but which shall not interfere or be inconsistent with **Employee** ’s duties hereunder and except that **Employee** may devote a reasonable amount of time to attending to investments and the like.

POSITION. **Employee** shall serve as **Company's** President.

DUTIES - GENERAL DESCRIPTION. **Employee** has extensive experience as a manager in the **Company's** industry. Based upon this experience, **Employee** shall perform various services for the **Company** as are customary in the industry and as directed from time to time by **Company’s** Board of Directors, and as set forth in **Exhibit “1”** .

REPORTING. **Employee** shall report as requested to the Board of Directors of Company and CEO.

LOCATION. **Employee** shall be based in Idaho.

TERRITORY. **Employee's** geographic area of responsibilities shall be as determined by **Company's** business.

Article 4. COMPENSATION.

During the Term hereof, **Company** shall pay to **Employee** on a monthly basis or per the regular pay period of **Company** an annual salary of:

Year 1: Sixty Thousand Dollars (\$60,000.00) USD

Year 2: Review compensation at end of year 1

Year 3: Review compensation at end of year 2

Year 4 and thereafter: Negotiated

Performance bonuses may be paid from time to time based upon agreed objectives.

Article 5. REIMBURSEMENT OF EXPENSES.

Employee is authorized to incur reasonable expenses for promoting the business of **Company** , limited to travel, entertainment and like expenses. All expenses shall be itemized on a standard **Company** form along with proof of the expenses furnished to **Company's** Treasurer/CFO/COO and **Employee** shall upon such itemization, proof and approval by **Employee's** Treasurer/CFO/COO, be reimbursed by the **Company** within two (2) weeks after submittal by **Employee** .

Article 6. VACATIONS.

Employee shall be entitled each year to a paid vacation of not in excess of four (4) weeks. Any past vacation accruals not used during the calendar year earned shall be forfeited.

Article 7. BENEFITS.

Employee after one (1) year shall be entitled to the benefits listed on the **Article 17** , Schedule of Benefits herein and to such other fringe benefits as **Company** may generally extend to executive employees of **Company**.

Article 8. BONUS.

Employee shall be paid an annual Bonus, as approved by the **Company's** Board of Directors as set forth herein in **Article 18** , Incentive Programs .

Article 9. TERMINATION.

Except as set forth below, **Employee's** employment hereunder may only be terminated by **Company** for just cause. Just cause shall include **Employee's** unexplained absence for a period of five (5) days excluding absence resulting from injury or illness; **Employee's** failure to diligently perform the duties described herein and other responsibilities from time to time assigned by **Company** to **Employee** within the scope of his work; any breach by **Employee** under the terms of this Agreement that is not cured within fourteen (14) days after notice; any act by **Employee** of dishonesty, disloyalty or bad faith or any material action or series of actions which are contrary to the interest of the **Company** , that is not cured within fourteen (14) days after notice. **Company** may terminate this Agreement (and be relieved of all further liability hereunder) at any time after **Employee** shall be absent from his employment, without explanation, for a continuous period of more than ten days (10) or for a non-continuous period of thirty (30) days during any three (3) year period during the Term,

Initials: _____ Initials: _____

excluding that created by injury, illness, or geological and mineral exploration activity.

Article 10. WARRANTY, REPRESENTATION AND INDEMNIFICATION.

Employee represents he is not presently a party to any prior agreement or understanding with a former employer or with any other person or business or any other legal restriction or obligation which would in any manner prohibit, impede, or hinder **Employee's** employment with or performance of **Employee's** duties in the course of employment by **Company**. **Employee** agrees that if the **Company** becomes party to any legal action resulting from a breach of this provision, **Employee** shall indemnify the **Company** for any and all costs of defending such action, including attorneys' fees.

Article 11. ENFORCEABILITY.

The provisions of the Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of **Employee** against the **Company** whether predicated on this Agreement or otherwise.

Article 12. WAIVER.

The failure of either party to require the performance of any term or condition of this Agreement, or the waiver by either party of any breach of the Agreement shall not prevent a subsequent enforcement of any such term or any other term nor be deemed to be a waiver of any subsequent enforcement.

Article 13. ASSIGNMENT.

Employee recognizes the **Company** is contracting for his/her personal services and therefore **Employee** shall not assign any of his duties, and any attempted or purported assignment shall be null and void except in the normal course of business activity whereby **Employee** requires additional support to complete such business activities. Notwithstanding the foregoing **Employee** may delegate certain of his responsibilities to subordinates employed by the **Company**, provided **Employee** shall have overall responsibility for the performance of such subordinates.

Article 14. GOVERNING LAW.

The Agreement shall be governed by and construed in accordance with, the laws of the State of Pennsylvania and the parties agree to be personally bound by the decisions, rulings and/or judgments issued by the courts of the State of Pennsylvania.

Article 15. ENTIRE AGREEMENT and NOTICES.

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement may be modified only by an instrument in writing signed by both Parties. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified mail to **Employee** at his/her residence address as the same appears on the books and records of the **Company** or to the **Company** at its principal office, attention of the Board of Directors, or otherwise as directed by the **Company**, from time to time.

Article 16. ARBITRATION.

Any disputes under this Agreement shall be settled by arbitration before the American Arbitration Association in Harrisburg, Pennsylvania, in accordance with the Commercial Rules then existing. Any judgment and/or award issued by such American Arbitration Association shall be binding upon the parties hereto and may be entered in any court of competent jurisdiction.

Initials: _____ Initials: _____

Article 17. SCHEDULE OF BENEFITS.

401 K Plan when established (with employer and/or employer contributions per company policy)

Article 18. INCENTIVE PROGRAMS.

In addition to the compensation of **Employee** in **Article 4** , **Company** shall pay **Employee** a bonus in accordance with the following:

As an incentive for entering into the employment agreement the **Employee** shall be immediately issued 10,000 (Ten Thousand) shares of the **Company's** authorized, but previously unissued common stock and upon the beginning of **Employee's** second year of employment, **Employee** shall be issued an additional 240,000 (Two Hundred Forty Thousand) shares of the **Company's** authorized, but previously unissued common stock and the certificates representing these shares shall include an appropriate restrictive legend. Upon the beginning of **Employee's** third year of employment, **Employee** shall be issued an additional 250,000 (Two Hundred Fifty Thousand) shares of the **Company's** authorized, but previously unissued common stock and the certificates representing these shares shall include an appropriate restrictive legend.

All shares issued in accordance with this bonus will vest 100% six months from date of issuance.

Additional performance bonuses may be paid from time to time based upon agreed objectives.

Article 19. EXPLORATION PLAN AND BUDGET.

Attached hereto and made as part hereof as **Exhibit 2** is a 2 Year Exploration Plan and Budget for the **Company's** Iron Hill Carbonatite Complex and Wet Mountain REE Projects and will be used as a outline for Employee's duties.

Article 20. SUPERCEDEURE.

This Agreement shall supercede any and all prior agreements between **Employee** and **Company** . Further, in the event of a conflict between this Agreement and the current Company – Employee Handbook now in effect, this Agreement shall control.

IN WITNESS WHEREOF , the undersigned have hereunto set their hands as of the date first above written.

COMPANY : Colorado Rare Earths, Inc.

By: _____
Michael D. Parnell
Its: Chief Executive Officer

EMPLOYEE :

Greg Schifrin

Initials: _____ Initials: _____

EXHIBIT 1

Colorado Rare Earths, Inc.

Job Description

Job Title: President
Department:
Reports To:
FLSA Status:
Prepared By:
Prepared Date:
Approved By:
Approved Date:

Summary: Manages and directs the organization toward its primary objectives, based on Exploration Plan and Budget as outlined in **EXHIBIT 2** , by performing the following duties personally or through subordinate managers.

Essential Duties and Responsibilities: include the following. Other duties may be assigned.

Plans, coordinates, and controls the daily operation of the organization through the organization's managers. Establishes current and long-range goals, objectives, plans and policies, subject to approval by the Board of Directors.

Dispenses advice, guidance, direction, and authorization to carry out major plans, standards and procedures, consistent with established policies and Board approval.

Meets with organization's other executives to ensure that operations are being executed in accordance with the organization's policies.

Reviews all exploration, claim staking, acquisition of mineral leases /properties and mining operations of the **Company** , compares them to established objectives, and takes steps to ensure that appropriate measures are taken to correct unsatisfactory results.

Reviews and directs all investigations and negotiations pertaining to mergers, joint ventures, the acquisition of businesses, or the sale of major assets with approval of the Board of Directors.

Represents the organization with major customers, shareholders, the financial community, and the public.

Supervisory Responsibilities:

Carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities include interviewing and hiring employees / companies necessary for implementation of Exploration Plan and Budget as outlined in **EXHIBIT 2** ; planning, assigning, and directing work; appraising performance.

Initials: _____ Initials: _____

Qualifications: To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education and/or Experience:

Four to 10 years related experience and/or training; or equivalent combination of education and experience.

Language Skills:

Ability to read, analyze and interpret general business periodicals, professional journals, technical procedures, or governmental regulations. Ability to write reports, business correspondence, and procedure manuals. Ability to effectively present information and respond to questions from groups of managers, clients, customers, and the general public.

Mathematical Skills:

Ability to work with mathematical concepts such as probability and statistical inference, and fundamentals of plane and solid geometry and trigonometry. Ability to apply concepts such as fractions, percentages, ratios, and proportions to practical situations.

Reasoning Ability:

Ability to define problems, collect data, establish facts, and draw valid conclusions. Ability to interpret an extensive variety of technical instructions in mathematical or diagram form and deal with several abstract and concrete variables.

Initials: _____ Initials: _____

EXHIBIT 2

Exploration Plan and Budget

Colorado Rare Earth Projects 2011

Iron Hill Carbonatite Complex and Wet Mountain REE Projects

Gunnison and Fremont Counties, Colorado

Phase I

Phase I will consist a geologic assessment of the property including an orientation survey implemented, for soil and rock geochemistry and geophysics, including Mag/VLF, SP and IP Surveys. To determine viable methodology of operations, geologic mapping, sample geochemistry, and early stage core drilling will be carried out over the entire property. This work will accurately assess the property to determine if further work outlined in Phase II is necessary, and determine which techniques of data acquisition are appropriate for the Iron Hill Carbonatite Complex and Wet Mountain REE Properties.

Acquisition Costs

• Claim Staking - 300 Claims 3000 acres	\$ 100,000.00
• Filing Fees - BLM and County	\$ 60,000.00
• Private Leases	\$ 50,000.00
• State Leases - 3000 acres	\$ 4,000.00
• NOITL - 1200 acres state fee land	\$ 35,000.00
• Land Status and Legal	\$ 25,000.00
Total Acquisition	<u>\$274,000.00</u>

Orientation Survey-Geologic survey over surface of known mineralized zones

Rock Geochem survey 200 samples	\$18,000.00
Soil Geochem grid soil survey 600 samples	\$36,000.00
Geophysical Survey = Mag/VLF; SP	
• Survey; IP Survey	\$35,000.00
• Geologic Interpretation, Mapping & Recon	\$75,000.00
• Geologic Reporting	\$ 7,500.00
• Permitting	\$15,000.00
Phase I Total	<u>\$ 186,500</u>

Phase II

The orientation survey will establish a baseline of information that will be used to focus the exploration on the techniques and geologic methodologies that identify

Initials: _____ Initials: _____

anomalies and geologic targets. The field survey grid system implemented will allow for accurate data acquisition, as well as provide the initial Geochemical and Geophysical data to determine the appropriate methodology. A second phase of surface exploration will then be incorporated to better define drill targets and follow up on the orientation survey anomalies and targets identified.

Geologic Mapping, Mineralogic and Metallurgical Study, Geochemical Sampling and Geophysics Survey.

Detailed geologic map and data collection of outcrop and vein exposures, surface prospects, trenches and mine activity as well as characterization of rock units, veins and structure including additional rock geochem. Environmental baseline and assessment.

Geochemical Survey - Infill and extension 1500 Samples \$90,000.00

- Geologic mapping \$75,000.00
- Geologic Reporting \$25,000.00
- Metallurgical & Mineralogic Study \$25,000.00
- Preliminary Environmental Assessment \$15,000.00

Geophysical Survey

- Mag/VLF over property \$ 25,000.00
 - SP Survey over property \$ 12,000.00
 - IP Survey over selected SP Lines ~10 line miles \$ 75,000.00
 -
- Phase II Total \$342,000.00

Phase III

Drilling

Surface exploration drilling is necessary in order to define the extent and determine the probability of an ore body extension. Initial exploratory drilling of 10,000 feet will provide the basis for continued drilling and development.

- Permitting & Indirect \$ 30,000.00
- Bonding \$ 100,000.00
- Road Building & Construction \$ 45,000.00
- Core Drilling 10,000 ft @ \$100/ft \$ 1,000,000.00
- Core Logging, Sampling and Assay \$ 100,000.00
- Geological Reporting, Survey and Management \$ 75,000.00

● **PHASE III TOTAL** \$ 1,350,000.00

● G&A \$ 350,000.00

TOTAL EXPLORATION BUDGET \$2,502,000.00

2012 Continued Exploration Costs \$2,500,000.00

Total Exploration Costs 2011 & 2012 \$5,002,500.00

Initials: _____ Initials: _____



SUBSIDIARIES OF COLORADO RARE EARTHS, INC.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
Media Depot, Inc. (Wholly owned subsidiary of Colorado Rare Earths, Inc.)	Delaware
Media Max, Inc. (Wholly owned Subsidiary of Media Depot, Inc.)	Pennsylvania
Seaglass Holding Corp. (Wholly owned subsidiary of Colorado Rare Earths, Inc.)	Nevada

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Michael D. Parnell**, certify that:

1. I have reviewed this annual report on Form 10-K of Colorado Rare Earths, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. 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
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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: April 15, 2011

/S/ **MICHAEL D. PARNELL**

Michael D. Parnell
Chief Executive Officer
Principal Financial Officer

**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 Annual Report of Colorado Rare Earths, Inc. (the "Company") on Form 10-K for the period ending December 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Michael D. Parnell**, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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 result of operations of the Company.

/s/ **MICHAEL D. PARNELL**

Michael D. Parnell
Chief Executive Officer
Principal Financial Officer
April 15, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certifications are accompanying the Company's Form 10-K solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.